

SELF MANAGED SUPERANNUATION FUNDS**AS WE COUNT DOWN TO 30 JUNE 2016, WHAT STEPS DO YOU NEED TO TAKE?**

Timing – Make sure all contributions to your super fund are cleared through the bank by Thursday 30th June. We suggest you have all transactions processed by the week ending Friday the 24th June.

Things to do or consider before June 30:

1. Make sure you have paid the minimum pension amount that we advised you of during the year (if you are in pension or transition to retirement phase) (see our article on page 4)
2. Consider making a contribution that may attract the Government co-contribution (see our article on page 3).
3. Make rent payments on freehold property owned by your SMSF that are rented to your business venture (see other side of this page).
4. Make any tax deductible contributions well before the end of June so that they are cleared through the bank by June 30.

**Leasing your business premises from your SMSF**

It is important to ensure that all lease payments for business real property, that your super fund leases to your business are paid to your SMSF before 30 June.

If your business rents business real property (e.g. commercial property or farm land) from your SMSF all lease payments need to be made prior to 30 June to ensure there is no breach of your lease agreement.

Any lease in place must be at market value and meet the terms and conditions in line with that of a typical commercial lease agreement.

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How much can I contribute?

Concessional contributions (tax deductible) include:

- Employer contributions (including contributions made under a salary sacrifice arrangement); and
- Personal contributions claimed as a tax deduction by a self-employed person.

The concessional contribution limit for the 2015-16 year is:

- \$30,000 for all individuals less than 49 years of age on 1st July 2015
- \$35,000 for all individuals 49 years or over on the 30th June 2015

If you have more than one fund, all concessional contributions made to all of your funds are added together and count towards the cap.

STOP PRESS

The following budget 2016 change is subject to the Liberal Party winning the July 2nd general election.

The current Government will introduce a \$500,000 life time non concessional contributions (non tax deductible) cap affective from 7.30pm on 3rd May 2016.

The cap will take into account all non concessional contributions made from 1st July 2007.

If an individual has exceeded the cap prior to 7.30pm on 3rd May 2016 they will be taken to have used up the lifetime cap but will not be required to take the excess out of the superannuation system.

However if after the 3rd May 2016 an individual makes a non concessional contribution that puts them above the cap the ATO will advise them of the excess and they must withdraw that amount or face penalty taxes.

The lifetime cap replaces the existing caps of \$180,000 pa (or \$540,000 every three years for individuals aged under 65 years)

Up until 7.30pm on the 3rd May 2016

Non-concessional contributions include:

- Personal contributions up to \$180,000 for which no income tax deduction has been claimed.
- People under 65 years are able to make contributions up to three times their annual cap – or \$540,000 – over a three-year period. This is known as the 'bring forward' option.

Under a "bring forward" arrangement, a member who is under 65 years of age in an income year can "bring forward" three years' worth of future non concessional contributions entitlements. This is triggered automatically if contributions in excess of the annual cap (i.e. \$180,000 in 2015/16) are made in the financial year.

Transition to Retirement (TTR) Phase

Under the transition to retirement rules, if you have reached your preservation age, you may be able to reduce your working hours without reducing your income. You can do this by topping up your part-time income with a regular 'income stream' from your super savings.

Under the transition to retirement rules you can only access your super benefits as a 'non-commutable' income stream. This generally means you cannot take your benefits as a lump sum cash payment while you are still working. You must take your super benefits as regular payments.

Your preservation age is generally the age you are allowed to access your super benefits when you stop working.

The table below shows your preservation age. Once you reach your preservation age, you can access your super benefits without retiring completely from the workforce.

Date of Birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

Under the Transition to Retirement rules, there is a requirement that a minimum of 4% and a maximum of 10% of the member's account balance must be drawn and paid to you each year.



Getting some superannuation from the Government... Superannuation Co-Contribution

You may be eligible for the super co-contribution if all of the following apply to you:

- you make an eligible personal super contribution to a superannuation fund
- your income for the income year is less than the higher income threshold (see below)
- 10% or more of your total income comes from eligible employment-related activities, carrying on a business or a combination of both
- You are less than 71 years old at the end of the income year, and;
- You lodge your income tax return for the relevant income year.

Lower income threshold	Higher income threshold	What is my maximum entitlement?
\$35,454	\$50,454	Your maximum entitlement is \$500 for income below \$35,454 However, for every \$1 that your income is over the lower income threshold your co-contribution reduces by 3.333cents.

How much could I get?

Assessable income	Contribution required for co-contribution	Maximum super co-contribution
\$35,454	1000	500
\$35,454	600	300
\$40,000	1000	316
\$40,000	600	190

If you are eligible, your co-contribution amount will be forwarded to your superannuation fund with remittance advice. It is important to include this remittance advice letter with your taxation information at year end.

IMPORTANT NOTE:

If you believe you would be eligible for the Government Co-Contribution, make sure your contribution is made to your SMSF by 30 June.

Safe Tax cover for 2016-17 Superannuation Funds (the growth area in compliance audits)

It is highly likely that your SMSF will be audited by an Australian Government Authority within the next five years.

The experience can be unpleasant and can disrupt your business and your life. The cost of professional advice and assistance given during a tax investigation will be a further unwelcome surprise.

Safe Tax offers you **professional support, pre-paid to agreed fee limits**, if your SMSF taxation affairs are subject to an audit.

For a fraction of the potential cost (a tax deductible fee paid annually) we will support you when you are audited. Subject to an agreed limit, no additional professional fees will be rendered for our work.

