

# Tips for retirement planning from 1 July 2017

Retirement planning is vitally important. After working hard to get money into the super environment, and complying with all the rules and contribution caps, individuals should ensure they are maximising their opportunities when they start to draw on their super savings.

## What are the changes commencing 1 July 2017?

- A maximum of \$1.6 million is permitted to be transferred into retirement income stream products.
- Excess balances can remain in super in accumulation phase.
- Earnings on assets supporting transition to retirement income streams will be taxed within super.

## Limits on amounts that can be transferred into retirement income streams



**From 1 July 2017**



**1.6 million**

is the maximum amount that can be placed into retirement income streams.

For anyone who has started an income stream and have an account balance exceeding that limit, there will be a requirement to roll-back (or withdraw) amounts to bring them in line with the \$1.6 million maximum.

The current tax free status of earnings on assets supporting superannuation income streams will only be available to the extent that the income streams fall within this new limit when tested against an individual's transfer balance cap.

## Excess balances can remain in super

It's important to note that if individuals are in the fortunate position to have more than \$1.6 million in super, they aren't forced to withdraw the additional benefits. Amounts above the \$1.6 million threshold can remain in super, but must remain in the accumulation phase. Earnings will be taxed at the standard superannuation tax rate of 15%.

## Earnings on assets supporting transition to retirement income streams will be taxed within super

Transition to Retirement (TtR) income streams are available to individuals once they reach preservation age\*. They allow individuals to access super in the form of an income stream without the need to retire or alter their employment arrangements.

However, from 1 July 2017, instead of earnings on assets supporting these income streams being exempt from tax within the super environment (as would apply to all other income streams within the new \$1.6 million threshold), earnings will instead remain subject to the standard 15% tax rate that applies to funds in accumulation phase.

To ensure you get the right advice for your situation you should consult your financial adviser.

\*Preservation age: <https://www.ato.gov.au/individuals/super/accessing-your-super/>