



Fact Sheet – Simpler Super Window of Opportunity

What is superannuation?

Superannuation is a tax structure. It is often confused as being an investment itself, however, it is not an investment it is a specific type of trust that is concessional tax to allow individuals to accumulate and distribute assets for their retirement. The decision about which investment vehicle to use (individual names, joint names, trust, company or superannuation) needs to be made first and then the underlying investments (shares, property, fixed interests or cash) is the secondary decision.

Why invest within superannuation?

Tax savings, tax savings and more tax savings

You can save tax by:

1. **Contributing** money to superannuation.
2. **Maintaining** money in superannuation.
3. **Drawing income** from superannuation.

There are many strategies that use one or a combination of all of the above approaches to enhance your financial situation. The government is prepared to give you tax concessions if you invest within superannuation because in doing so you will reduce the burden on the public system to provide for your retirement.

What are the changes that have recently taken place?

The changes that were announced during the May 2006 Federal Budget include:

Effective May 2006

1. **Window of opportunity (until 30 June 2007) to make un-deducted (after tax) contributions of up to \$1 million.**

From 1 July 2007

1. Removal of reasonable benefit limits (RBLs) for over-60s
2. Payouts from super tax free for the over-60s
3. Removal of age-based limits on deductible contributions
4. Deductible (before-tax) contributions capped at \$50,000 annually
5. Un-deducted (after tax) contributions limited to \$150,000 annually or a single contribution of \$450,000 in a three year period.
6. Contributions above these limits to be taxed at the top marginal tax rate plus Medicare
7. Self-employed to be entitled to a full deduction on all contributions up to \$50,000 annually.
8. The self-employed to be eligible for the government co-contribution scheme
9. A new type of private pension with lower minimums and no maximums will be available from 1 July 2007. Investors currently holding an allocated pension will be able to transfer to the new style pension.

From 20 September 2007

1. Removal of Centrelink's assets test exemption for complying pensions purchased after 20th September 2007.
2. Halving of age pension taper rate from \$3.00 to \$1.50

How does it impact me?

Depending on your age and circumstances the changes could provide significant opportunities. You are most likely to benefit if you satisfy one or more of the following:

1. Aged between 50 and 65 years
2. Aged between 65 and 75 years of age and still working or able to work
3. You have assets that may be contributed to superannuation.
4. Have \$300,000 in superannuation, are more than 60 years of age and still employed.

What action should I take?

There are a number of options including:

1. Consider whether you should take advantage of the Window of Opportunity that closes 1 July 2007
2. Do some research yourself e.g. the government website www.simplersuper.treasury.gov.au
3. Attend a seminar
4. Meet with your financial adviser
5. Review your own situation to see whether the rules will affect you



Cornerstone Wealth

Financial Advice Based on Solid Foundations

Cornerstone Wealth

Level 9, 501 La Trobe Street

Melbourne Victoria 3000

Telephone 03 9642 2268

Facsimile 03 9670 4704

E-mail info@cornerstonewealth.com.au

Website www.cornerstonewealth.com.au



Corporate Authorised Representative

No 306473

Partnership Financial Services Pty Ltd

AFS Licence No 220381

ABN 90 009 015 874

Level 28 Central Park

152-158 St Georges Terrace

Perth WA 6000