

2011 Federal Budget summary

On 10 May 2011, the Federal Government handed down the Federal Budget for 2011/12

Here's a summary of the key superannuation announcements, and how these may affect you

The Federal Government handed down the 2011/12 Federal Budget on 10 May 2011. The Budget is designed to return to surplus in 2012/13.

No significant new measures were announced for superannuation. However, some minor changes in relation to superannuation are proposed, including the Government addressing excess concessional contributions and the phasing out of the minimum pension drawdown relief that has been provided over the last three years.

Key changes in relation to superannuation are summarised below. Before any of these announcements can be implemented, legislation will need to be passed by Parliament. These announcements may also change or not become law.

Refund of excess concessional contributions

Members who make concessional contributions of up to \$10,000 (not indexed) in excess of the concessional contributions cap in respect of 2011/12 or later years will have the option of requesting a refund of these excess contributions. The refund will be assessed as income at their marginal tax rate, rather than incurring tax of 46.5%. This new refund option will only apply for first-time breaches of the concessional contributions cap after 2010/2011.

Concessional contributions include compulsory Superannuation Guarantee (SG) contributions, salary sacrifice contributions and other deductible contributions. Concessional contributions are subject to a 15% contribution tax within the Fund. Concessional contributions in excess of the concessional contributions cap are subject to an additional 31.5% tax.

This new measure will be advantageous to members who exceed their concessional contributions cap and are eligible to apply for a refund if their marginal tax rate is lower than the total tax rate of 46.5% applying to excess concessional contributions within the fund.

Operation of the higher concessional contributions cap for over 50s

From 1 July 2012, the Government has proposed a higher concessional contributions cap for eligible members aged 50 or over with total superannuation account balances of less than \$500,000. This will be \$25,000 more than the general concessional contributions cap (applying to all other members).

The general concessional contributions cap is \$25,000 for 2011/12 and is subject to indexation in future financial years. The higher concessional contributions cap available to members aged 50 or over will increase in line with indexation of the general concessional contributions cap.

This proposal is an amendment to the Government's announcement in its 2010 Budget that, from 1 July 2012, a non-indexed cap of \$50,000 would apply to members aged 50 and over with total superannuation account balances of less than \$500,000.

Government co-contribution:

ACT NOW - 30 June is approaching fast!



If you are eligible for the Government co-contribution, you have until **30 June 2011** to make a personal contribution.

For more information, contact Member Services or visit www.maritimesuper.com.au

What should I do?

If you'd like more information on related topics, visit our website at www.maritimesuper.com.au or contact Member Services.

To understand how these changes affect you, or to get advice on wealth creation, retirement planning, maximising Centrelink benefits and more, speak with a financial planner - contact Member Services today to make an appointment.



Member Services

1800 757 607

Pension drawdown relief extended for 2011/12

The Government has announced that the pension drawdown relief provided to super account-based, allocated and market-linked pension members for 2008/09, 2009/10 and 2010/11 (which allowed members to elect to take only 50% of their normal minimum pension payments) will be reduced by half for 2011/12.

This relief will allow Maritime Super Allocated, Term Allocated and Working Income Support Pension members to elect to take up to 25% less than their normal minimum pension payment for 2011/12. No pension drawdown relief will apply for 2012/13 and later years.

Continuation of the freeze on the Government co-contribution thresholds

The Government will continue the freeze of the lower and upper co-contribution income thresholds for an additional year through to 30 June 2013. The thresholds will remain at \$31,920 and \$61,920 respectively for 2011/12 and 2012/13.

Under the current superannuation co-contribution scheme (which is designed to boost the superannuation accounts of low income earners) the Government provides a matching contribution of up to \$1,000 for post-tax contributions made by individuals with an income of \$31,920 per annum or less. The amount contributed by the Government reduces by 3.333 cents for every dollar of income over this threshold amount and there is no co-contribution payable for individuals earning \$61,920 per annum or more.

Superannuation information on payslips

With effect from 1 July 2012:

- employees will receive information on their payslips about the amount of superannuation actually paid into their superannuation account; and
- employees and employers will also receive quarterly notification from their superannuation fund if regular payments cease.

This measure will help employees keep track of their contributions.



To learn more about the budget update, there's a good summary at ASFA's Super Guru website – visit our website at www.maritimesuper.com.au and click on the link on the homepage.