

# Welcome to the December 2014 SMSF Update

**The team at Fundzcorp wishes you a Merry Christmas and a Happy and Prosperous New Year!**

We would like to **thank you** for your continued support and look forward to working with you in the New Year. We welcome you to visit our website at:

[www.fundzcorp.com.au](http://www.fundzcorp.com.au)

You can also follow us on Facebook  or Twitter 

## Important changes to the super guarantee rates

### SG increase changes

We've previously advised of an increase in the Superannuation Guarantee rate, starting with a 0.25% increase (from 9.25% to 9.5%) which took effect from 1<sup>st</sup> July 2014. The SG rate will then increase over a 10-year period, to 12% by July 2025.(see table).

| SG Rate Increase          |             |                           |             |
|---------------------------|-------------|---------------------------|-------------|
| Financial Year commencing | SG % Change | Financial Year commencing | SG % Change |
| 1 <sup>st</sup> July 2014 | 9.5         | 1 <sup>st</sup> July 2020 | 9.5         |
| 1 <sup>st</sup> July 2015 | 9.5         | 1 <sup>st</sup> July 2021 | 10          |
| 1 <sup>st</sup> July 2016 | 9.5         | 1 <sup>st</sup> July 2022 | 10.5        |
| 1 <sup>st</sup> July 2017 | 9.5         | 1 <sup>st</sup> July 2023 | 11          |
| 1 <sup>st</sup> July 2018 | 9.5         | 1 <sup>st</sup> July 2024 | 11.5        |
| 1 <sup>st</sup> July 2019 | 9.5         | 1 <sup>st</sup> July 2025 | 12          |

## The work test and making contributions

If you are 65 years old or over, but under 75, you will need to satisfy the 'work test' in each financial year a contribution is made to your super account.

To satisfy the work test, you must be gainfully employed for at least 40 hours during a consecutive 30-day period each financial year in which the contributions are made.

The 'work test' requirement must be satisfied for the year when the contributions are made rather than when contributions are allocated to your super account.

Due to the wide variety of ways that contributions can be made, including in-specie property transfers, there is no single rule that covers all circumstances. Generally speaking however, a contribution is made when the funds are received by your super account or super provider.

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## New Super Contribution Limits: 2014/2015 – Be careful not to exceed the cap

Superannuation contributions can be divided into two types — concessional (before-tax) and non-concessional (after-tax). Each type of super contribution is subject to a contributions cap.

| Limit (cap)      |                                                           | Tax rate if you go over the cap                                                                                                                                                                                                                           |
|------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Concessional     | \$30,000<br>(if under 50 years in 2014–15)                | Amounts over \$30,000 will be added to your assessable income and taxed at your marginal tax rate                                                                                                                                                         |
| Concessional     | \$35,000<br>(if turning 50 years old or older in 2014–15) | Amounts over \$35,000 will be added to your assessable income and taxed at your marginal tax rate                                                                                                                                                         |
| Non-concessional | \$180,000                                                 | 49% for amounts over \$180,000<br><br>However, the government has proposed that amounts over \$180,000 may be withdrawn, along with any associated earnings. The earnings would be taxed at your marginal tax rate. This proposal has not yet become law. |

### If you go over the super caps

From 1 July 2013, if you go over the concessional cap, your excess contributions will be included in your assessable income and taxed at your marginal tax rate (plus an interest charge).

To assist you in paying the additional tax bill, you may release up to 85% of the excess concessional contributions from your super fund. You can only release up to 85% because 15% contributions tax has already been paid by your super fund. Released contributions will no longer be counted as non-concessional contributions. You will receive a 15% tax offset for this in your tax return.

If you go over the non-concessional cap, you will receive an excess non-concessional assessment.

You can go over the non-concessional cap by up to two years' worth of contributions without penalty if you are under age 65 in the relevant financial year. This is called the bring forward provision. The cap amount that applies is three times the non-concessional contributions cap for the financial year in which you make the contribution.

