



Super Update

New Super Thresholds

12 June 2009

New Super Thresholds

Each year a number of superannuation thresholds are changed to reflect movements in full-time Average Weekly Ordinary Time Earnings (AWOTE).

A previous Super Update (31/03/2009) advised updated thresholds that are based on movements in December quarter AWOTE. However, the 2009 Federal Budget announced changes to superannuation contribution caps. This Super Update updates these superannuation contribution caps as well as some other thresholds that are based on movements in March quarter AWOTE.

Important note: the changes announced in the 2009 Federal Budget have not yet been passed by Parliament. The thresholds that are subject to legislation being passed are the concessional and non-concessional contribution caps. These have been shaded in the table below.

| Threshold | Existing 2008/09 | New 2009/10 | AWOTE indexation method |
|---|------------------------|--------------------------------------|---|
| Tax free part of bona fide redundancy and approved early retirement scheme payments (<i>per payment</i>) <ul style="list-style-type: none"> • Base limit • Per completed year of service | \$7,350 \$3,676 | \$7,732 \$3,867 | March quarters ¹ |
| Superannuation Guarantee maximum contribution base (<i>per quarter</i>) | \$38,180 | \$40,170 | March quarters ¹ |
| Co-contribution (<i>per annum</i>) <ul style="list-style-type: none"> • Lower income threshold • Higher income threshold | \$30,342 \$60,342 | \$31,920 \$61,920 | March quarters ¹ |
| Standard concessional contribution cap (<i>per annum</i>) For those aged under 50 | \$50,000 | \$25,000 | December quarters ² |
| Transitional concessional contribution cap (<i>per annum</i>) Transitional (until 30/6/12) for those aged 50+ ³ | \$100,000 | \$50,000 | Not indexed |
| Non-Concessional contribution cap <ul style="list-style-type: none"> • Standard (<i>per annum</i>) • Bring forward (<i>over 3 years</i>)⁴ | \$150,000 \$450,000 | \$150,000 \$450,000 | Multiple of standard concessional contribution cap ⁵ |

| Threshold | Existing 2008/09 | New 2009/10 | AWOTE indexation method |
|--|------------------|--------------------|--------------------------------|
| Low rate cap amount (<i>lifetime limit</i>) (Previously known as Post June 1983 low tax threshold) Applies to the taxable component of super fund benefits for members aged 55-59 | \$145,000 | \$150,000 | December quarters ⁶ |
| Untaxed plan cap amount Applies to the taxable component of untaxed super fund benefits | \$1,045,000 | \$1,100,000 | December quarters ⁶ |
| Employment termination payment cap (<i>per annum</i>) Transitional (until 30/6/12) \$1,000,000 lifetime limit for payments made under existing agreements ⁷ | \$145,000 | \$150,000 | December quarters ⁶ |
| CGT cap amount (<i>lifetime limit</i>) | \$1,045,000 | \$1,100,000 | December quarters ⁶ |

Notes

¹ The indexation method for these thresholds reflects annual movements in AWOTE from March quarter (previous year) to March quarter (year before that).

² The 2009 Federal Budget announced that the concessional contribution cap would be reduced to \$25,000 for the 2009/10 financial year. For future financial years the cap will be indexed using an indexation method that reflect changes from the previous financial year's December quarter to the December 2008 quarter. The threshold is then rounded down to the nearest \$5,000. This means that thresholds will only increase in \$5,000 increments.

³ The 2009 Federal Budget announced that the transitional concessional contribution cap would be reduced to \$50,000 for the 2009/10 financial year and will remain at \$50,000 for each financial year up to and including the year ending 30 June 2012. To be eligible for this cap the individual needs to be 50 or over at the end of the relevant financial year. This cap is not indexed.

⁴ The 'bring forward' applies to individuals aged less than 65 at any stage during the financial year in which the contribution is made. It means that the individual can bring forward future entitlements of up to an amount equal to 3 times the non-concessional contribution cap (i.e. \$450,000 over 3 years for the 2009/10 financial year). If contributions are made after reaching age 65 the 40 hours / 30 day work test must be satisfied in the financial year the contribution is made.

⁵ The standard non-concessional contributions cap is determined by multiplying the standard concessional contributions cap by 3 (for 2008/09) and by 6 (for 2009/10 and subsequent years). This means that any future increases will be in \$30,000 increments.

⁶ The indexation method for these thresholds reflects changes from the previous financial year's December quarter to the December 2006 quarter. After applying the indexation factor (1.101 for 2009/10 financial year thresholds), the threshold is then rounded down to the nearest \$5,000. This means that thresholds will only increase in \$5,000 increments.

⁷ Transitional cap amount of \$1 million will apply to individuals who receive an employment termination payment that was specified in an existing (as at 9 May 2006) employment contract/award/agreement. Any transitional payments need to be made prior to 1 July 2012. The \$1 million transitional cap will not be indexed.

More information

If you need more information, please call your Corporate Super Business Relationship Manager or Segment Advice Specialist on 1300 785 066 (option 5).

What you need to know

This document is prepared for employers and employees who have an AMP employer-sponsored and/or retail superannuation arrangement. Opinions expressed are subject to change. The information contained in this document is current as at 12 June 2009. The information in this document is of a general nature only and may contain advice that is not based on your personal objectives, financial situation or needs. Accordingly, you should consider how appropriate the advice (if any) is to those objectives, financial situation and needs. Before acting on the advice or investing in any financial product, you should read the current product disclosure statement available from AMP.