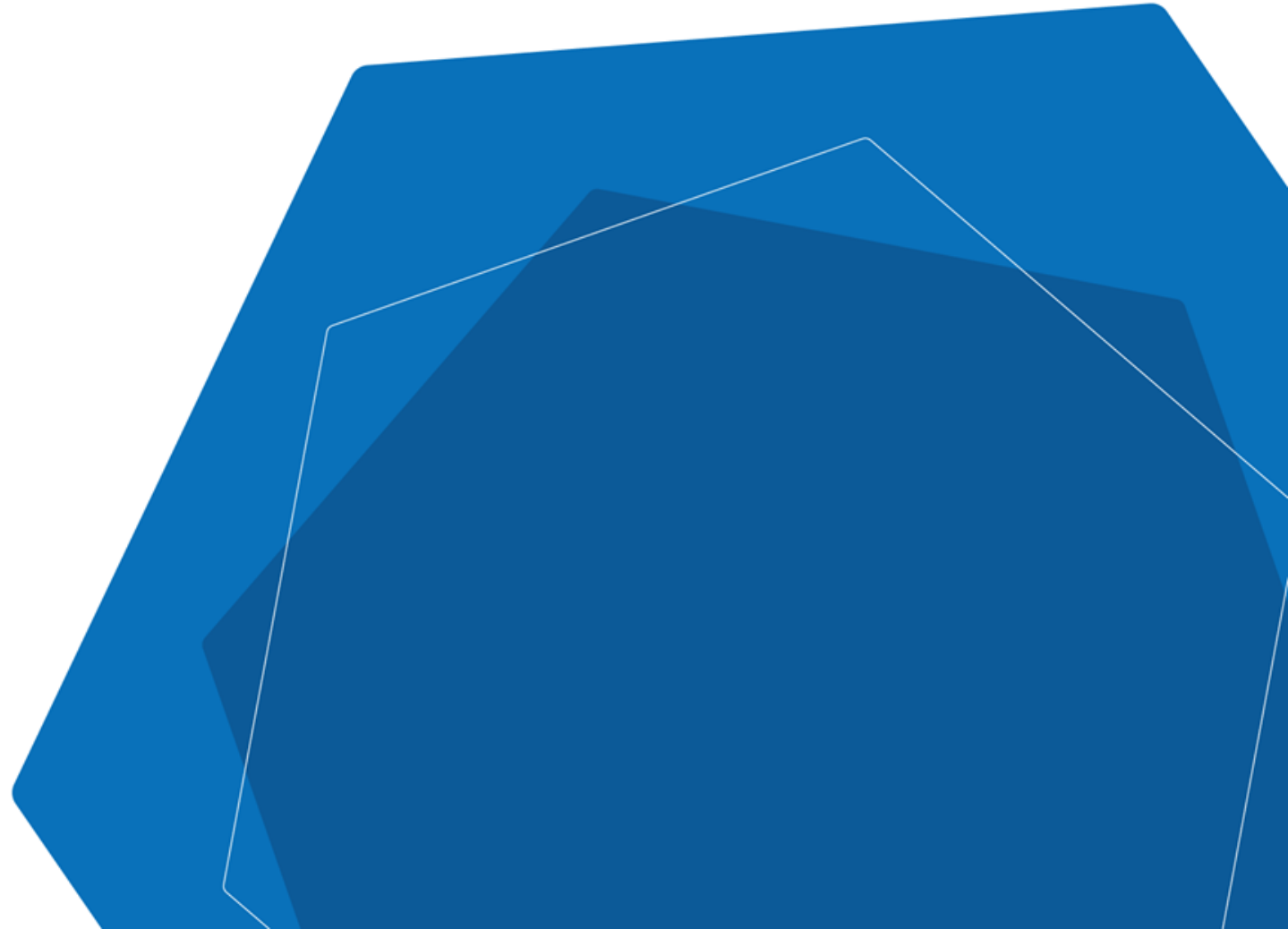


# Don't forget EOFY



## SMSF + Investor Event

Mary Simmons  
Senior Technical Manager,  
SMSF Association



## SMSF + Investor Event



With over 20 years experience in the superannuation industry, focusing primarily on SMSFs, Mary has an in-depth, expert knowledge of the industry. With diverse roles spreading across large accounting firms, large and boutique financial service providers as well as Government, Mary offers an all-round understanding of the SMSF industry. Mary has a multifaceted perspective of the SMSF industry, including that of government, a professional advisor and trustee/member.

Mary has authored and presented many pieces of work over the years and has a proven ability to convey complex, technical matters into clear concepts with practical application.

