

TAKE OFF WITH THE NEW SUPER RULES

You'll find there's a range of opportunities now available as a result of the Government's sweeping super changes, especially for those who are 60 and over. The changes range from tax benefits to improvements for self-employed. And no matter what your age, you should be aware of all the changes and how they may affect you.

Super unlimited!

The government has scrapped the 'reasonable benefits limit' that previously effectively put a cap on how much you could save in super before it stopped being tax advantageous to do so.

You can now have as much money as you want in super with the only 'limits' being the annual caps for contributions.

Tax-free benefits

If you're over 60, any money you withdraw from a taxed super fund is *tax free!*

If you're under 60 when you withdraw money from super, tax will still apply at different rates. How much tax you pay will depend on whether you've withdrawn the money as a lump sum or a pension.

New rules for super pension payments

For pensions there is now one simple set of rules, requiring a minimum annual payment but no maximum.

And if you're over 60, the pension payments will be tax-free for you as well!

No more compulsory cashing

Prior to 10 May 2006, unless you met certain work requirements, you had to withdraw your super savings at age 65 - or 75 at the very latest. This compulsory withdrawal of superannuation requirement has been removed.

This means your super savings can remain in the system indefinitely, attracting the concessional tax treatment and allowing you access whenever you like after you turn 65.

Limits on undeducted contributions

From 1 July 2007, an annual limit of \$150,000 on undeducted contributions has been introduced. However, if you are under 65, you can bring forward two year's worth of contributions and get up to \$450,000 into your super in one year. Of course this limits how much you can put in over those next two years.

You need to be careful how much you are putting in because if you exceed the cap the excess amount is taxed at 46.5%.

Simpler deductible contribution rules

The maximum deduction that can be claimed for a contribution to super is \$50,000 per person per year - until you reach 75.

The limit applies across all employer, personal and salary sacrificed contributions. If you go over the limit you'll lose 46.5% of the excess amount in tax.

If you're turning 50 between 1 July 2007 and 30 June 2012, a transitional period will apply, allowing you to make annual contributions of up to \$100,000, until the end of that period (2011/12).

Super improvements for self-employed

Employees who receive more than 10% of their income from employment sources and earn less than \$58,980 per year, currently qualify for a government co-contribution to their super if they make a personal after-tax contribution.

This co-contribution now also applies to you if you're self-employed.

And self-employed people can now also claim a tax deduction for all pre-tax contributions up to age 75.

Super and death benefits

Any lump sum death benefit payments to your tax dependants - your spouse, children under 18 and others financially dependant on you - are now tax free.

These dependants can also receive benefits in the form of a pension, with the tax treatment dependent upon your and their age.

Non-dependants, such as children over 18 and your estate, can only receive your death benefit in the form of a lump sum payment that is subject to tax.

Getting started

Like to know how you can take advantage of these opportunities? Talk to your KNM adviser.