

# Budget 2009 – Key Superannuation Changes

The 2009 Commonwealth Government Budget was delivered on 21 May and introduced key changes to existing superannuation rules and thresholds.

## Concessional contribution caps

Concessional superannuation contributions are made from pre-tax salary, such as salary sacrifice, or employer contributions.

From 1 July 2009 the annual concessional contribution cap of \$50 000 reduces to \$25 000 and, for people aged 50 years and over, the transitional cap of \$100 000 reduces to \$50 000.

Concessional cap	to 30 June '09	from 1 July '09
Under age 50	\$50 000	\$25 000
Age 50 and over	\$100 000	\$50 000

The transitional arrangements for people aged 50 years and over will cease on 30 June 2012. If you turn 50 during this period you will be able to take advantage of the transitional arrangements from the financial year in which you turn 50.

Amounts up to the caps are concessional tax at 15 per cent. Any amounts contributed above the caps will be subject to an additional tax of 31.5% and the contribution will then be counted against your non-concessional contribution cap.

The \$25 000 cap will be indexed to *Average Weekly Ordinary Time Earnings*, but will only increase in increments of \$5000. The \$50 000 cap in the transitional arrangements will not be indexed.

If you are an active member of NTGPASS, your Territory-financed (employer) contributions are not paid to you until you resign. However, a notional amount is assessed against the concessional contributions cap each financial year.

The notional amount is calculated as a percentage of your contribution salary and is determined by your NTGPASS contribution rate. The notional taxed contribution has been determined by the NTGPASS actuary to be a maximum of 9.6% of contribution salary.

Amendments to Commonwealth legislation are anticipated to reflect the intention for unfunded schemes, such as NTGPASS, to be excluded from reporting an amount. Pending finalisation of amending legislation, the Territory has reported the notional taxed contributions for NTGPASS members to be nil for 2007-08 and 2008-09.

The fund recommends that members concerned about the impact of this factor on their specific circumstances should seek professional advice.

## Non-concessional contribution cap

Non-concessional contributions are made from after-tax salary, such as voluntary contributions or your compulsory NTGPASS contributions.

The non-concessional contributions cap will remain at \$150 000 and will be set at six times the level of the (indexed) annual concessional contributions cap.

If you are under 65 years of age, you will still be able to bring forward two years of contributions, enabling \$450 000 to be contributed in one year, with no further contributions in the next two years.

Any non-concessional contributions that exceed the caps will be subject to additional tax of 46.5%.

## Co-contribution

To be eligible for a co-contribution, you must have made a non-concessional contribution to superannuation and your income must be below the upper income threshold. You must also be aged under 71 at the end of the financial year in which the contribution was made.

The full co-contribution is paid on incomes up to the lower income threshold and then is reduced by \$3.33 for every dollar earned over the lower income threshold.

From 1/7/09 salary sacrifice contributions are assessed against the income thresholds. The co-contribution is not assessed against the contribution caps.

Year	Lower threshold	Upper threshold
2008-09	\$30 342	\$60 342
2009-10	\$31 920	\$61 920

The revised co-contribution payment amounts for the period 2009-10 to 2014-15 are:

Financial Years	Co-contribution
2009-10, 2010-11, 2011-12	\$1 000
2012-13, 2013-14	\$1 250
2014-15 and onward	\$1 500

## Allocated pension drawdown relief

Drawdown relief measures were introduced in February 2009 as a result of the global financial crisis and its affect on allocated pension account balances.

The measures to allow pensioners to halve the minimum amount of pension that they must draw down have been extended to include the 2009-10 financial year.