Our Safe Tax service includes access to specialist taxation advisors and includes your BAS and IAS returns.

This means we will be there when the Government is!

Those clients with their own self-managed superannuation fund should **DEFINITELY TAKE OUT THE SAFE TAX COVER** as it is likely that once every five years your fund will be audited.

The time involved in handling these audits is extensive and comes to a minimum of \$2,000 per audit. The fees could get up to \$5,000 with a complex fund. The bottom line is that many more audits can be expected on superannuation funds.

If you have a superannuation fund you need this cover.

We will be sending Safe Tax applications out during June, so please fill in the application and return to us as soon as possible to ensure that your SMSF is covered for the 2016-17 year.



Minimum pension payments for funds in pension/transition to retirement phase 2015-16

AGE	Minimum pension amount
55 – 64	4%
65 – 74	5%
75 – 79	6%
80 – 84	7%
85 – 89	9%
90 – 94	11%
95 +	14%

One of the benefits of starting superannuation pensions is the tax exemption provided to some or all of the fund's investment income as a result of being in pension phase.

Consequently, in order to be able to claim the exemption it is imperative that you have withdrawn your minimum pension payments in full prior to 30 June.

The minimum pension amount is the above percentage multiplied by of the closing balance of your super account at the 30th June 2015 (refer to your members statement for year ended 30/6/2015).



Adams Accounting Superannuation Fund tax preparation checklist

- If records are prepared on computer
 - Backup disk of accounts (e.g. QuickBooks) including bank reconciliation at year end
 - Bank statements
- If records are not prepared on computer
 - Bank statements with details of each transaction (either receipts or notes on bank statements) for whole year.
 - Cheque books
 - Deposit books
- Term deposit statements (if any)
- Details of contributions (i.e. who made contributions and how much)
- Details of rollovers including rollover forms received from old super funds.
- All investment documentation:
 - dividend statements
 - annual managed trust taxation statements
 - share purchase/sale documents
- If you have property in your SMSF:
 - A copy of most recent rates notice showing Capital Improved Value (CAV)
 - Rental statements and invoices for expenses paid
 - Lease agreements
 - Current water right notices (if any)
 - Current insurance policy documents
 - Copy of title (if new property purchased/transferred during year)
- Any other details of asset transactions i.e. purchases, sales etc.
- Government co-contribution correspondence received during year.



Superannuation contributions on behalf of your spouse 2015

If you make contributions to a complying superannuation fund or a retirement savings account (RSA) on behalf of your spouse (married or de facto) who is earning a low income or not working?

You may be entitled to a tax offset of up to \$540 per year if:

- the sum of your spouse's assessable income, total reportable fringe benefits amounts and reportable employer superannuation contributions was less than \$13,800
- the contributions were not deductible to you
- the contributions were made to a superannuation fund that was a complying superannuation fund for the income year in which you made the contribution
- both you and your spouse were Australian residents when the contributions were made, and
- when making the contributions you and your spouse were not living separately and apart on a permanent basis.
- Make a contribution of up to \$3,000.

A spouse can be of the same or opposite sex and can include de facto relationships.



2016 BUDGET PROPOSED CHANGES TO SUPERANNUATION

We have not included any coverage relating to the proposed changes to superannuation that were announced in the recent budget.

With an election on the 2nd of July all of these proposals may be irrelevant if the government changes hands.

We will all just have to wait and see.

If you are concerned about potential changes give us a call to discuss any issues.

All the changes have a year lead time so that urgent decisions don't need to be made.

Football

Any tiger or pies supporters who want to talk about football?

Most likely they (including Gerald) are keeping pretty quiet and saying **"IT'S A LONG SEASON AND THERE IS A LONG WAY TO GO"**.

As each week goes by that excuse becomes thinner.

On a lighter note

A golf tip

A lion would never cheat on its mate – but a Tiger Wood.

Unhealthy food

A doctor was addressing a large audience in Oxford "The material we put into our stomachs should have killed most of us sitting here, years ago. Red meat is full of steroids and dye.

Soft drinks corrode your stomach lining. Chinese food is loaded with MSG. High Trans –fat diets can be disastrous and none of us realises the long-term harm caused by the germs in our drinking water.

But, there is one thing that is the most dangerous of all and most us have, or will eat it. Can anyone here tell me what food it is that causes the most grief and suffering for years after eating it?"

After several seconds of quiet, a 70-year-old man in the front row raised his hand, and softly said, **"Wedding Cake??"**

A grandpa at the IGA...

A woman at Maffra IGA is following a grandfather and his badly-behaved grandson. He has his hands full with the child screaming for sweets, biscuits, all sorts of things. The grandad is saying in a controlled voice: **"Easy, Charlie, we won't be long...easy boy."**

Another outburst and she hears the grandad calmly say: **"It's ok Charlie. Just a couple more minutes and we'll be out of here. Hang in there, boy."**

At the checkout the little horror is throwing items out of the trolley. Grandad says again in a controlled voice: **"Charlie, Charlie,...relax buddy, don't get upset. We'll be home in five minutes, stay cool Charlie."**

Very impressed, she goes outside to where the grandfather is loading his groceries and the boy into the red Hilux. She says: "It's none of my business, but you were amazing in there. I don't know how you did it. That whole time you kept your composure, and no matter how loud and disruptive he got, you just calmly kept saying things would be okay. Charlie is very lucky to have you as his grandad."

"Thanks," says the grandpa. "But I'm Charlie!!!....**The little bugger's name is Kevin.**"