Mary Simmons  
Senior Technical Manager,  
SMSF Association



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# Don't forget EOFY - Outline

- **2018/19 EOFY considerations:**
  - Accumulation phase SMSFs
  - Income stream/pension phase SMSFs
  - SMSF administrative matters

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Senior Technical Manager,  
SMSF Association



# Accumulation Phase SMSFs

- **Can you contribute?**
  - Age test
  - Work test
    - 1 July 2019 work test exemption
- **Don't leave contributions till the last minute**
  - When is a contribution 'made'?
- **Have you maximised your concessional contributions?**
  - \$25,000 cap in 2018/19
  - Includes employer contributions
  - High income earners additional 15% tax
  - Carry forward unused concessional contributions

# Accumulation Phase SMSFs

- **Are you salary sacrificing?**
  - Is a salary sacrificing arrangement right for you?
  - Effective *versus* Ineffective arrangements
    - Prospective or Retrospective
    - Concessional or Non concessional contributions
- **Can you make deductible personal contributions?**
  - 1 July 2017 10% test abolished
  - Counts towards your concessional contributions cap
  - Notice requirements
  - Excess concessional contributions = Non concessional contributions

# Accumulation Phase SMSFs

- **Can you make Non Concessional Contributions (NCCs)?**
  - \$100,000 cap in 2018/19
  - No NCCs if Total Super Balance (TSB) > \$1.6m
  - NCC bring forward period
    - Must be < 65
    - NCC limit is not indexed
    - Ability to contribute subject to TSB test prior 30 June
  - Bring forward NCCs
    - TSB < \$1.4m = \$300,000
    - TSB \$1.4m but < \$1.5m = \$200,000
    - TSB \$1.5m but < \$1.6m = \$100,000
  - Transitional bring forward period

# Accumulation Phase SMSFs

- **Can you make a ‘Downsizer’ contribution?**
  - Post 1 July 2018
  - Max. contribution is \$300,000 each person or \$600,000 per couple
  - Must be 65 or older
  - Must sell principal place of residence held for min. 10 years
  - No work test, No TSB test, No cap
  
- **Are you eligible for a Government co-contribution?**
  - Gov contributes 50c for every \$1 NCC. Max. contribution is \$500
  - Must be under 71 & working
  - Income \$37,697 - \$52,697 in 2018/19
  - Not available if excess NCCs or TSB > \$1.6m
  - Not an NCC or CC

# Accumulation Phase SMSFs

- **Can you make a spouse contribution?**
  - Spouse must meet work test
  - Spouse not eligible if > 70 or if TSB > \$1.6m
  - Count towards spouse's NCC cap
  - LISTO – max. of \$540 if spousal income < \$37,000
- **Can you split your contribution with your spouse?**
  - Can split max. 85% of CCs
  - Spouse must be < 65 & not have met a nil cashing release condition
  - Consequences of splitting
  - Spouse equalisation opportunity
- **Have you claimed your SMSF fund expenses?**
  - Deductibility of expenses 'incurred'
  - Tips & traps



# Pension Phase SMSFs

- **Are you looking to start a pension in 2018/19?**
  - Preservation age
    - TRIS not in retirement phase
  - Nil cashing restriction condition of release
    - Retirement phase income stream (incl. TRIS)
  - Transfer Balance Cap (TBC) = \$1.6m in 2018/19
    - Tax-free pension phase
- **Can you access the re-contribution strategy?**
  - Lump sum withdrawal must be proportionate
  - Members < 60 beware of tax (Low rate lump sum is \$205,000)
  - TSB test, NCC cap & contribution rules apply
  - Contribution is preserved & must be treated as a new interest

# Pension Phase SMSFs

- **You MUST meet your minimum pension drawdowns**
  - Failure to do so, income stream stops
    - Exempt income status lost
    - TBC consequences
  - Timing of pension payments
  - TRIS (min. and max. requirements)
- **Pension payments MUST be in cash**
  - NO in-specie pension payments
  - Partial commutations NO longer count as pension payments
- **Lump sum withdrawals *versus* Pension payments**
  - Withdraw minimum pension only
  - Supplement drawdowns with lump sum withdrawals
    - Accumulation account OR commutation of pension?

# Pension Phase SMSFs

- **Does your SMSF have PAYG obligations?**
  - Income streams payable to members < 60
  - Lump sum benefits paid to members < 60
  - Payment of capped defined benefit income streams
  
- **Does your SMSF need an actuarial certificate?**
  - Tax exemption *no longer available* for non retirement phase pensions
  - Some SMSFs *no longer allowed* to use segregated method
  - Some SMSFs *must use* the segregated method
  
- **Does your SMSF need a Transfer Balance Account Report (TBAR)?**
  - TBAR reporting requirements
  - Frequency of reporting

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# SMSFs & Administrative Matters

- Does your SMSF have an up to date investment strategy?
- Are your SMSF assets valued at market?
- Is your trustee structure right for you?
- Have you recently reviewed your SMSF's trust deed?
- Have you considered your estate planning needs?
- What if it all goes wrong?

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# About Us

The SMSF Association is the independent, professional body representing Australia's self-managed super fund sector. With over 1.1 million Australians now self-managing their super, the SMSF Association's mandate is an important one – to lead the professionalism, integrity and sustainability of the SMSF sector – as a major source of our nation's prosperity for today and our future.

The Association's core focus is to raise the standard of advice provided by all SMSF professionals and enable trustees to become better educated and make informed decisions for their future retirement.

As the peak body representing the SMSF sector, the Association has the vital role of continually improving the quality of advisors, the knowledge of trustees and the credibility and health of a vibrant SMSF community.

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