WEALTHTRAC SELF MANAGED SUPER

Superannuation
Administration made simple!

Key Rates and thresholds for 2021/22 Financial Year

Superannuation contributions and benefits are subject to various rates of taxation often linked to indexed thresholds. Similarly, eligibility for various Government schemes are also linked to indexed thresholds. The following document is a comprehensive guide to the various rates and thresholds that are applicable to superannuation and retiree benefits.

Superannuation Contributions

Concessional Contributions

Concessional contributions are before-tax contributions. These include compulsory super guarantee payments from employers, salary sacrifice contributions and personal tax-deductible contributions (where a s290-170 notice has been completed and provided to the super fund).

Concessional Contributions Cap	$27,500

Since 1 July 2018, members with a Total Superannuation Balance (TSB) of less than $500,000 on 30 June of the previous financial year may be able to contribute more in a year. Unused concessional contribution cap space can be carried forward for a maximum of 5 years. For more information on the carry forward concessional rules please see our Fact Sheet available here

Non-Concessional Contributions & Bring-forward Thresholds

Non-concessional contributions are after-tax contributions. They include personal contributions (where a tax deduction has not been claimed) and spouse contributions. Excess concessional contributions also count towards the non-concessional contribution cap unless released from super.

Non- Concessional Contributions Cap	$110,000

Where a member is aged under 67 years of age, including on 1 July of a financial year, they can bring-forward their entitlement to the non-concessional contribution cap subject to their Total Superannuation Balance (TSB) as follows:

Total Superannuation Balance	Contribution Cap and Bring Forward Period
Less than $1.48 million	$330,000 over 3 years
$1.48 million - < $1.59 million	$220,000 over 2 years
$1.59 million - < $1.7 million	$110,000
> $1.7 million	Nil

<u>Other notes:</u>

- Members with a TSB of more than $1.7 million who make non-concessional contributions will be subject to excess non-concessional contributions regime.
- Members aged between 67 and 74 must also meet the work test to be eligible to make non-concessional contributions, unless the qualify for the work test exemption.

For more on the bring-forward rules please see our Fact Sheet available here

Division 293 Tax for High Income Earners

Division 293 tax is a tax on concessional contributions where an individual's income, or their income plus concessional contributions, exceeds the threshold.

Division 293 Threshold	$250,000

Where income for Division 293 purposes > $250,000 then additional tax of 15% applies to the entire concessional contribution. When the income and the contributions combined > $250,000 additional 15% tax only applies to the contribution in excess of the threshold.

Example
Individual earns $280,000 and makes a $25,000 concessional contribution. In this instance an additional 15% tax is payable on the $25,000 contribution.

Individual earns $240,000 and makes a $25,000 concessional contribution. In this instance an addition 15% tax is payable on $15,000 which is the amount of the contribution in excess of the threshold.

The ATO determine the Division 293 income and the Division 293 super contributions and adds them together.

Division 293 income is similar to the adjusted taxable income calculated used for Medicare Levy Surcharge purposes. It includes taxable income, total reportable fringe benefits, net financial investment loss, net rental property loss and net amount on which family trust distribution tax has been paid. Then super lump sum taxed elements with a zero tax rate and assessable first home super saver released amounts are deducted.

Division 293 super contributions are the concessional contributions less any excess concessional contributions.

Super Guarantee

Superannuation Guarantee is the amount employers are required to pay on behalf on employees. The current Super Guarantee rate is scheduled to increase in increments of 0.5% per year up to 1 July 2025 where it will be 12%.

Superannuation Guarantee (SG) Rate	10%

Employers do not need to pay Superannuation Guarantee on any employee's earnings above the maximum quarterly threshold.

Maximum Super Contribution Base	$58,920 per quarter

Government Co-Contributions

The Government co-contribution is a means for low and middle income earners to boost their superannuation via Government support.

Income Thresholds	Maximum Co-Contribution
< $41,112	$500
$41,112- $56,112	$500 - ($0.03333 x (Income - $41,112))
>$56,112	Nil

The co-contribution enables the government to match 50c for every $1 after tax contribution made up to a maximum co-contribution of $500. The full entitlement is available where income is under $41,112. Eligibility ceases where income exceeds $56,112. Between these thresholds the amount available is the maximum co contribution less the reduction factor x the difference between total income and the lower income threshold.

So the entitlement is the lesser of the following:

- The maximum co-contribution of $500
- Your maximum co-contribution amount
- The amount of eligible personal super contributions multiplied by 0.50

If the calculated amount is >$0 and <$20; $20 will be paid as the minimum. The ATO pay this amount automatically where eligible.

To be eligible an individual must be under age 71 at the end of the financial and have a Total Superannuation Balance under $1.6 million and must not have exceeded the non-concessional contributions cap for the year.

