



Important Information for clients wishing to contribute to super that are 75 or 65 years of age

With the window of opportunity to contribute up to \$1million in undeducted contributions to a SMSF by 30 June, we have been approached with numerous queries by Individuals who have turned 65 and are not working, and people that are 75 years of age to see if there is any possible way they can contribute and/or move their assets into a SMSF.

Please find following, provisional rules that favour Individuals who were aged 64 and 74 years of age respectively as at 10 May 2006 – 5 September 2006.

For people in this age bracket, the following information could be vital.

Clients aged 74 between 10/5/06 and 5/9/06

An Individual aged 74 on or between these dates that is now aged 75 years of age is allowed under the provisional arrangements to make a contribution to their fund up until 30/6/07.

This is a significant provision, as there may be clients that are still working and have turned 75 that may not be aware they can still make a contribution to their superannuation.

Clients aged 64 between 10/5/06 and 5/9/06

An Individual aged 64 on or between these dates that is now aged 65 years of age is allowed under the provisional arrangements to make a contribution to their fund up until 30/6/07 without needing to satisfy the work test.

Under current contribution conditions, Individuals that are currently 65 need to have worked at least 40 hours in not more than 30 consecutive days during the relevant year in order to make a contribution to their superannuation.

This provision is also extremely important – particularly where Individuals are trying to maximise their transfer of wealth to a SMSF prior to 30 June 2007, as this effectively enables a contribution to be made for a spouse who is not employed and thus unable to meet the work test.

Budget Announcements

Unlike last year's budget announcements, this year's budget update had little direct impact on superannuation and there's not a lot of exciting news to report.

Superannuation Co-Contributions

Good news for those that took advantage of the co-contribution opportunity in 2005/06 by making additional personal contributions to their super. The Government have announced that they will make a one-off additional co-contribution into the superannuation accounts of these Individuals, by doubling the co-contribution amount and making an additional payment to their super.

For example, if a person was eligible for a co-contribution of \$1,500 in the 2005/06 year, they will now receive an additional contribution of \$1,500. An unexpected, but welcome bonus!

Capital Gains Tax (CGT) and Marriage Breakdown

Currently, if a marriage breaks down, there is capital gains tax relief for assets of SMSFs only for the spouse who benefits from the payment split under the Family Law Act 1975. This CGT relief applies only to the assets that are subject to the payment split – as these assets can be rolled over to another SMSF.

From 1st July 2007, the Government will allow one spouse in a marriage break down to transfer their entire interest in a SMSF to another complying superannuation fund that is able to accept in-specie rollovers, without there being a capital gains tax event. Another welcome bonus, for some.

For further information on any of the enclosed information, please call **Brendan Daw** of our office on **1300 787 576**.



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