

Superannuation Alert

Your update on the Superannuation changes in the Federal Budget.

There has been significant speculation before Budget night in relation to the changes that would be made to superannuation. Many of the changes were leaked before Budget night with few superannuation surprises in the Budget.

Contribution limits

As expected the concessional or tax deductible superannuation limits have been halved. The reduction in the contribution limits will take effect from 1 July 2009. The caps will be:

Member Age	2008-2009	2009-2010
Under 50	\$50,000	\$25,000
Over 50*	\$100,000	\$50,000

* The limit for a member over 50 will apply to 30 June 2012.

The non-concessional contributions limit will remain at \$150,000 from 1 July 2009. This limit will be set at six times the indexed concessional limit of \$25,000. This limit had previously been announced as being indexed to \$165,000 from 1 July 2009.

Government co-contribution

With effect from 1 July 2009 the maximum co-contribution will be reduced to \$1,000 for a personal superannuation contribution of \$1,000, reduced from the current maximum rate of \$1,500 for a \$1,000 personal contribution. The reduced co-contribution amount will apply until 30 June 2012.

Superannuation pension withdrawals

The Government announced in February 2009 that the minimum withdrawals for account based pensions would be halved for the year ending 30 June 2009. This measure was aimed at ensuring that recipients of superannuation pensions did not need to sell down assets to fund pension payments.

It has been announced in the Budget that the reduced superannuation draw down amounts will continue to apply for the year ended 30 June 2010. The minimum withdrawals for the 2009-2010 year for account based pensions are outlined in the table on the left.

Transition to retirement pensions

There were no changes announced in the Budget in relation to the ability for a person aged 55 to access a transition to retirement pension. The pre Budget speculation did include the possibility of these pensions being restricted. The reduction in the concessional contribution limit to \$50,000 may impact some strategies.

Commonwealth Seniors Health Card

The 2008-2009 budget announced changes to the income test for the Commonwealth Seniors Health Card, which was to include all superannuation withdrawals as income for the purposes of the income test of the CSHC. It has been announced in the 2009-2010 budget that superannuation withdrawals will not be included in the CSHC income test. This will ensure that self funded retirees will be able to retain their CSHC and the associated benefits.

Salary sacrificed superannuation contributions

As announced in the 2008-2009 Budget, salary sacrificed superannuation contributions from 1 July 2009 will be included in income tests for eligibility for the Commonwealth Seniors Health Card, superannuation co-contributions and eligibility to claim personal superannuation contributions.

What to do now?

The changes announced in the Budget present both challenges and opportunities for your superannuation planning. At RSM Bird Cameron, our advisors have the expertise to tailor a strategy to take advantage of these opportunities and place you in the best possible position to maximise your superannuation benefits.

Superannuation pension withdrawals

Member Age	Minimum Withdrawal
Under 65	2%
65 - 74	2.5%
75 - 79	3%
80 - 84	3.5%
85 - 89	4.5%
90 - 94	5.5%
Over 95	7%

The reduction in withdrawals will also apply to allocated and market linked pensions for the 2009-2010 financial year.

RSM Bird Cameron newsletters are available on our website:

www.rsmi.com.au

Budget Alert is a special RSM Bird Cameron client newsletter. It is designed to keep you up to date on the latest developments arising from the Federal Budget. If you would like any further information please contact your local RSM Bird Cameron office.

Australian Capital Territory

Canberra (02) 6247 5988

New South Wales

Sydney (02) 9233 8933

Albury (02) 6041 3700

Goulburn (02) 4821 1066

Wagga (02) 6921 9055

Victoria

Melbourne (03) 9286 1800

Ballarat (03) 5330 5800

South Australia

Adelaide (08) 8232 3000

Mt Gambier (08) 8724 8100

Port Lincoln (08) 8682 2077

Western Australia – Metropolitan

Perth (head office) (08) 9261 9100

Fremantle (08) 9336 1266

Mandurah (08) 9535 1744

Western Australia – Regional

Albany (08) 9841 2766

Bunbury (08) 9722 5600

Busselton (08) 9752 1406

Corrigin (08) 9063 2154

Esperance (08) 9071 1888

Geraldton (08) 9920 7400

Kalgoorlie (08) 9021 1499

Katanning (08) 9821 1277

Manjimup (08) 9771 1244

Merredin (08) 9041 1655

Moora (08) 9651 1606

Narrogin (08) 9881 1611

Northam (08) 9622 2822

Quairading (08) 9645 1166