

HAVING 2020 VISION AT AGE 65

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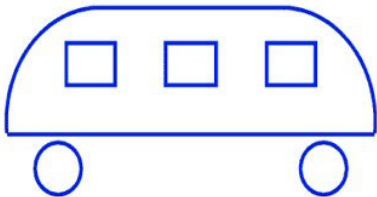
Bryan Ashenden is the Head of Financial Literacy & Advocacy at BT, leading a team of professionals committed to supporting the adviser community with technical, regulatory, and policy support.

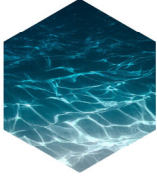

Bryan has many years experience in leading and delivery comprehensive technical solutions to advisers and their clients, the last 18 spent with BT Financial Group.

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



2020 vision requires the right perspective



1. Work test exemption


2. Work test increase

3. Other age 65 considerations

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1. Work test exemption


Three quick questions to get us started



1. When does it apply from?
2. Who would it apply to?
3. Is there a total super balance requirement?

Work test exemption

But first - the work test requirements



- Satisfy the work test during the financial year in which the contribution is made
- 40 hours in any consecutive 30 day period
- "gainfully employed" means employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment
- What about:
 - Looking after the grandkids
 - Periods of leave
 - Managing the investments
 - FASEA Code Standard 1

Work test exemption



What are the requirements around the exemption?

- From 1 July 2019
- Individuals aged 65-74, who are no longer working, can make voluntary contributions if:
 - Met the work test in the previous financial year, and
 - Total super balance at the end of the previous financial year was less than \$300,000, and
 - They have not made use of the work test exemption in a previous financial year

Work test exemption



Case study – can Charles contribute?

- Charles retired from work 15 March 2019
- He turned 68 on 15 December 2019
- Sold his company shares on 27 July 2019 for a net gain of \$145,000
- Before starting an account based pension he wants to make a NCC and CC



Work test exemption

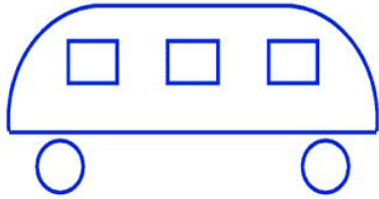


Case study – can Charles contribute?

- Charles retired from work 15 March 2017
- Full time contract in 2019 from mid April to mid June
- Has \$240,000 in super
- He turned 68 on 15 December 2019
- Sold his company shares on 27 July 2019 for a net gain of \$145,000
- Before starting an account based pension he wants to make a NCC and CC



2020 vision requires the right perspective



Work test exemption

Camilla wants a piece of the action



- Charles turned 68 on 15 December 2019 (retired in August)
- Camilla turned 65 on 20 December 2019 (retired in August)
- Total super balances of \$1,300,000 and \$260,000 respectively
- Charles sold shares 27 July 2019 for a net gain of \$145,000
- They sold their family home on 20 October 2019 for \$855,000
- How much can we get into super?



\$145,000



- \$1,300,000
- \$1,600,000
- \$1,625,000
- \$1,600,000
- \$1,600,000

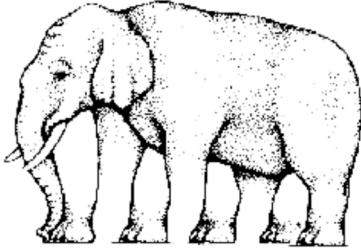


\$855,000

- \$260,000
- \$560,000
- \$860,000
- \$860,000
- \$860,000
- (\$100,000)
- \$960,000
- \$660,000
- \$960,000
- \$960,000



Focus on the right things



2. Work test increase

Three quick questions to get us started



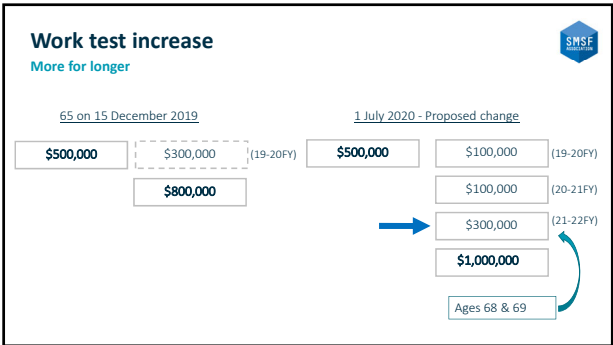
1. When does it apply?
2. Who would it apply to?
3. What is the relevant total super balance to consider?

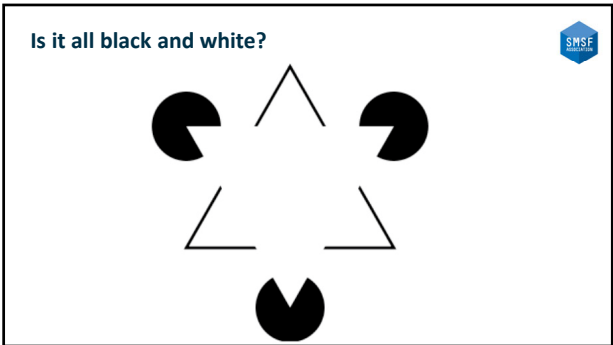
Work test increase

The rules and requirements



- From 1 July 2020*
- Relevant for clients aged 65-66 who are no longer working or don't meet the work test
- Corresponding changes for:
 - Bring forward opportunity
 - Spouse contributions (as well as its own extension to 75)





- ### 3. Other age 65 considerations
- (and not just about age 65)
- How much do you contribute this year?
 - Re-contribution strategies this year?
 - Reserving strategies with non-concessional contributions?
 - Combine with downsizer contributions
 - Increased ability to retire LRBAs in retirement years?

Are you now seeing things clearly?





Disclaimer



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