

BURKE BOND PARTNERS

SUPERANNUATION NEWS APRIL 2015

Superannuation Contributions

Concessional contributions cap

Concessional contributions include:

- Employer contributions (including contributions made under a salary sacrifice arrangement)
- Personal contributions claimed as a tax deduction

If you have more than one fund, all concessional contributions made to all your funds are added together and counted towards the cap.

The concessional caps for 2015 are as follows:

If you are aged 48 years or younger on 30 June 2014	up to \$30,000
If you are aged 49 years or older on 30 June 2014	up to \$35,000

Non-concessional contributions cap

Non-concessional contributions are voluntary contributions not claimed as an income tax deduction by you or your employer.

The non-concessional (after-tax) cap for 2015 is \$180,000.

Please Note: Contributions must be received and cleared into the fund's bank account before midnight 30 June 2015 to be included in the 2015 income tax year.

SMSF Supervisory Levy

The Supervisory Levy is an administration fee charged by the ATO on each SMSF. When the SMSF is assessed for tax, this Super Levy Surcharge is added to the Assessment.

The levy in 2014 was \$388 but has been reduced to \$259 in 2015.

ATO Administrative Penalties

New measures that came into effect on 1 July 2014 provide the ATO with greater power to levy penalties for breaches of the law; including education directions for SMSF Trustees who contravene the superannuation provisions, and an administrative penalty regime.

Where an administrative penalty is imposed it must be paid personally by the Trustee or the Director of the Trustee Company and cannot be reimbursed from the SMSF.

Valuation of Fund Assets at Market Value

Trustees must value the fund's assets at market value when preparing financial accounts and statements. The ATO recommends the use of a qualified independent valuer where the value of the asset represents a significant proportion of the fund's value or the nature of the asset indicates that the valuation is likely to be complex.

Investing in Collectables and Personal-Use Assets

Rules for SMSFs investing in collectables and personal-use assets apply to all new investments from 1 July 2011.

Trustees have until 1 July 2016 to ensure collectables and personal-use assets acquired prior to 1 July 2011 comply with the new standards or are disposed.

SMSF Investment Strategy

When preparing the investment strategy Trustees are required to consider whether to hold insurance cover for each member of the SMSF.

Trustees must review the investment strategy regularly to ensure it continues to reflect the purpose and circumstance of the fund and its members. These reviews should happen at least annually. Trustees don't need to change the strategy every time they review it but regular reviews will ensure Trustees maintain an awareness of the investment landscape and make adjustments promptly as required. The review and any decisions made may be documented in the minutes of meetings held.

When preparing the investment strategy, Trustees need to consider:

- Diversification (investing in a range of assets and asset classes)
- The risk and likely return from investments, to maximize member returns
- The liquidity of the fund's assets (how easily they can be converted to cash to meet fund expenses)
- The fund's ability to pay benefits (when members retire) and other costs it incurs
- The member's needs and circumstances (for example, their age and retirement needs)
- Whether the Trustees of the fund should hold insurance cover for one or more members of the fund.

SuperStream

SuperStream is a government reform aimed at improving the efficiency of the superannuation system. The main aim of which is to ensure employer contributions are paid in a consistent, timely and efficient manner. Under SuperStream, employers must make super contributions on behalf of their employees by submitting data and payments electronically in a consistent and simplified manner. It is mandatory for all employers making super contributions and for SMSFs receiving contributions.

SuperStream will not affect your fund if it:

- does not receive any employer contributions
- only receives personal contributions made by members
- only receives contributions from related-party employers (for example a married couple run their own business, and the business pays contributions to their fund in the couple's name)

Rollovers to a SMSF are not required to be made using SuperStream.

If your fund receives contributions on behalf of members from non-related employers, your SMSF should be ready to receive employer contributions sent using SuperStream.

From 3 November 2014 employers with 20 or more employees can start sending contributions using SuperStream.

From 1 July 2015, employers with 19 or fewer employees can start using SuperStream. SMSF Trustees need to be aware that small employers (19 or fewer employees) can voluntarily start using SuperStream from 3 November 2014.

Superannuation death benefits

When an SMSF member has died, the surviving SMSF Trustees must continue to comply with the relevant super and tax laws for paying out death benefits.

A binding death benefit nomination is supplied to the Trustee of the SMSF by the member requesting the fund pay their benefits to a nominated beneficiary/ies. It is either:

- binding – it directs the Trustees to pay the member's death benefit to a legal personal representative or dependant
- non-binding – it notifies the Trustees of the member's preferred beneficiaries, leaving the Trustees to make the final decision.

The law does not require an SMSF member to have a binding death benefit nomination to payout death benefits. However, if the SMSF does have one, it will need to follow the requirements of the SMSF's Trust Deed and the operating standards of superannuation law.

In most cases, when a person dies, their Superannuation Fund will pay their remaining superannuation to the person they have chosen as their nominated beneficiary. Superannuation paid after a person's death is called a 'super death benefit'.

If there are no binding death nominations, then the Trustee of the Superannuation Fund will decide how the benefit will be paid. Depending upon the Trust Deed rules and regulations of superannuation, the Trustee may pay it to the deceased estate, and then the executor will deal with it accordingly. However the superannuation is not part of the will (except in NSW).

A dependant under superannuation laws is someone who had a dependent relationship with the deceased. This includes the spouse, any of the deceased's children or anyone with whom the deceased had an interdependency relationship.

Under income tax laws, a dependant for 'super death benefit' purposes is:

- a surviving spouse or a de facto spouse
- an ex-spouse
- a child of the deceased who is under 18 years old
- any person who was financially dependent on the deceased person just before they died
- any person with whom the deceased has an interdependency relationship just before they died.

**IF YOU HAVE ANY QUESTION REGARDING ANTHING IN THIS NEWSLETTER
PLEASE CONTACT BURKE BOND PARTNERS**