

June 2020

Analyst

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Superannuation Thresholds

For 2020/21 Financial Year

morgans.com.au

Concessional Contributions

Deduction limits are as follows:

All individuals*	\$25,000 per annum per person (indexed)
* Individuals over age 67 must meet a 40hr over 30 consecutive day work test first.	
The \$25,000 pa threshold will increase in increments of \$2,500 based on AWOTE.	

Div 293 tax:	Adjusted Taxable Income# over \$250,000
Additional 15% contributions tax on concessional contributions over \$250,000	
#Concessional contributions are added back to calculate ATI	

Non-Concessional Contributions

Up to age 65	\$100,000 per annum per person**; or Up to \$300,000 averaged over 3 years**
Age 65 up to age 75*	\$100,000 per annum per person**
The non-concessional contribution cap is '4 times' the concessional contribution cap. Indexation will occur in line with the concessional contribution cap.	

* Individuals over age 67 must meet a 40hr over 30 consecutive day work test first. Age increased from 1 July 2020.

** Ability to make non-concessional contributions will depend on the member's total superannuation balance as at 30 June each financial year. If balance exceeds \$1.6 million the member will be unable to make any non-concessional contributions in the next financial year. The \$1.6m cap will increase in increments of \$100,000 based on AWOTE.

Low Rate Cap Amount

The Low Rate Cap Amount for superannuation lump sum cash payments paid on or after 1 July 2020 (excluding employer ETPs) will be:

- \$215,000

Untaxed Plan Cap Amount

The untaxed plan cap amount applies to each superannuation plan from which a person receives superannuation lump sum member benefits.

- \$1.565 million

Tax-free amounts of genuine redundancy and early retirement scheme payments.

The tax-free amounts of a genuine redundancy payment or an early retirement scheme payment are:

- \$10,989 plus \$5,496 for each complete year of service.

Super Co-Contribution

Individuals must make a personal, non-concessional contribution into their Superannuation fund to register for the Co-contribution scheme. Eligibility based on assessable income (plus reportable fringe benefits), and age*.

Income threshold for full \$500 govt. co-contribution	\$39,837 pa
Maximum income threshold (when payment cuts out) (Payments reduce by 3.33 cents for each additional \$1 over \$39,837 pa.)	\$54,837 pa
Must be less than 71 years old at the end of the Financial Year to be eligible.	

Super Guarantee Maximum Contribution Base and SGC Rate

Per Quarter	\$57,090
Per Annum	\$228,360

Employers are only obliged to pay the super guarantee rate up to this maximum earnings base for each employee. Support is not required for the part of earnings above this limit.

The age limit for SGC eligibility was abolished from 1 July 2013.

The SGC remains at 9.5% for the 20/21fy.

CGT Cap Amount

The CGT cap applies to all excluded CGT contributions and is a lifetime, indexed amount. Excluded CGT contributions do not count towards the non-concessional contribution cap.

- Lifetime Limit \$1.565 million

Limit applies where eligible small businesses qualify for small business CGT concessions

Life / Death Benefit Employment Termination Payments

The Lower Cap amount for life / death benefit termination payments is:

- \$215,000 (not to be confused with the 'Whole of Income Cap' - see below)

The amount up to the ETP cap will be concessional tax. The amount in excess of the ETP cap will be taxed as per the following table.

Taxpayer's age	Tax Treatment
Under preservation age on the last day of the income year in which the payment is made.	Up to a maximum of \$215,000: taxed at 30% + M/L; and
	Amount over \$215,000: taxed at marginal tax rates + M/L.
Over preservation age on the last day of the income year in which the payment is made.	Up to a maximum of \$215,000: taxed at 15% + M/L; and
	Amount over \$215,000: taxed at marginal tax rates + M/L.

From 1 July 2012 the ETP tax concessions will not apply if total annual taxable income exceeds \$180,000 (Whole of Income Cap) where the ETP payment is from a non-genuine redundancy payment e.g. golden handshake. The amount of the ETP not eligible for the ETP tax offset will be taxed at the rate of 47%. The WOI cap is not indexed.