Tax offset for Spouse Contributions

Where an individual's spouse has a low income, they may be eligible to make a contribution to super on the spouses behalf and claim a tax offset.

Income Thresholds	Maximum Tax Offset
0 - <$37,000	$540
>$37,000 - <$40,000	18% of the lesser of: $3,000 reduced by every dollar over $37,000 and the value of the spouse contributions
> $40,000	Nil

Both must be Australian residents and living together at the time. The spouse must be under age 75 and have a Total Superannuation Balance under $1.7 million and must not have exceeded the non-concessional contributions cap for the year.

The income threshold includes assessable income, reportable employer super contributions and total reportable fringe benefits. Where their income is under $37,000, a contribution of $3,000 will generate the maximum tax offset available which is $540. Where their income is over $40,000 there will be no entitlement to a tax offset. Between the thresholds the amount of the tax offset is 18% of the lesser of: $3,000 reduced by the amount of income over $37,000; and the value of the spouse contributions.

Low income Super Tax Offset (LISTO)

Where adjusted taxable income is less than the threshold of $37,000, a LISTO contribution is paid to a member's super fund which is 15% of the concessional contributions, capped at $500. This aims to benefit low income earners. The ATO pay this amount automatically where eligible.

Income Thresholds	Maximum LISTO
0 - $37,000	15% of concessional contributions up to maximum $500
> $37,000	Nil

Downsizer Contributions

Since 1 July 2018 individuals have been eligible to make a downsizer contribution to super if they can satisfy the criteria below. The maximum downsizer contribution is as follows:

Maximum per individual	$300,000

The criteria to make a downsizer contribution is as follows:

- Members are 65 years old or older at the time they make a downsizer contribution
- The amount being contributed is from the proceeds of selling their home where the contract of sale exchanged on or after 1 July 2018
- The home was owned by the member or their spouse for 10 years or more prior to the sale – the ownership period is generally calculated from the date of settlement of purchase to the date of settlement of sale
- The home is in Australia and is not a caravan, houseboat or other mobile home
- The proceeds (capital gain or loss) from the sale of the home are either exempt or partially exempt from capital gains tax (CGT) under the main residence exemption, or would be entitled to such an exemption if the home was a CGT rather than a pre-CGT (acquired before 20 September 1985) asset

- The member has provided their super fund with the Downsizer Contribution into Super Form either before or at the time of making the downsizer contribution
- The member makes the downsizer contribution within 90 days of receiving the proceeds of sale, which is usually at the date of settlement
- The member has not previously made a downsizer contribution to super from the sale of another home.

For more on downsizer contributions please see our Fact Sheet available here

First Home Super Saver Scheme (FHSSS)

First home buyers can make use of some of their contributions, made after 1 July 2017, for a deposit on their first house. The maximum amount that can be contributed to super that is eligible for a home deposit, using the FHSSS, is $30,000. Any super contributions made must be within the annual contribution caps, indicated above.

Maximum annual contribution amount	$15,000 per year
Maximum withdrawal amount	$30,000 (plus deemed earnings)

For more on First Home Super Saver Scheme please see our Fact Sheet available here

Capital Gains Tax (CGT) Cap

The CGT cap can apply to amounts from the sale of certain small business assets where the small business CGT concessions are used.

CGT Cap Amount	$1.615 million
Small business retirement exemption lifetime limit	$500,000

The CGT cap allows an amount to be contributed to superannuation where it can be excluded from the ordinary non-concessional contributions cap and counts towards the CGT cap lifetime limit instead. The conditions and eligibility rules are complex for Small Business CGT Concessions. The CGT cap provides for both contributions under the small business 15-year exemption and the small business retirement exemption, albeit that the retirement exemption provides for a lower lifetime limit.

Superannuation Benefit Payments

Preservation Ages

Superannuation is considered to be preserved until you reach preservation age and satisfy a condition of release to access funds. The preservation age of a member depends on their date of birth as per the below table.

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From 1 July 1964	60

Minimum and Maximum Annual Pension Payments

There is a minimum withdrawal requirement for an account-based pension. Each year the minimum must be drawn or the pension is deemed to have ceased. The rate of withdrawal is based on the age of the beneficiary.

NOTE: The minimum withdrawal requirements were reduced by 50% for the 2019/20, 2020/21 and 2021/22 financial years due to the COVID-19 pandemic.

Minimum Pension requirements

Age of Beneficiary	Normal Rate	Temporary Reduced Rate*
Under 65	4%	2%
65-74	5%	3%
75-79	6%	3%
80-84	7%	4%
85-89	9%	5%
90-94	11%	6%
> 95	14%	7%

An Account Based Pension in retirement phase (subject to the Transfer Balance Cap) has no limit on withdrawals. However, a Transition to Retirement Income Stream (TRIS) in accumulation phase (where a further condition of release has not been met) has a limit of 10% on withdrawals.