The government has proposed that non-concessional contributions over \$180,000 may be withdrawn, along with any associated earnings. The earnings would be taxed at your marginal tax rate. This proposal has not yet become law.

### Avoiding extra tax

Check your contributions regularly to make sure you aren't going to exceed the caps. When you work out how much you're contributing in any financial year, remember that contributions count when they are received by your fund – not when the payment was sent.

If you salary sacrifice to super and you think you're at risk of exceeding the cap, consider reducing your salary sacrifice amounts.

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## Changes that you need to be aware of.....

### Review your SMSF investment strategy annually

Your super fund's investment strategy is an important component of the fund. By having an appropriate investment strategy, you can ensure your super fund assets match your investment profile. We at Fundzcorp are committed to helping you complete an appropriate strategy that matches your personal preferences. We'd welcome an opportunity to meet with you and provide solutions to meet all your investment needs.

As part of the investment strategy, trustees must also consider the suitability of holding insurance for members within the SMSF. Our Risk Adviser, Paul Sazaklidis, can provide you with alternatives to your existing insurance which will ensure you have the right insurance cover for your lifestyle. If you are concerned about your level of cover, contact our office for a no-obligation meeting or visit our Protection website— <http://www.fundzcorp.com.au/protection/>

### Reform of SMSF levy arrangements

The government will be changing when the ATO SMSF levy is collected from SMSFs. The payment of the levy will be brought forward so it is collected in the same financial year. The change in the timing of the collection of the SMSF levy will be phased in over the two financial years (2013-14 and 2014-15) to give SMSFs time to adjust.

For existing funds, the ATO SMSF levy charged with the 2014 annual accounts and tax return will be \$388.

### 2014 Tax lodgement and Audit process

The initial stages of completing a fund's regulatory obligations for the 2014 financial year are the audit of the financial statements and the lodgement of the annual tax return. Before the annual tax return can be lodged, the financial statements must be audited. In many cases to complete the audit, an updated investment strategy and/or documentation regarding a market value is required. Also, please keep in mind that all documents are required to be signed and dated where noted. If a document is not dated or signed, it will delay the lodgement of the fund's annual tax return. The return of these documents as soon as practical will assist in completing the fund's regulatory obligations in a timely manner.

If there are any documents that are still required to complete the reconciliation of your super fund for the 2014 accounts, kindly forward this documentation immediately so we can ensure your tax return is audited and lodged by the due date.

### Drawing superannuation pensions

If you are in pension phase make sure the minimum pension has been paid to you for this financial year. By not receiving the required minimum pension any income earned on your pension investments in your super fund will be taxed at 15% rather than being tax free if the pension rules are met by the fund.

### Fundzcorp Financial Planning Services offered include...

- **Superannuation**, including **Self-Managed Super**, Employer Plans, Retirement Income Streams & Super Consolidation.
- **Managed Investments**, including Investment Strategies, Risk Profiling, **Term Deposits & Fundzcorp Money Market Term Platform**.
- **Direct Share Service** Inc Review of Your Existing Share Portfolio.
- **Personal Protection**, including Life Cover, Total & Permanent Disability, Trauma & Income Protection
- **Personal Cash Flow** Monitoring Including Planned Retirement Funding.
- **Complimentary** Initial Meeting to Review your Personal Financial Circumstances.

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## Staff Changes:

We are pleased to announce the appointment of **Connie Sorace** in our Customer Services Support Team at Fundzcorp. Connie brings many years of customer service experience to our organisation and we look forward to introducing Connie to you at your next meeting or call to Fundzcorp.

We are pleased to welcome Connie to our dedicated service team.

Also, feel free to check us out online at <http://www.fundzcorp.com.au>

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*Please note that our office will be closed for the Christmas Holidays  
from 1pm Tuesday December 23rd and will reopen at 9am on Wednesday  
January 14th 2015*

*WISHING YOU AND YOUR FAMILY A VERY MERRY  
CHRISTMAS AND A SAFE & PROSPEROUS NEW YEAR!*

*Best Wishes from the team at*



*“Providing financial solutions,  
for a better tomorrow”*



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