Your Retirement Checklist go to!!!!

This check list includes some items that aren't exclusively End of Financial Year but might be addressed at this time for the sake of convenience or if you are coming to retirement age also. Some items constitute financial advice so require licensing or need closer analysis to ascertain applicability.

1. Check that concessional contributions have not breached the $27,500 limit unless they can be included within an unused concessional contributions allowance. This option requires a total super balance, at 30 June 2023, of less than $500k. Note that contributions need to be physically received by the super fund by the 30th June to be counted in this year.

2. If this is a year of unusually high taxable income a double contribution strategy might be considered. This can allow an additional $30,000 to be contributed in June for allocation to the member account in July. Note that this is the cap for next year, which is the year in which its allocation will be treated. Be cautious, as this strategy will utilise all of next year's contribution limit.

3. Non-concessional contributions can be made for eligible members under 75 provided their total super balance at 30 June 2023 was under prescribed limits. If the 3 year bring forward rule has not yet been triggered then less than $1.68 million (in all funds) will allow a contribution of $330,000, less than $1.79m, $220,000 and less than $1.9m, $110,000. If the 3 year bring forward rule has been triggered previously then these amounts will require adjustment. Note that the NCC cap will rise to $120k next year creating a 3 year bring forward limit of $360k so you might consider not triggering the 3 year bring forward this year, by only contributing $110k in June, followed by a $360k contribution in July. Be careful of total super balance restrictions. To contribute $360k in July would require a 30 June 2024 total super balance of less than $1.66m.

4. If the total super balance is in excess of what is required, it might be lowered by lodging a TBEN that reflects the net value of the assets held. (Typically, the total super value of real estate can be reduced by 5% representing selling costs including commission.)

5. Note that:

- members over 75 may only receive SG contributions
- the concessional contribution cap includes any employer contributions including SG contributions.
- all personal contributions are regarded as non-concessional unless the appropriate notification of intent to claim a tax deduction form has been supplied to the trustee within the requisite timeframe.
- fund expenses that have been paid personally will be deemed non-concessional contributions unless notified as concessional contributions on the approved form.
- fund expenses that have been paid by any other party will be deemed concessional contributions.

- in specie contributions of eligible assets may be made. There may be capital gains tax and stamp duty consequences. Such contributions from an entity other than the member or spouse will be regarded as concessional contributions so be careful.

6. Consider the possibility of a recontribution strategy to lower the taxable portion of the member's benefit. Failure to do so could result in future claims by adult children who have been subject to avoidable death benefit tax. A withdrawal in June could lower the total super balance sufficient to allow a recontribution in July. Note that changes to pension accounts may trigger a change to the member's assessment for government pensions and the health care card as grandfathering may be lost.

7. With similar considerations to those above, consider withdrawals from a member with a high balance and the recontribution of the amount to a spouse with a lower balance. As total super balances affect a number of eligibility provisions, and they are not averaged between spouses, this is an opportunity to equalise balances

8. Consider spouse splitting for eligible spouses who can split 85% of the concessional contributions they made last year, to their spouse this year. This includes concessional contributions that were made under the 5 year unused contribution provisions. Note that this does not affect contribution caps as it's regarded as a rollover.

9. If any members, from age 55, have sold an eligible dwelling and are still within the time frame (90 days of settlement) consider making a downsizer contribution of up to $300k (including a delayed settlement period for the contribution to be made after 30 June if the resultant TSB increase will adversely affect NCC eligibility in 2025.

10. Consider making an after-tax contribution (non-concessional) into super if you qualify for the government co-contribution.

11. Consider making a spouse contribution for a non-working or low-income spouse.

12. Ensure that all pension minimums have been physically drawn by June 30. A prorata amount is required if the pension commenced during the year except if it was commenced in June as no prorata amount is required to be paid for such a pension. Note that the minimum pension is not required to be met, for a non-reversionary pension, in the year of death.

13. Where the pension drawn is in excess of the minimum, consider if these should be reprocessed as lump sum drawdowns from any existing accumulation accounts to maximise the level of fund assets in the tax-free pension environment. If all assets are in pension, consider processing the excess as a partial pension commutation to create additional transfer balance cap room for future pension commencements. This will require suitable documentation.

