WELCOME TO OUR WINTER EDITION OF FFP NEWS

Welcome to the latest edition of FFP News.

Winter is upon us and we hope that you are all keeping warm with this turn in the weather or if you are travelling enjoying some sunshine.

Inside this issue of FFP News we take a look at Super Bring-forward rules and how this may benefit you and Insurance in Super and the We also wrap up this years Federal Budget and what it means for you.

As always we are here if you are needing to discuss any of your financial planning needs and welcome you to call us any time. If you have updated any of your contact details please let us know so we can update them.

We look forward to continuing to provide you with all of your financial planning needs throughout 2023.

Kind regards,
Rhys & Michelle

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2023-24 Federal Budget Wrap up

Here's our take on what this budget means for you

In a challenging economic climate that sees many Australians grappling with pressure from rising interest rates and living costs, Australian Treasurer Jim Chalmers has handed down the 2023-24 Federal Budget.

He announced a number of proposals, aiming to help with cost of living, including energy bill rebates, help with out-of-pocket health costs and more money for jobseekers and renters.

Read on for a round-up of what the proposals could mean for your finances and lifestyle.

Remember, many of these proposals could change as legislation passes through parliament. Legislation passed by the Australian Parliament does not become law until it is formally accepted by the Governor-General. The process is referred to as Royal Assent.

Social security and families

Increasing income support payments

Proposed effective date: 20 September 2023

The Government will increase working age and student payments by **$40** per fortnight.

So, a single person (under age 60) receiving a typical total rate of JSP of $701.90 per fortnight will start to receive **$741.90**.

Also, JSP recipients aged 55 and over (currently 60 years) who have been on payment for 9 continuous months will receive the higher maximum rate of $761.30. This reflects the increased difficulties that people in this age range have in securing re-employment.

Increasing help for renters

20 September 2023

The maximum rate of Rent Assistance (RA) will increase by 15%. This means a single person with no dependent children currently receiving the maximum RA payment of $157.20 per fortnight will start to receive **$180.80**, as well as their income support payment.

Expanding access to Parenting Payment (single)

20 September 2023

Eligible single parents will now receive the Parenting Payment (single) until their youngest child turns 14, up from 8 years old.

This is expected to benefit 57,000 single principal carers, including 52,000 women.

It will make these single parents **$176.90** per fortnight better off rather than transferring to the JobSeeker Payment.

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Reducing energy bills

Starting 2023-24 for two years

Eligible households will receive a rebate of $500 per year and eligible small businesses $650 per year on their power bills.

Reducing health costs

Provided over 5 years from 2022-23

The Government will invest $3.5 billion over five years to triple the bulk billing incentive for GP consultations for children under 16 and Commonwealth concession card holders. This will support 11.6 million eligible Australians to access a doctor with no out-of-pocket costs.

Superannuation

Introducing payday super

1 July 2026

Employers will need to make super contributions on the same day as they pay their employees' salary and wages. Currently they only need to contribute to super once a quarter.

The Government estimates this would increase the retirement savings of a 25-year-old median wage earner by $6,000.

This will particularly benefit lower paid workers and those in casual and insecure work, many of whom are women.

Increasing tax on earnings on balances over $3 million

1 July 2025

The Government is reducing super tax concessions for people whose total balance exceeds $3 million, bringing the headline tax rate to 30% (up from 15%). The higher tax rate is only payable on earnings corresponding to the proportion of a person's super that is greater than $3 million.

Aged care

Reforming aged care

2022-23 and over the next 5 years

The Government is providing extra funding to:

- increase the pay of many aged care workers by 15%
- provide an extra 9,500 Home Care packages
- continue COVID-19 measures
- strengthen regulation

postpone the new 'Support at home Program' and extend grant arrangements for the 'Commonwealth Home support Programme' for a further 12 months.

Housing affordability

Expanding the Home Guarantee Scheme

1 July 2023

Siblings, friends and other family members will be able to use the Government's first home buyer programs together to boost participation. The expanded eligibility will allow any 2 eligible people to be joint applicants for a guarantee.

This includes the First Home Guarantee, the Regional First Home Guarantee and the Family Home Guarantee.

The Home Guarantee Scheme will also be extended to people who have not owned a house in the past 10 years.

Further information on the Home Guarantee Scheme is available from the **NHFIC**.

Small Business

Increasing the instant asset write-off to $20,000

1 July 2023 to 20 June 2024

The Government will improve cash flow for small businesses by temporarily increasing the instant asset write-off threshold to $20,000 for businesses with an aggregated annual turnover of less than $10 million.

Tax

Increasing Medicare Levy low-income thresholds

1 July 2022

Low-income taxpayers will generally continue to be exempt.

