

INSIDE

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FINANCIAL MATTERS AFFECTING YOUR LIFESTYLE



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Are you eligible for a Super Co-Contribution from the Government?

If you're a low to middle-income earner and make a contribution to your super fund, you might be eligible for a co-contribution of up to \$500 from the government.

Did you know the government may add up to \$500 to your super fund, if you're a low to middle-income earner who makes an after-tax contribution to super, which you don't claim a tax-deduction for?

How does the super co-contribution scheme work? The superannuation co-contribution scheme is a government initiative to assist low to middle-income earners save for their retirement.

What that means is, depending on the amount of income you earn each year, the government may add to your super when you make a voluntary after-tax contribution, which you don't claim a tax deduction for. The amount you receive will depend on how much you contribute as well as your income.



Are you eligible for a super co-contribution?

To be eligible for a super co-contribution from the government, generally you must:

- make an after-tax contribution to your super fund, which you don't **claim a tax deduction for**
- lodge your annual tax return
- have a total income that's less than \$54,837 in the 2020/21 financial year, or \$56,112 in the 2021/22 financial year for at least a part co-contribution
- receive 10% or more of your income from eligible employment and/or running a business
- be no older than age 70 at the end of the financial year that you're making the contribution
- have a total balance below \$1.7 million as to 30 June of the financial year prior to the year that you're contributing (i.e., 30 June 2021 for contribution in 2021/22)
- not have exceeded your **non-concessional contributions cap for the year**
- not have held a temporary visa at any time during the financial year (unless you're a New Zealand citizen, or it was a prescribed visa)

What you need to do to get the super co-contribution?

Provide your tax file number to your super fund.

You don't need to apply for the super co-contribution, but you will need to make sure you provided your tax file number to your super fund. Generally, your super fund can't accept after tax contributions, or receive co-contributions on your behalf, if you haven't provided your tax file number.

Lodge your tax return

You'll need to lodge your annual tax return. The Australian Taxation Office (ATO) will then use the information provided in your tax return and the contribution information from your super fund to work out your eligibility.

If you're eligible, the ATO will automatically calculate the appropriate amount that's owing to you and will typically deposit this into the super fund which you have made the contribution. If you've recently retired and have closed your super account, it may be possible to have your co-contribution paid to you directly.

Satisfy a work test if you're 67 or over

If you are aged 67 or over at the time of making a voluntary contribution into your super, you must first satisfy (or have an exemption form) the **work test**, whereby you'll need to have been gainfully employed during the financial year for at least 40 hours over a period of not more than 30 consecutive days.

How much will the super co-contribution be?

If your total income is equal to or less than \$39,837 in the 2020/21 financial year or \$41,112 in the 2021/22 financial year and you make after tax contributions of \$1,000 to your super fund, you'll receive the maximum co-contribution of \$500.

If your income is between \$38,837 and \$54,837 in the 2020/21 financial year or between \$41,112 and \$56,112 in the 2021/22 financial year, your maximum entitlement will reduce progressively as your income rises.

If your income is equal to or greater than the higher income threshold of \$54,837 in the 2020/21 financial year or \$56,112 in the 2021/22 financial year, you won't receive any co-contribution. Source: AMP Insights



The work test and work test exemption explained

If you're aged 67 to 74 and want to make voluntary super contributions, you must meet a work test, unless you qualify for an exemption. See what you need to know.

If you're an older Aussie looking to make super contributions, you may have noticed more rules begin to apply as the years go on. If you've heard people talk about the work test and work test exemption rules, below explains what these are, who they apply to and when.

What is the work test?

The work test requires you to be in paid work (that is employed, or self-employed for gain or reward) for a minimum of 40 hours over a consecutive 30-day period during the financial year, before you're able to make **voluntary super contributions**.

What are voluntary super contributions?

Voluntary super contributions generally include **salary sacrifice contributions, tax-deductible contributions** as well as personal contributions, which you don't claim a tax deduction for. They don't include **compulsory SG contributions** your employer is required to make into your super fund.

Who does the work test apply to?

If you're age 67 to 74 and want to make voluntary contributions, you'll generally need to satisfy work test requirements, noting that once you reach 75, you're generally ineligible to make voluntary contributions.

Note, the work test doesn't apply if you're making a downsizer contribution. This is where Aussies aged 65 or over can put up to \$300,000 into their super using the money from the sale of their main residence, regardless of restrictions that otherwise apply.

What's the work test exemption?

The work test exemption allows people aged 67 to 74, with a total super balance below \$300,000 on 30 June of the previous financial year, to make voluntary super contributions for a period of 12 months from the end of the financial year in which they last met the work test.

