



## Super Changes That Could Affect You From 1st July 2022

The government has announced a number of changes to the super system could create opportunities for Australians of all ages. Here's a rundown of what you need to know.

- More people will be eligible for contributions from their employer, under the Superannuation Guarantee (SG), as the minimum income threshold of \$450 per month will be removed.
- Work test requirements for those aged 67 to 75 will be softened and only apply to people who want to claim a tax deduction on voluntary super contributions they may be making.
- More people will be able to make up to three years' worth of non-concessional super contributions in the same financial year, with the cut-off age increasing from 67 to 75.
- More people will be eligible to make tax-free downsizer contributions to their super from the proceeds of the sale of their home, with the eligibility age reducing from 65 to 60.
- First home buyers, who meet certain criteria, will be able to withdraw an additional \$20,000 in voluntary contributions from their super, to put toward a deposit on their first home.

## HOW YOU COULD BENEFIT FROM THE CHANGES

### 1. Compulsory (SG) contributions from your employer

Under the government's Superannuation Guarantee (or SG for short), you currently need to earn at least \$450 per month to be eligible for compulsory super contributions from your employer. However, from 1 July 2022 that minimum income threshold will be removed.

This means that even where an eligible employee earns less than \$450 in a calendar month, there is now an obligation on the employer to make contributions.

### 2. The work test

Currently, people aged 67 to 74 can only make voluntary contributions to their super if they've worked at least 40 hours over 30 consecutive days in the financial year, unless they meet an exemption.

From 1 July 2022, the work test will no longer apply to contributions you make under a salary sacrifice arrangement with your employer, or personal contributions that you don't claim a tax deduction for.

The work test however will still need to be met if you wish to claim a tax deduction on personal contributions.

Under the new rules, the work test can be met in any period in the financial year of the contribution. This is different to the current rules, where the work test must be met prior to contributing.

### 3. Non-concessional super contributions

Currently, those under the age of 67 at the start of the financial year can make up to three years of non-concessional super contributions under bring-forward rules.

From 1 July 2022, the cut-off age will increase to 75.

The bring-forward rules allow you to make up to three years of non-concessional contributions in a single year if you're eligible. This means you could put in up to three times the annual cap of \$110,000, meaning you could top up your super by \$330,000 within the same financial year.

How much you can make as a non-concessional contribution will depend on your total super balance as at 30 June of the previous financial year.

## DOWNSIZER CONTRIBUTIONS

The age Australians can make tax-free contributions to their super from the proceeds of the sale of their home, which needs to be their main residence, will be reduced from 65 to 60. (Note, there is no upper age limit for downsizer contributions and no requirement to meet the work test.)

The maximum downsizer contribution amount of \$300,000 per eligible person and other eligibility requirements remain unchanged.

For couples, both spouses can make the most of the downsizer contribution opportunity, which means up to \$600,000 per couple can be contributed toward super.

#### 4. The First Home Super Save Scheme (FHSSS)

The First Home Super Saver Scheme (FHSSS) aims to provide a tax-effective way for eligible first home buyers to save for part of a deposit on a home.

Under the scheme, you can withdraw voluntary contributions (plus associated earnings/less tax) from your super fund, with the current maximum withdrawal broadly \$30,000 for each eligible individual.

From 1 July 2022, this withdrawal cap will increase to broadly \$50,000 for each eligible individual.

Source: AMP

If you have any questions around your super and what options would best suit your circumstances, give Shaun or Vicky a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon).



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