

# Superannuation Changes



## **The Work Test for retirees has been abolished**

From the 1 July 2022 individuals aged 67 – 74 will no longer be required to meet the work test when making or receiving, non- concessional superannuation contributions or salary sacrificed contributions. These individuals will also be able to access the non-concessional bring forward arrangement, subject to meeting the relevant eligibility criteria.

The existing 1.6 million cap on lifetime superannuation contributions will continue to apply (increasing to \$1.7 million from 1 July 2021). The annual concessional and non-concessional caps will also continue to apply.

Access to concessional personal deductible contributions for individuals ages 67 – 74 will still be subject to meeting the work test.

This change builds on the government's previous reforms to the age rules on superannuation contributions, further increase the ability of older Australians to make contributions to their superannuation.

## **Extending access to the downsizers contributions**

From 1 July 2022, the minimum age for the downsizer contribution will be lowered from 65 to 60. This will allow Australians nearing retirement to make a one-off post-tax contribution of up to \$300,000 per person (or \$600,000 per couple) when they sell their family home. This improves the flexibility for Australians to contribute to their superannuation savings and may encourage people to downsize sooner and increase the supply of family homes.



Downsizer contributions can be made after the sale of a person's principal place of residence, held for a minimum of 10 years. Downsizer contributions do not count towards the concessional and non-concessional contributions caps. People with balances over the transfer balance cap (which is \$1.7 million from 1 July 2021) are also able to make a downsizer contribution, however the downsizer amount will count towards that cap when savings are converted to the retirement phase.

A few things to consider;

- Downsizer contributions are not tax deductible
- The Contributions must be made within 90 days of settling on the property sale.  
Noting that other conditions do apply.

### **\$450.00 Month Superannuation Threshold has been abolished**

From 1st July 2022 Australians will be entitled to super even if they earn less than \$450.00 per month. Employers must pay super Guarantee on every dollar earned. Previously, employers did not need to pay SG if the employee did not earn \$450 per month. Now, some workers will receive super contributions from their employers for the first time.

The superannuation guarantee is currently set at 10%, as of 1st July 2022 will increase to 10.5% with the view of having SGC as high as 12% by 2025.

To find out more about financial and superannuation planning at each stage of life or to discuss any of the issues raised by this article, please don't hesitate to get in touch with us.

**We are here for you!**

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