



2009 Budget Announcements

Many will agree the outcome of the 2009 Federal Budget announcements were far kinder to superannuants than anticipated.

Thankfully the tax free environment for over 60 year olds remains untouched, as does the transition to retirement pension.

Pension Draw Down Relief to Continue

The government have announced the pension drawdown relief announced this year will continue for the 2009/10 financial year. Pensioners wishing to preserve their superannuation and minimise the withdrawals from their funds can continue to draw a lower pension amount in this period.

The pension minimum figures will be:

Age of Member	Normal Minimum	Proposed Minimum
Under 65	4%	2%
65 – 74	5%	2.5%
75 – 79	6%	3%
80 – 84	7%	3.5%
85 – 89	9%	4.5%
90 – 94	11%	5.5%
95+	14%	7%

Seniors Health Card Test

The Government had previously announced that the Commonwealth Seniors Health Card income test would be amended to include the tax-free pension income as part of the taxable income test. For reasons unknown the Government has decided not to proceed with that.

Changes to Concessional Contributions

It comes as no surprise that the Government have halved the concessional contribution amounts.

Age of Member	Current Year Amounts	09/10 was going to be	Budget Proposed 09/10
Under 50 years	\$50,000 pa	\$55,000 pa	\$25,000 pa indexed
Over 50 – 74 years	\$100,000 pa	\$100,000 pa	\$50,000* pa

* For the 2009/10, 2010/11 and 2011/12 financials years

From 1 July 2012, the concessional contribution amount for Over 50's will reduce and be in line with those under 50 years of age.

The existing 'grandfathering' arrangements that apply to certain members of defined benefit schemes in relation to the concessional contributions cap will continue.

The good news is, these changes apply for 2009/10 – and do not affect contribution levels for the current financial year.

Non-concessional Contributions

The annual cap of \$150,000 on non-concessional contributions remains unchanged for the 2009/10 financial year. The Government had previously announced it was going to be increased to \$165,000.

Government Co-contribution Set to Reduce

From 1 July 2009, the Government co-contribution will reduce. The matching rates will be:

- 100% for 2009-10, 2010-11 and 2011-12, with a maximum co-contribution of \$1,000;
- 125% for 2012-13 and 2013-14, with a maximum co-contribution of \$1,250; and
- 150% from 2014-15 onwards, with a maximum co-contribution of \$1,500.

The matching rate will reduce in line with personal income thresholds.

Conclusion

Please be aware these are proposed changes and are not yet law.

For further information visit: <http://minscl.treasurer.gov.au>.

To discuss any budget changes covered in this edition of Your Guardian, please call **Ed Bernard** or **Brendan Daw** of our office on **8221 6540** or **1300 787 576**.