14. Transition to retirement pensions should be checked to ensure they have not breached the 10% maximum.

15. If a fund is sufficiently in accumulation mode, consider optimising the fund's overall capital gains tax position by realising capital losses where the fund has realised capital gains for this financial year. Be aware of the Wash Sale provisions which will apply if transactions simply adjust the cost base without altering the investment portfolio or without assuming some investment risk in the process.

16. Ensure that any funds with in-house assets will not breach the 5% limit of fund assets. Note that this is a gross figure, so the balance of any limited recourse borrowing is also counted as a

fund asset. Be aware that valuations, yet to be determined for the end of this financial year, will be relevant to this consideration.

17. If a fund has both pension and accumulation accounts holding assets in an unsegregated manner, consideration might be given to establishing a second fund to hold the accumulation accounts to achieve effective segregation for tax purposes. There are contribution, CGT and acquisition of assets from related party considerations so be careful.

18. Take this opportunity to check on the validity and appropriateness of any existing binding death benefit nominations.

19. If tax deductible life insurance premiums are applicable to the fund this is a timely opportunity to ensure the benefit will be paid to a tax dependant to avoid generating an untaxed element. If this is not the case, then take remedial action. If it is the case, then consider that eligibility for a future service deduction will be enhanced if premiums are paid monthly.

20. If the fund holds reserves that are no longer required, consider distributing them to existing members. Provided the increase to the respective member accounts are prorata and less than 5% there will not be any concessional cap consequences. The distribution will be counted against concessional caps if member accounts are increased by 5%, or more, or if the distribution is not prorata. This is not necessarily a bad thing. If the cap is breached, the resultant release to the individual as taxable income, particularly if they are in a low personal tax environment, could be regarded as a legitimate strategy to access reserves. Reserve allocations can be made to members of any age.

23. You might take this opportunity to check for lost super.

It is important to not the above is not advice but general information to look at. As you can see there is allot of variables when looking at super so best to always get advice if coming into retirement years. A simple meeting can sometimes save you loads of tax, fees and headache.

Appendix and Further Information:

Provided that a member has a total super balance of less than $500,000 as at the previous 30 June, and is eligible to make concessional contributions, a contribution equivalent to this year's cap plus any unused cap amounts for the previous 5 years can be made. SMSF members may even make an additional concessional contribution equivalent to next year's cap, in June, thereby enabling the tax deduction this year by using up next year's concessional cap. Such a large concessional contribution might be useful in dealing with a one-off capital gain or significant distribution/dividend from a private trust/company but care must be taken.

Individuals whose income exceeds the Division 293 tax threshold of $250,000 will pay an additional 15% tax on concessional contributions, including any contributions made under the catch-up rules, that breach the threshold. This means the tax benefits of making very large contributions may be diminished - but still useful.

The contribution should only be made if the member has sufficient taxable income to support the deduction. If the contribution is in excess of the member's taxable income, no personal benefit is obtained though the member's superannuation account will still be subjected to 15% contributions tax on the excess amount. Similarly, the contribution is only worthwhile if the member will save more tax than the 15% contributions tax the super fund will pay on the contribution.

Also remember that, if the member is over 67, they will need to satisfy the work test (unless they're eligible for the exemption) to take the deduction. If they don't, the contribution will be non-concessional.

The latest AWOTE figures have been confirmed and will result in an increase to the superannuation contribution caps commencing 1 July 2024. The concessional contribution cap will increase from $27,500 to $30,000 and the non-concessional contribution cap from $110,000 to $120,000.

The three year bring forward limits will also increase from $330,000 to $360,000, unless they have been triggered by 30 June 2024. If they have, then the $330,000 limit will still apply.

The $1.9m total super balance limit is not adjusted by AWOTE, so has not changed, but lower sub-limits will apply as they are based on the contribution limit. The following tables indicate the change.

To 30 June 2024

TSB @ Previous 30 June	Max NCC
Less than $1.68m	$330,000
$1.68m to under $1.79m	$220,000
$1.79m to under $1.9m	$110,000
$1.9m and over	$0

From 1 July 2024

TSB @ Previous 30 June	Max NCC
Less than $1.66m	$360,000
$1.66m to under $1.78m	$240,000
$1.78m to under $1.9m	$120,000
$1.9m and over	$0