



New Contributions to Super

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Two rule changes from July 2018 really come into effect this financial year, surviving the May election and expectations Labor may rescind the legislation.

Carry-forward Concessional Contributions

Members can carry-forward their unused concessional contribution cap space over a rolling 5 year period, after which they expire. To claim the carry-forward contribution your Total Superannuation Balance (TSB) must be under \$500,000 at 30 June of the prior year.

TSB is basically the closing balance of all your super accounts at 30 June, including SMSF, retail, industry and GESB-type accounts, both in accumulation and pension phase.

For example, if your employer contributions for 2019 were \$10,000 you can carry-forward \$15,000 to the 2020 year. If worthwhile, you could make additional personal contributions or increase your salary sacrifice contributions to claim up to \$40,000 in 2020.

This may prove a valuable tax planning tool in a high income year, final year of working or year with large capital gains from sale of property or other investments.

House Downsizer

Many people describe their “Super” as their home or small business.

There are CGT concessions to transfer proceeds of small business sales and business assets into super to recognise this.

Downsizer rules are designed to allow investment of surplus funds from the sale of one home into super, including a farmhouse and surrounding 2 hectares.

The rules:

- Aged 65 or older at contribution
- Australian property owned by you or spouse for continuous period of 10 years
- Property must qualify for main residence CGT exemption, partially or in full
- Doesn't have to be main residence at time of sale
- Limited to sale proceeds or \$300,000 per individual, even if only one name on title
- Contribution within 90 days of settlement

There are no age, work test or super balance restrictions. This may be the only way to contribute to Super beyond age 75 or over 65 if no longer working.

It is important to note that transferring value from your Age Pension exempt home to super may cause loss or reduction of your Age Pension and other benefits, including your CSHC card. You should discuss further with your Financial Planner if considering these options.