- **Singles** will be increased from $23,365 to $24,276
- **Families** will be increased from $39,402 to $40,939
- **Single seniors and pensioner**s will be increased from $36,925 to $38,365, and

Families (seniors and pensioners) will be increased from $51,401 to $53,406.

For each dependent child or student, the family income thresholds increase by a further $3,760.

No changes to incoming tax rates

1 July 2024

Super Bring Forward Rules

Super bring-forward rules now apply to more people

More Australians can make up to three years' worth of non-concessional super contributions in the same financial year, with the government making this option available to individuals up to the age of 75.

Individuals aged up to 75 are able to make up to three years of non-concessional super contributions under the bring-forward rules. Previously, bring-forward rules only applied to those under age 67.

Below we explain what non-concessional contributions are, where bring-forward rules come into it, why this could be good news for you and what other rules have changed for this age group in recent times.

What are non-concessional contributions?

Non-concessional contributions are voluntary contributions you can make using after-tax dollars (such as when you transfer funds from your bank account into your super), which you don't claim a tax deduction for.

Currently, the annual non-concessional contributions cap is $110,000.

Apart from non-concessional contributions, there are also **concessional contributions** and limits to the amount of both types of contributions you can make each year.

What are the bring-forward rules?

The bring-forward rules apply to non-concessional contributions only.

These rules allow you to make up to three years of non-concessional contributions in a single income year, if you're eligible. This means you can put in up to three times the annual cap of $110,000, which means you may be able to top up your super by $330,000 within the same financial year.

However, how much you can make as a non-concessional contribution will depend on your total super balance as at 30 June of the previous financial year. More on this below.

How could the bring-forward rules benefit me?

If you've reached your concessional contributions cap, received an inheritance, or have money from the sale of a large asset, non-concessional contributions may be a good way to top up your super.

However, contribution caps limit the amount you're able to put into super in a single year, which is where bring-forward rules may be helpful, as they could allow you to make a much larger non-concessional contribution, or more non-concessional contributions, than you'd otherwise be able to make in 12 months.

How does my total super balance cap affect bring-forward rules?

Your total super balance may impact your ability to contribute up to three years of non-concessional contributions under the bring-forward rules.

Currently, your total super balance must be below $1.68 million, as at 30 June of the previous financial year, for you to be able to contribute up to three years of annual caps ($330,000) under the bring-forward rules.

If your total super balance rises above this level, your ability to bring forward future year caps may be reduced, or no longer available at all, meaning only the standard annual cap (or no cap at all) may be available.

See the table below to get an idea of what you may be able to contribute under the bring forward rules.

Your total super balance cap on 30 June 2023	Your non-concessional contribution limit	Bring-forward period
Under $1.68 million	$330,000	Three years
$1.68 million - <$1.79 million	$220,000	Two years
$1.79 million - <$1.9 million	$110,000	One year / standard annual cap
Equal to or above $1.9 million	$0	N/A

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Some useful numbers

Annual **concessional and non-concessional contribution caps**. Concessional contributions – for most people - are limited to $27,500 a year. As a side note, concessional contributions include **SG contributions** and **salary sacrifice contributions** (if you're still working) and **tax-deductible personal contributions**. If eligible 'catch-up' concessional contributions where you access unused cap amounts from previous years may also be available.

More super can be transferred into a retirement pension The amount of super that can be transferred into a retirement pension (regardless of how many pension accounts you might have) is $1.9 million - but not for everyone. How much you can transfer comes down to whether you moved money from your super account into a retirement pension before 1 July 2023 or since then and how much you might've moved. **Get the full picture.**

Fewer people have to meet the work test

Since 1 July 2022, super fund members under 75 years of age are able to make or receive personal contributions and salary sacrificed contributions without meeting the work test, subject to existing contribution cap limits. They may also be able use the bring forward rule.

A work test (or the 'recent retiree' work test exemption) now only applies to people aged 67 to 74 if they wish to claim a tax deduction on contributions. Under the work test you must have worked at least 40 hours over 30 consecutive days in the financial year. Under the new rules, the work test can be met in any period in the financial year of the contribution. This is different to the previous rules, where the work test must be met before contributing. For details on the work test exemption, **read more here**.

More people can receive spouse contributions

The government also increased the cut-off age for spouse contributions from 70 to 75 from 1 July 2020. This means a receiving spouse can build their super for longer.

Note, contributions received by a spouse also count toward their non-concessional contributions cap. Other rules also apply. **Find out more about spouse contributions.**

What other things should I be across?

If you exceed **super contribution caps**, additional tax and penalties may apply. The value of your investment in super can also go up and down, so before making extra contributions, make sure you understand, and are comfortable with, any potential risks.

Call us if would like further information on this.

Please let us know if any of the below have changed.

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