

#INC2018

# When contributions become Supercalifragilisticexpialidocious



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## Bryan Ashenden

Bryan Ashenden is the Head of Financial Literacy & Advocacy at BT Financial Group, leading a team of professionals committed to supporting the adviser community with technical, regulatory, and policy support.

Bryan has many years experience in leading and delivery comprehensive technical solutions to advisers and their clients, the last 17 spent with BT Financial Group.

With qualifications in Law, Commerce and Financial Planning, and being a SMSF Association Specialist Advisor, Bryan is a frequent presenter and facilitator at many industry events and regularly contributes to trade and consumer publications.




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## Agenda

- What is a contribution?
- Impact of 2017 changes
- Maximising and timing




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## What is a contribution?

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## What is a contribution?

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- TR 2010/1
- "... anything of value that increases the capital of a superannuation fund provided by a person whose purpose is to benefit one or more particular members of the fund or all of the members in general"

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## What is a contribution?

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- What increases the capital of fund?
- How do you determine purpose?
- Types of contributions and timing
  - Cash
  - Reimbursement
  - Property / shares
  - Promissory notes

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## Impact of 2017 changes

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## Impact of 2017 changes

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- Contribution thresholds
- Changes for deductibility rules
- New contribution types

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## Impact of 2017 changes

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- Contribution thresholds
  - Lowering NCC
  - Introducing TSB
  - 3 year bring forward not necessarily a three year rule
  - Carry forward opportunity

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### Impact of 2017 changes



- Let's assume Marilyn had \$1.4M in super at 30 June 2018
- How much could she contribute as a NCC in this financial year?



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### Impact of 2017 changes



- Now let's assume she contributes \$190K this financial year
- How much could she contribute in FY19/20 if:
  - Her account gets a 10% return this year?
  - Her account experiences nil growth this year?



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### Impact of 2017 changes



- Historically, concessional contributions were viewed as only either employer contributions or personal deducted contributions (under 10% rule)
- From 1 July 2017, need to be more considered on approach as can be a combination of:
  - Employer funded (SG)
  - Salary sacrificed contributions
  - Personal deducted contributions
- Is there any benefit of salary sacrificed v personal deducted contributions?

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### Impact of 2017 changes



- Let's assume Carol has \$400,000 in super as at 30 June 2018
- She is now going to take time out of the workforce to care for her children, and will have no contributions made on her behalf this year or until she returns to work
- How much could be contributed as a concessional contribution in FY24?




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### Impact of 2017 changes



- What if Carol was a bit older ... say 63?

	FY19	FY20	FY21	FY22	FY23	FY24
Age	63	64	65	66	67	68
Working?	N	N	N	N	N	Y
Cap	\$25K	\$25K	\$25K	\$25K	\$25K	\$25K




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### Impact of 2017 changes



- FHSSS
- Downsizer contributions

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## Timing and maximising



- SMSF double-up in June?
- Impacts on TSB
  - When do you do small business CGT?
  - When do you do downsizer?
- Re-contribution

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## Timing and maximising



- Small business CGT
  - Joe is thinking of moving ownership of business premises into his SMSF
  - Assume his business qualifies as a small business
  - Can he transfer by way of contribution and claim small business CGT relief as part of the transfer?



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## Summary



- New rules
- New challenges
- New opportunities
  
- It is super

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## Summary

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- New rules
- New challenges
- New opportunities
  
- It is supercalifragilisticexpialidocious

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## Disclaimer

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