

# Welcome to the December 2015 SMSF Update

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**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 

## Super & Direct Property

As part of a Self Managed Super Fund ("SMSF") Trustee's long term wealth accumulation investment strategy many Trustees are considering the merits of adding a direct property as part of their Retirement goals. Basically the pros and cons of which property types to add to the SMSF really depends on a number of factors, growth, income and or cash flows, as well as liquidity. Due to the complexities and potential pitfalls of this asset class within a SMSF it is highly recommended that before commencing the search for a property that Trustee's seek professional advice before signing any contracts, the consequences of getting this area wrong can be quite catastrophic.

**At Fundzcorp we pride ourselves on educating our loyal clients before undertaking any major investment planning that may include direct property decisions, within their super as part of our commitment to service excellence we can provide you with a fact sheet that may assist you to commencing the discussions with our team. Contact us.**

## The Importance of Up to Date Trust Deeds

The constantly evolving nature of superannuation laws make it virtually impossible for you, as trustee(s) of your own SMSF, to have peace of mind that the activities you undertake within your fund are in accordance with those laws. Moreover, the rules of a SMSF, which are housed within the Trust Deed, must adequately reflect those constantly changing laws and afford members the opportunity to engage present-day strategies.

The recent changes to superannuation laws mean that **you may be missing out on many strategic opportunities**, such as:

- Having the ability to borrow to acquire property & other assets;
- Members aged 55 or more accessing benefits prior to retirement (also known as Transition to Retirement);
- Splitting super contributions with your spouse;
- Creating non lapsing binding nominations;
- Adding non-working members (eg. spouse, children, etc);
- Making contributions up to age 65 without the need to meet the work test;
- Having the ability to make contributions up to age 75;
- Having the ability to make contributions on your children's behalf;
- Creating wealth for the next generation of your family;
- Creating tax free, flexible income streams in retirement to compliment your lifestyle; and
- Creating a limited recourse borrowing arrangement.

**To ensure that your deed is compliant with the dynamic super laws and the resulting strategies we are regular reviewing the currency of your SMSF Deed, where we see a need to upgrade we will notify you in advance prior to implementing any upgrades.**

### Disclaimer

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## The work test and making contributions after reaching Age 65

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.

### Super Contribution Limits: 2015/2016 – 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 (if under 50 years in 2015–16)	Amounts over \$30,000 will be added to your assessable income and taxed at your marginal tax rate
Concessional	\$35,000 (if turning 50 years old or older in 2015–16)	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  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 2015, 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.

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## 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.**

## 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 or as part of our regular review process make adjustment as needed.

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/>

### Estate Planning & Your Super Fund- Hot Topic

#### Estate Planning & Enduring Power of Attorney-Prudent Fund Administration

As a Trustee of your own SMSF it is considered prudent management to cover against the What if Scenarios. The simple act of adding in an, Enduring Power of Attorney ('EPOA') may be an important addition to your fund. With many Trustees travelling overseas for work or extended holidays increased investment in direct property and sadly rising instances of dementia in Australia may give rise in loss of Trustee capacity.

Should an event take place where a Trustee loses mental or physical capacity by simply adding in an EPOA, the Super fund can continue to operate without severely disrupting the day to day Trustee obligations and compliance of the Fund. If you are unsure as to whether you have this very important area covered please contact our office to make arrangements.

### 2015 Tax lodgement and Audit process

The initial stages of completing a fund's regulatory obligations for the 2015 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 2015 accounts, kindly forward this documentation immediately so we can ensure your tax return is audited and lodged by the due date.**

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## Drawing superannuation pensions- A must each year!

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.**

## Important Reminder as to the Super guarantee rates

For Trustee's who are working Directors receiving set salaries or are employed and on a salaried arrangement please note the agreed mandated super payments that are to be made monthly or quarterly.

SG Rate Increase			
Financial Year commencing	SG % Change	Financial Year commencing	SG % Change
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
1 <sup>st</sup> July 2020	9.5		

## Other Important 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** Includes 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.
- **Estate Planning Referral Service**

## Staff Changes:

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

We are pleased to welcome Anna to our dedicated client 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  
Wednesday December 23rd and will reopen at 9am on Wednesday January  
13th 2016*

***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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