

# MORE FLEXIBLE SUPERANNUATION CHANGES

PRODUCT AND PDS UPDATE | 13 AUGUST 2021

In June 2021, the Government passed laws which provide additional flexibility to contribute to superannuation in certain circumstances and remove the charge on excess concessional contributions.

## What are the changes?

### Bring-forward of non-concessional contributions (NCC) cap available to members under age 67

Applying retrospectively from 1 July 2020, bring-forward arrangements are available to members under age 67 at any time in the financial year. Previously members had to be under age 65. The bring-forward arrangements allow a member to contribute up to three times the annual NCC cap (\$100,000 for 2020/21 or \$110,000 for 2021/22) in a single financial year over a period of up to three years. The amount that you can bring forward and the time period to do this, will depend on your total super balance at the end of 30 June of the previous financial year.

This will mean that if you are under age 67 at any time in the 2021/22 financial year, you may be eligible for the bring-forward arrangements in the 2021/22 financial year as shown in the table below:

Total super balance at 30 June 2021	Contribution cap	Bring-forward period
Less than \$1.48 million	\$330,000	3 financial years
\$1.48 million to less than \$1.59 million	\$220,000	2 financial years
\$1.59 million to less than \$1.7 million	\$110,000	1 financial year
\$1.7 million or more	Nil	Not applicable

### Example

Julie is age 66 and turns 67 on 20 September 2021. She wants to boost her super in the next few years before retiring by making some large voluntary after-tax contributions. She has three super accounts. As at 30 June 2021, she has \$400,000 with the ABC super fund, \$600,000 with the DEF super fund and \$500,000 with the GEH super fund. Her total super balance at 30 June 2021 is \$1.5 million. Based on the above table, a bring-forward cap of \$220,000 with a two year bring-forward period applies to her.

She makes a single non-concessional contribution of \$120,000 to the DEF super fund in 2021/22. This triggers the bring-forward arrangement as it exceeds the annual non-concessional contributions cap of \$110,000 for 2021/22.

Julie can make non-concessional contributions of \$100,000 in 2022/23 without exceeding the bring-forward cap of \$220,000, provided that her total super balance at 30 June 2022 is less than \$1.7 million (i.e. the general transfer balance cap). However, if Julie's total super balance at 30 June 2022 is greater than or equal to

\$1.7 million, her non-concessional contributions cap would be nil for 2022/23 and she can make no further non-concessional contributions for 2022/23.

### **COVID-19 early release amount re-contributions**

Members who received a Covid-19 early release of super payment have the option to re-contribute this amount to their super between 1 July 2021 and 30 June 2030. This amount does not count towards their non-concessional contributions cap.

The amount re-contributed cannot exceed the COVID-19 early release amount. Members will not be eligible to claim a personal tax deduction on this amount.

Members choosing to re-contribute must notify us in the approved form, either before or at the time of making the re-contribution. The Australian Taxation Office (ATO) are currently working through the details of this process and will advise us in due course.

### **Removal of the excess concessional contributions charge**

From 1 July 2021, the excess concessional contributions charge is abolished.

To understand how this interest penalty applied, all contributions exceeding the concessional contributions cap are included in your income tax return as assessable income for the year and are taxed at your marginal tax rate (less a non-refundable 15% tax offset to reflect the tax paid on these contributions within your super fund). An interest charge, known as the 'excess concessional contributions charge', was also applied to this additional income tax liability.

### **Do the changes impact any Product Disclosure Statements (PDSs)?**

Yes, this Update amends the Additional Information Guides (AIG) dated 31 March 2021 for these changes, which form part of the following PDSs dated 31 March 2021:

- ANZ Smart Choice Super and Pension PDS
- ANZ Smart Choice Super for employers and their employees PDS, and
- ANZ Smart Choice Super For QBE Management Services Pty Ltd and their employees PDS.

In particular, the following sections of the AIGs are amended for these changes:

- 'What Type of Contributions Can Be Made Into Your Super Account?' section
- 'Do Limits Apply To How Much You Can Contribute To Your Super' section, and
- 'Contributions Caps' section.

### **Further information**

You can obtain a copy of the AIGs being updated, from our website at [anz.com/smartchoicesuper](https://anz.com/smartchoicesuper) under the 'Downloads – important documents' section or request a copy free of charge by calling Customer Services.

### **Any questions?**

If you have any questions or require further information, please:

- speak to your financial adviser
- call Customer Services on **13 12 87** (option 1) weekdays between 8.30am and 6.30pm (AEST) or for ANZ Smart Choice Super for QBE on **1800 249 996**, weekdays between 8.30am and 8pm (AEST), or



- email **anzsmartchoice@anz.com** or, for ANZ Smart Choice Super for QBE, **corporatesuper@anz.com**

This Product Update and PDS Update is issued by OnePath Custodians Pty Limited (OPC) (ABN 12 008 508 496, AFSL 238346, RSE L0000673) as the issuer of ANZ Smart Choice Super and Pension, ANZ Smart Choice Super for employers and their employees, and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees. The information in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Before making a decision based on this information, you should consider the appropriateness of the information, having regard to your objectives, financial situation or needs. You should also consider the relevant Product Disclosure Statement (PDS), Financial Services Guide and any product updates available free of charge at [anz.com](http://anz.com) or by calling Customer Services.

OPC is a member of the IOOF group of companies comprising IOOF Holdings Ltd (ABN 49 100 103 722) (IOOF) and its related bodies corporate. IOOF and its related bodies corporate and associated entities do not guarantee the repayment of capital, the performance of, or any rate of return of an investment in ANZ super, pension and investment products. An investment is subject to investment risk, including possible delays in repayment and/or loss of income and principal invested. Past performance is not an indication of future performance.

The Australia and New Zealand Banking Group Limited (ANZ) (ABN 11 005 357 522) brand is a trademark of ANZ and is used by OPC under licence from ANZ. ANZ and the IOOF group of companies (including OPC) are not related bodies corporate. ANZ does not guarantee these products. ANZ Smart Choice Super and Pension is distributed by ANZ.