

2009 Federal Budget Superannuation Contribution Changes

If you

- *Have an employer making superannuation contributions for you where your superannuation salary is in excess of \$250,000*
- *Are making superannuation contributions as part of a salary package or*
- *Are making personal superannuation contributions where you will claim a tax deduction or*
- *Are making superannuation contributions to pay for life and/or disability insurance premiums*

Then no matter what age you are it is most likely that the 2009 Federal Budget will effect these arrangements.

Subject to legislation being passed new limits for concessional (deductible) superannuation contributions commence as from 1 July 2009.

These limits are half the current limits!

As the concessional contributions cap has reduced dramatically, you could potentially exceed the cap due to regular concessional contributions. As a consequence, you may be liable for excess contributions tax.

As a result your financial plans should be reviewed.

You therefore need to contact your tax consultant or financial services consultant to review your current arrangements.

It is essential that this is done as early as possible but certainly before 30 Sept 2009.

This is particularly important if you have superannuation salary sacrifice arrangements in place or and/or made deductible superannuation contributions in excess of \$25,000 if under 50 or in excess of \$50,000 if over 50

The technical change is that it is proposed that, effective 1 July 2009:

- ❖ The concessional contributions cap will be reduced from \$50,000 to \$25,000. This cap will continue to be indexed.
- ❖ The transitional cap for concessional contributions for those aged 50 years and over, at the end of the relevant financial year, will also be reduced from \$100,000 to \$50,000. This reduced cap will apply for the 2009/2010, 2010/2011 and 2011/2012 financial years, after which individuals aged 50 and over will revert to the lower \$25,000 cap (indexed). The transitional cap is not indexed.

All employer contributions (compulsory superannuation contributions as well as salary sacrifice contributions) are counted towards the concessional contributions cap. For self employed or unsupported individuals, contributions for which a tax deduction is claimed are classified as concessional contributions.

The existing grandfathering arrangements that apply to certain members of defined benefit schemes in relation to the concessional contributions cap will continue. These arrangements will also be extended to certain persons who were members of defined benefit schemes on 12 May 2009.