Elders Financial Planning

5 tips to help boost your Super before 30 June

Many of the revised super rules which took effect from 1 July 2017, have made planning for retirement more complicated, especially for Australians close to retirement or in retirement. Even so, the super rules still present opportunities for Australians to boost their super accounts. Set out below are 5 super strategies to consider during the 2017/2018 year.

1. **Consider making voluntary concessional contributions**

Since 1 July 2017, the annual concessional contributions cap for all age groups is $25,000.

As an employee, you can make additional concessional contributions via a salary sacrifice arrangement with your employer, or by making tax-deductible super contributions. If you opt for salary sacrificing, then discuss with your employer the amount of salary you would like to salary sacrifice into super for the year (if you haven't already), as these instructions need to be documented and in place prior to any salary being sacrificed into your super account.

Important: If you have a pre-existing salary sacrifice arrangement, you may need to review your current arrangements, especially if there has been a change in your personal circumstances or a boost to your salary. Most HR departments require time to set up the necessary paperwork, so ensure you give them enough notice.

If you are fully or partly self-employed or not employed, think about making a concessional contribution as a tax-deductible super contribution, as this can be an easy way to cut your tax bill. Many people forget this simple strategy for their reducing tax and boosting their retirement savings.

2. **Ensure you don't exceed your concessional contributions cap**

The annual concessional contributions cap for the 2017/2018 is significantly lower than previous years, which means Australians with pre-existing contributions strategies and other Australians considering making additional concessional contributions, need to be mindful of the lower cap.

Concessional contributions include your employer's compulsory contributions (SG), any additional employer contributions (if applicable), your salary sacrificed contributions, and any personal tax-deductible contributions.

Since 1 July 2017, the annual concessional cap is $25,000, while for the 2016/2017 year, the concessional cap was $35,000 or $30,000 depending upon your age.

Before making additional concessional contributions, consider your employer's SG contributions (which count towards your annual cap), and establish where you are in relation to your annual contributions limit before making any contributions.

Important: Many people forget that any additional contributions into their super account must be made well before 30 June. The key date is when the super contributions is received by the fund, not when you make the payment. Even electronic payments can require several days to be received by a fund.

3. **Consider non-concessional contributions (if you can)**

Making a non-concessional contribution remains a great way to boost retirement savings and enjoy potentially lower tax on investment returns, provided your total superannuation balance did not exceed $1.6 million at 30 June 2017.

When you make a super contribution from after-tax dollars, you are making a non-concessional contribution. Although the 2016/2017 annual cap for non-concessional contributions was $180,000, the Coalition, as part of the 2016 Federal Budget super announcements (and then revised in September 2016) introduced a lower $100,000 cap taking effect from 1 July 2017.

4. **Check out the co-contribution**

If you are a low or middle-income earner, consider making a non-concessional contribution of up to $1,000 to qualify for the federal government's co-contribution (up to $500 for 2017/2018 year) into your super account.

The co-contribution is open to qualifying individuals who make a non-concessional (after-tax) contribution and who earn income of less than $51,813 a year (for the 2017/2018 year). Note that other criteria apply to receive the co-contribution.

5. **Use your spouse to boost your savings**

Spouses can be useful when it comes to building retirement savings as they provide some small but handy tax benefits. A possible strategy is to consider making a spouse contribution of up to $3,000 into your spouse's super account to qualify for a tax rebate of 18% (up to $540) if your spouse earns less than $40,000 (and maximum tax offset is $540 when spouse earns less than $37,000).

For some couples it can also be worth splitting their super contributions. This strategy is only available with some super funds, but it can help equalise super accounts between spouses. If you qualify, and you made eligible super contributions during the 2016/2017 year, then the splitting request needs to be submitted to your fund by 30 June 2018 stating you intend to split the contributions made in the previous tax year (2016/2017 year).

Alternatively, if you plan to split contributions made during the 2017/2018 year, then the splitting request is made during the 2018/2019 year (by 30 June 2019).

Important: If you plan to claim a tax deduction for super contributions, then the notice to claim a deduction must be lodged **BEFORE** the super splitting declaration.

It is important to seek financial advice tailored to your situation and needs. Speak to your Financial Planner today.

See these stories and more at eldersgroupsender.feedsynews.com

Elders Financial Planning
eldersfinancialplanning.com.au
advisor.services@elders.com.au
1800 060 741