Maximum Annual Pension Payments

TRIS in Accumulation Phase	10%

General Transfer Balance Cap

The General Transfer Balance Cap is a limit on how much superannuation can be placed in retirement phase and be eligible for tax free earnings. It is subject to indexation.

General Transfer Balance Cap	$1.7 million

Defined Benefit Income Cap

Where a capped defined benefit income stream is paid, the defined benefit income cap is a limit on the amount of tax-free income you can receive from the income stream. These types of pensions include all lifetime pensions regardless of when they commenced; and lifetime annuities, life expectancy pensions/annuities and market linked pensions/annuities that existed prior to 1 July 2017.

Defined Benefit Income Cap	$106,250

Tax Rates for Pension Payments

Pension Payments Tax Rates

The below table shows how pension payments are taxed to recipients depending on their age at the time of receiving the payments and the components received. The tax-free component is always non-assessable, non-exempt income.

Component	Age at Receipt	Tax Rate
Taxable - Taxed	Under Preservation Age	Taxed at marginal rates with nil offset (unless disability)
	> Preservation Age and < 60 years	Taxed at marginal rates with 15% offset
	> 60 years	Not assessable, not exempt income
Tax Free	Under Preservation Age	Nil
	> Preservation Age and < 60 years	Nil
	> 60 years	Nil

Death Benefit Pension Payments Tax Rates

A death benefit can only be paid as an income stream/pension to a dependant. The below table shows how death benefit income streams from an SMSF are taxed to recipients depending on the age of the deceased and the dependant recipient.

Component	Age at Receipt	Amount Subject to Tax	Rate of Tax (ex Medicare)
Taxable - Taxed	Deceased or dependant aged over 60 years	None	Nil
	Both deceased or dependant aged under 60 years	Whole amount	Marginal tax rate with 15% tax offset
Taxable - Untaxed	Deceased or dependant aged over 60 years	Whole amount	Marginal tax rate with 10% tax offset
	Both deceased or dependant aged under 60 years	Whole amount	Marginal tax rate with nil tax offset
Tax Free	N/A	Nil	0%

Tax Rates for Lump Sum Payments

Lump Sum Benefit Payments Tax Rates

The low rate cap is a lifetime cap that enables lump sum benefits to be received tax free up to the cap. It is reduced by amounts previously taken that have been applied against it. It is also indexed which allows individuals to take advantage of the increases over time.

Low Rate Cap Amount

Low Rate Cap	$225,000

The below table shows how lump sum benefits are taxed to recipients depending on their age at the time of receiving the payments, the components received and whether the low rate cap is applicable.

Component	Age at Receipt	Amount Subject to Tax	Rate of Tax (ex Medicare)
Taxable - Taxed	Under Preservation Age	Whole Amount	20%
	> Preservation Age and < 60 years	< Low Rate Cap	Nil
		> Low Rate Cap	15%
	> 60 years	Nil	Nil
Tax Free	Under Preservation Age	Nil	Nil
	> Preservation Age and < 60 years	Nil	Nil
	> 60 years	Nil	Nil

Death Benefit Lump Sum Payments Tax Rates

The below table shows how death benefits are taxed to recipients depending on whether they are a dependant or non-dependant for tax purposes (this differs to the SIS meaning of dependant). The tax-free component is not taxed regardless of the recipient.

Component	Amount Subject to Tax	Rate of Tax (ex Medicare)
Dependants		
Taxable - Taxed and Untaxed	Nil	0%
Non-Dependants		
Taxable - Taxed	Whole amount	15%
Taxable - Untaxed	Whole amount	30%
Tax Free	Nil	0%

Other Rates and Thresholds

Individual Tax Rates

The below table outlines the individual income tax rates that apply to Australian residents for the 2021/22 financial year excluding Medicare Levy of 2%.

Taxable Income	Tax on Income (excludes Medicare Levy of 2%)
$0 - $18,200	Nil
$18,201 - $45,000	19c for each $1 over $18,200
$45,001 - $120,000	$5,092 plus 32.5c for each $1 over $45,000
$120,001 - $180,000	$29,467 plus 37c for each $1 over $120,000
$180,001 and over	$51,667 plus 45c for each $1 over $180,000

Limited Recourse Borrowing Arrangement Interest Rates

Where a limited recourse borrowing arrangement with a related party is in place the ATO have outlined Safe Harbour terms in Practical Compliance Guidelines (PCG) 2016/5 Income tax arm's-length terms for limited recourse borrowing arrangements established by self-managed superannuation funds. The below interest rates are considered to be consistent with the PCG for the 2021/22 financial year.

Real Property	5.10%
Listed Shares or Units	7.10%

Age Pension Rates and Thresholds

Age pension rates and thresholds can be subject to twice yearly indexation. More information on the Age Pension and relevant rates can be found on our Fact Sheet available here