Minimum Factors for Pensions & Annuities

The minimum pension factors for the 2020/21 financial year are:

Age	Minimum Payment - % of Account Balance / 50% Reduction*	Age	Minimum Payment - % of Account Balance / 50% Reduction*
Under 65 years	4% / 2%	85 - 89 years	9% / 4.5%
65 - 74 years	5% / 2.5%	90 - 94 years	11% / 5.5%
75 - 79 years	6% / 3%	Over 95 years	14% / 7%
80 - 84 years	7% / 3.5%		

* As part of COVID-19 measures, pensioners can reduce their minimum payments by 50% for the 2020/21FY

Preservation Age

The following table outlines the preservation age (SIS reg 6.01(2)) for individuals depending on when the individual was born.

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 30 June 1964	60

General Transfer Balance Cap

The general pension transfer balance cap applies to retirement income streams including account-based pensions, annuities, defined benefit pensions and market-linked pensions.

The 2020/21 cap is:

- \$1.6 million

Defined Benefit Income Cap

For members of funded Defined Benefit schemes, 50% of total pension amounts over the cap will be taxed at the member's marginal tax rate.

For members of **un**funded Defined Benefit schemes, where total pension payments exceed the cap, the sum of tax offsets is reduced to 10% of the amount in excess of the cap.

The cap for 2020/21 is:

- \$100,000

Queensland		New South Wales		Victoria		Western Australia	
Brisbane	+61 7 3334 4888	Sydney	+61 2 9043 7900	Melbourne	+61 3 9947 4111	West Perth	+61 8 6160 8700
<small>Stockbroking, Corporate Advice, Wealth Management</small>		<small>Stockbroking, Corporate Advice, Wealth Management</small>		<small>Stockbroking, Corporate Advice, Wealth Management</small>		<small>Stockbroking, Corporate Advice, Wealth Management</small>	
Brisbane: Edward St	+61 7 3121 5677	Sydney: Grosvenor	+61 2 8215 5000	Brighton	+61 3 9519 3555	Perth	+61 8 6462 1999
Brisbane: Tynan	+61 7 3152 0600	Place		Camberwell	+61 3 9813 2945		
Partners		Sydney: Reynolds	+61 2 9373 4452	Domain	+61 3 9066 3200		
Brisbane: North Quay	+61 7 3245 5466	Securities		Geelong	+61 3 5222 5128	South Australia	
Bundaberg	+61 7 4153 1050	Sydney: Currency	+61 2 8216 5111	Richmond	+61 3 9916 4000	Adelaide	+61 8 8464 5000
Cairns	+61 7 4222 0555	House		South Yarra	+61 3 8762 1400	Exchange Place	+61 8 7325 9200
Caloundra	+61 7 5491 5422	Armidale	+61 2 6770 3300	Southbank	+61 3 9037 9444	Norwood	+61 8 8461 2800
Gladstone	+61 7 4972 8000	Ballina	+61 2 6686 4144	Traralgon	+61 3 5176 6055	Unley	+61 8 8155 4300
Gold Coast	+61 7 5581 5777	Balmain	+61 2 8755 3333	Warmambool	+61 3 5559 1500		
Holland Park	+61 7 3151 8300	Bowral	+61 2 4851 5555				
Ipswich/Springfield	+61 7 3202 3995	Chatswood	+61 2 8116 1700	Australian Capital Territory			
Kedron	+61 7 3350 9000	Coffs Harbour	+61 2 6651 5700	Canberra	+61 2 6232 4999		
Mackay	+61 7 4957 3033	Gosford	+61 2 4325 0884				
Milton	+61 7 3114 8600	Hurstville	+61 2 8215 5079	Northern Territory			
Noosa	+61 7 5449 9511	Merimbula	+61 2 6495 2869	Darwin	+61 8 8981 9555		
Newstead	+61 7 3151 4151	Mona Vale	+61 2 9998 4200				
Redcliffe	+61 7 3897 3999	Neutral Bay	+61 2 8969 7500	Tasmania			
Rockhampton	+61 7 4922 5855	Newcastle	+61 2 4926 4044	Hobart	+61 3 6236 9000		
Spring Hill	+61 7 3833 9333	Orange	+61 2 6361 9166				
Sunshine Coast	+61 7 5479 2757	Port Macquarie	+61 2 6583 1735				
Toowoomba	+61 7 4639 1277	Scone	+61 2 6544 3144				
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