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Analyst

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Superannuation Thresholds

For 2021/22 Financial Year

morgans.com.au

Concessional Contributions

Deduction limits are as follows:

| | |
|---|---|
| All individuals* | \$27,500 per annum per person (indexed) |
| * Individuals over age 67 must meet a 40hr over 30 consecutive day work test first. | |
| The annual 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 67 | \$110,000 per annum per person**; or Up to \$330,000 averaged over 3 years** |
| Age 67 up to age 75* | \$110,000 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 \$1.7 million the member will be unable to make any non-concessional contributions in the next financial year. The \$1.7m 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 2021 (excluding employer ETPs) will be:

- \$225,000

Untaxed Plan Cap Amount

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

- \$1.615 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:

- \$11,341 plus \$5,672 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 | \$41,112 pa |
| Maximum income threshold (when payment cuts out) (Payments reduce by 3.33 cents for each additional \$1 over \$41,112 pa.) | \$56,112 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 | \$58,920 |
| Per Annum | \$235,680 |

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 increases to 10% for the 21/22fy.

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 \$1.615 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:

- \$225,000 (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 \$225,000: taxed at 30% + M/L; and |
| | Amount over \$225,000: 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 \$225,000: taxed at 15% + M/L; and |
| | Amount over \$225,000: 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 2021/22 financial year are:

| Age | Minimum Payment - % of Account Balance | Age | Minimum Payment - % of Account Balance |
|----------------|--|---------------|--|
| Under 65 years | 4% | 85 - 89 years | 9% |
| 65 - 74 years | 5% | 90 - 94 years | 11% |
| 75 - 79 years | 6% | Over 95 years | 14% |
| 80 - 84 years | 7% | | |

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 2021/22 cap is:

- \$1.7 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 **unfunded** 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 2021/22 is:

- \$106,250

| 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 |
| Stockbroking, Corporate Advice, Wealth Management | | Stockbroking, Corporate Advice, Wealth Management | | Stockbroking, Corporate Advice, Wealth Management | | Stockbroking, Corporate Advice, Wealth Management | |
| 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 | Warrnambool | +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 | | | | |
| Townsville | +61 7 4725 5787 | Wollongong | +61 2 4227 3022 | | | | |

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