

Changes to non-concessional contributions from 1 July 2017

Non-concessional contributions are those contributions to superannuation made with after tax money. These generally include personal after tax contributions made by an individual or their spouse.

What are the changes?

Lowering of the annual non-concessional contribution cap to \$100,000 from 1 July 2017.

Limiting non-concessional contributions to individuals with superannuation balances below \$1.6m from 1 July 2017.

Example 1

Amanda's superannuation balance is \$400,000. After selling her investment property she chooses to make a non-concessional contribution to super of \$150,000 in August 2017.

As Amanda has triggered the bring forward, she could make further non-concessional contributions of \$150,000 over the 2018-19 and 2019-20 financial years.

In 2020-21 her non-concessional cap would reset after which she could make further contributions.

Lowering of the annual non-concessional contribution cap to \$100,000 per financial year from 1 July 2017*



Currently

the non-concessional contribution cap is

\$180,000

per financial year



From 1 July 2017

a new non-concessional contribution cap of

\$100,000

per financial year will apply



Individuals 64yrs or less on 1 July 2016

have the ability to bring forward up to two years, worth of non-concessional contributions into the current financial year and potentially contribute up to

\$540,000



Individuals 64yrs or less on 1 July 2017

will still be able to bring forward up to two years, worth of non-concessional contributions, however the total amount they can bring forward will be reduced to

\$300,000

*Individuals must be 64 years or less in age.

The Government has announced that transitional bring forward provisions will apply to individuals who have contributed more than their non-concessional cap of \$180,000 in either the 2015-16 or 2016-17 financial years, but have not utilised their entire \$540,000 non-concessional cap.

If you are in this position, it's important you seek advice to ensure any contributions you choose to make don't breach your cap.

Example 2

Frank is 57 and has recently inherited a sum of \$600,000 from his late aunt's estate.

Frank has not previously triggered the bring forward in 2014-15 or 2015-16, so chooses to make a \$540,000 non-concessional contribution in May 2017.

As Frank has fully used his bring forward amount he is unable to make additional non-concessional contributions until his contribution cap resets in 2019-20.

Example 3

Benjamin has a superannuation balance of \$1.45 million as at 30 June 2017. For the 2017-18 financial year he would only be able to bring forward one year's worth of non-concessional contributions, so that the total contribution would be up to \$200,000.

Limiting non-concessional contributions to individuals with superannuation balances below \$1.6m from 1 July 2017

From 1 July 2017, when an individual's total superannuation balance is \$1.6 million or above they will no longer be eligible to make non-concessional contributions to superannuation.

In addition, individuals with balances close to \$1.6 million will only be able to bring forward the annual non-concessional cap amount for the number of years that would take their balance to less than \$1.7 million.