



SPECIAL POINTS OF INTEREST:

- Key pointers to consider in the lead-up to financial year end
- A number of superannuation changes are due to start 1 July 2014
- Questions regarding who can become trustee of the fund

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LAST MINUTE ISSUES FOR YEAR-END

The end of the 2014 income year is almost here, so it is a good idea to take this opportunity to address any outstanding superannuation issues. This special edition highlights a number of issues you may wish to consider.

All age groups

Key superannuation issues to review in the lead-up to 30 June 2014 include:

- check your actual concessional contributions made against your cap of \$25,000 for the 2014 income year. Note, you have a **higher** concessional contributions cap of \$35,000 for the 2014 income year, provided you were aged at least 59 on 30 June 2013;
- aim to make any last minute contributions to your SMSF well in advance of 30 June 2014 to ensure that the contributions are received by the SMSF in the current income year;
- check that your SMSF assets are kept separate from your own personal assets; and
- ensure that you consider insurance as part of your SMSF strategy.

Key point

Check the **amount** of concessional contributions made for you so far this year and the **date** they were received by your superannuation fund/s to ensure that you don't over-contribute.

For example, check with your pay clerk how much superannuation has been salary sacrificed on your behalf, and the date when the contributions were physically received by your fund. For EFT transactions, they are received on the date they are credited to the superannuation fund.

If you are aged 55 – 64

At this age, you are also permitted to commence a transition to retirement

pension, even though you may still be working. If you are drawing a pension, remember to:

- ensure that the minimum pension payment is drawn down by 30 June 2014. Note, the minimum pension payment draw downs have returned to normal levels for the 2014 income year; and
- if you are receiving a transition to retirement income stream, check that total annual pension payments do not exceed 10% of your pension account balance (determined at 1 July 2013 unless you started a pension later in the year).

If you are aged 65 to 74

If you fall into this age bracket, you need to be aware of the following:

- you must satisfy the 'work test' in order for the fund to accept concessional and non-concessional contributions for you;
- as noted above, you have a higher concessional contributions cap of \$35,000 for the 2014 income year; and
- you are no longer subject to the 10% cap on annual pension payments, even though you may still be working.

If you are aged 75+

Once you reach 75 years of age, it is generally not possible for your SMSF to accept superannuation contributions on your behalf.

However, one exception to this rule is that your SMSF can still accept superannuation guarantee contributions for you.

TIP—it is **not compulsory** for your fund to start cashing out your superannuation savings once you reach age 75.



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"...you cannot remain a member of an SMSF once you have been made bankrupt."



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KEY MEASURES DUE TO START 1 JULY 2014

A number of key superannuation measures are due to commence from 1 July 2014, as outlined below. The measures due to start from this time include the following:

Item	Description
Superannuation guarantee	Following the 2014-15 Federal Budget, the superannuation guarantee rate will rise from 9.25% to 9.5% for the 2015 income year.
Administrative penalties	The new penalty regime for SMSFs will commence from 1 July 2014.
Commonwealth Seniors Health Card	The 2014-15 Federal Budget stated that the Seniors Supplement will no longer be paid after the June 2014 quarterly payment. On a positive note, the Health Card income threshold rates are expected to be indexed annually for the first time from September 2014.

Item	Description
Insurance	From 1 July 2014, your SMSF will generally be restricted to providing life cover, 'any occupation' total and permanent disablement cover and eligible income protection policies (transitional rules apply).

Other changes

In the 2014-15 Federal Budget, the Government announced that it intends to allow individuals to withdraw any excess non-concessional contributions made from 1 July 2013 (together with earnings on the excess). It is proposed that the earnings withdrawn will be taxable at your marginal tax rate.

TIP—New rules ('SuperStream') governing how superannuation contributions are made and received begin on 1 July 2014. Note, transitional arrangements have been introduced to help with the implementation of these rules.

QUESTIONS REGARDING SMSF TRUSTEES

Q: I was recently made bankrupt, am I permitted to remain a member of my SMSF? If not, can I appoint someone to act on my behalf?

No, you cannot remain a member of an SMSF once you have been made bankrupt. The reasons for this are explained below.

Firstly, to remain a member of an SMSF, you need to be a trustee (or director of the corporate trustee).

However, the superannuation rules do not allow you to act as trustee of your SMSF if you become bankrupt. Additionally, the rules do not let you appoint someone to act as trustee on your behalf while you are bankrupt.

This generally means that you cannot remain a member of your SMSF, and will need to roll over your member balance to another superannuation fund, such as a public offer fund.

However, you must immediately notify the ATO of your disqualification and resign as a trustee of your SMSF.

Q: I would like my child to be a member of my SMSF. Is this possible? Who would act as a trustee for the child?

Yes, your child can potentially become a member of your SMSF. However, you need to ensure that the number of SMSF members does not exceed four.

Although your child can become a fund member, they cannot be a trustee of the SMSF whilst they are under 18 years of age. In legal terms, the child is 'under a legal disability', meaning that someone else must act as trustee on their behalf.

It is possible for you as parent (or guardian) to act as trustee of the fund in place of your child (including as a director of the corporate trustee).

If you are a fund member, this essentially means that you wear two hats - you act as trustee for yourself as a member, and you also act on behalf of your child as well. Note, other issues need to be considered before allowing a child to become a fund member.

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