To make a super contribution using the work test exemption, you must satisfy all of the following rules:

- you meet the work test in the previous financial year
- your total super balance (across any super funds you may have) was below \$300,000 at June of the previous financial year
- you haven't previously made contributions to super using the work test exemption.

Is there anything you need to do?

You may need to make a declaration with your super fund to confirm you're eligible to make voluntary contributions under the work test. You might also need to make a declaration with your super fund to confirm you're eligible for the work test exemption, so make sure you are across what your super provider may require.

Generally, the last time your super fund can accept a voluntary contribution from you is 28 days after the end of the month you turn 75, unless you're making a downsizer contribution.

What else do you need to know?

- If you're making contributions to your super, there are limits on the amount of concessional and non-concessional contributions you can make each year. If you exceed **super contribution caps**, additional tax and penalties may apply.
- If you're making **spouse contributions**, the work test exemption also applies to the receiving spouse, as do annual contribution caps. Source: AMP Insights



What the new Your Future, Your Super Means for you

Recent legislative reforms to the superannuation arena are set to change the retirement savings landscape for many Australians.

The Federal Government says the Your Future, Your Super reforms will help ensure superannuation works in the best financial interests of all Australians by removing unnecessary waste, increasing accountability and transparency, and providing more flexibility for families and individuals.

The legislation increases the maximum number of allowable members in self-managed superannuation funds (SMSF) and small APRA funds from four to six from 1 July 2021.

The reforms also extend the bring forward arrangements to people aged 65 and 66 for non-concessional contributions made on or after 1 July 2020. This change is on top of a previous reform that allowed people aged 65 and 66 to make contributions without meeting the work test.

The excess concessional contributions charge, which currently applies to contributions in excess of the concessional contributions cap, is to be removed from 1 July 2022, thereby ensuring people saving for their retirement are not financially disadvantaged by inadvertent breaches of the cap.

Australians will also be supported to make additional contributions to their superannuation to make up for amounts that they may have withdrawn due to COVID-19. From the 2021-22 financial year, individuals who released superannuation under the COVID-19 early release scheme will have the option of recontributing these amounts as non-concessional contributions, over and above the existing caps.

Some of the key changes:

- Your superannuation fund will follow you. This will be achieved by preventing the creation of unintended multiple superannuation accounts when employees change jobs. This measure is set to commence from 1 November 2021.
- Funds will be held to account for underperformance. In order to lower fees and protect members from poor outcomes, the reforms will require superannuation products to meet an annual objective performance test. Those that fail will be required to inform members, and persistently underperforming products will be prevented from taking on new members. Members will be notified by 1 October 2021 if their fund fails this test.
- It will be easier to choose a fund. A “Your Super” comparison tool will be based on information that superannuation funds report to APRA. The information about product performance will be updated quarterly to ensure people are making decisions using up-to-date information.
- Transparency and accountability will be in focus. Treasury is to strengthen obligations to ensure trustees only act in the best financial interests of members and provide better information regarding how they manage and spend member’s money in advance of annual member’s meetings and through enhanced portfolio holdings disclosure.

Source: Butler Settineri

How to help family members struggling with their mental health

With COVID-19 taking away the lifestyle and freedoms we’ve always cherished, more Australians than ever are struggling with mental health. But there are signs to look out for and resources available to help you and your family tackle these difficult times.

What is mental health: “Mental health encompasses our psychological, emotional and social well-being and it’s the main driver of how we feel, think or cope with stress and interact with other people”.

What signs should you look out for if you’re concerned about a loved one’s mental health?

“Health direct suggests that if a friend or loved one doesn’t seem themselves, looking for these signs can help to spot the difference between a bad mood and something more serious”.

Feeling anxious or worried • Feeling depressed or unhappy • Emotional outbursts • Sleep problems • Weight or appetite changes • Quite or withdrawn • Substance abuse • Feeling guilty or worthless • Changes in behaviours or feelings.

You can help a loved one, struggling with mental issues by: Treating them with respect and dignity, be non judgemental, ask them if they are ok to talk about how they are feeling, offer pathways of support i.e., GP, follow thru and follow up.

Contact:

Beyond Blue 1300 22 4636 24 hours 7 days per week – help through their helpline and online chat services.

Lifeline 13 11 14 Provide 24-hour crisis support and suicide prevention services. Source : TAL

Should you wish to discuss any aspect of the information contained in this document, please contact your Financial Planner

Phone: 1300 375 357

Email: admin@corefinancialservices.com.au

Perth: 45 Ventnor Avenue,
West Perth WA 6005

Melbourne: Level 23, Collins Street
Melbourne, VIC 3008

Sydney Level 24, Three International Towers
300 Barangaroo Avenue
Sydney NSW 2000



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