



# Changes to non-concessional contributions from 1 July 2017

Non-concessional contributions are those contributions to superannuation made with after tax money. These generally include personal after tax contributions made by an individual or their spouse.

## What are the changes?

Lowering of the annual non-concessional contribution cap to \$100,000 from 1 July 2017.

Limiting non-concessional contributions to individuals with superannuation balances below \$1.6m from 1 July 2017.

## Example 1

Amanda's superannuation balance is \$400,000. After selling her investment property she chooses to make a non-concessional contribution to super of \$150,000 in August 2017.

As Amanda has triggered the bring forward, she could make further non-concessional contributions of \$150,000 over the 2018-19 and 2019-20 financial years.

In 2020-21 her non-concessional cap would reset after which she could make further contributions.

## Lowering of the annual non-concessional contribution cap to \$100,000 per financial year from 1 July 2017\*



### Currently

the non-concessional contribution cap is

**\$180,000**

per financial year



### From 1 July 2017

a new non-concessional contribution cap of

**\$100,000**

per financial year will apply



### Individuals 64yrs or less on 1 July 2016

have the ability to bring forward up to two years, worth of non-concessional contributions into the current financial year and potentially contribute up to

**\$540,000**



### Individuals 64yrs or less on 1 July 2017

will still be able to bring forward up to two years, worth of non-concessional contributions, however the total amount they can bring forward will be reduced to

**\$300,000**

\*Individuals must be 64 years or less in age.

The Government has announced that transitional bring forward provisions will apply to individuals who have contributed more than their non-concessional cap of \$180,000 in either the 2015-16 or 2016-17 financial years, but have not utilised their entire \$540,000 non-concessional cap.

If you are in this position, it's important you seek advice to ensure any contributions you choose to make don't breach your cap.

### Example 2

Frank is 57 and has recently inherited a sum of \$600,000 from his late aunt's estate.

Frank has not previously triggered the bring forward in 2014-15 or 2015-16, so chooses to make a \$540,000 non-concessional contribution in May 2017.

As Frank has fully used his bring forward amount he is unable to make additional non-concessional contributions until his contribution cap resets in 2019-20.

### Example 3

Benjamin has a superannuation balance of \$1.45 million as at 30 June 2017. For the 2017-18 financial year he would only be able to bring forward one year's worth of non-concessional contributions, so that the total contribution would be up to \$200,000.

### Limiting non-concessional contributions to individuals with superannuation balances below \$1.6m from 1 July 2017

From 1 July 2017, when an individual's total superannuation balance is \$1.6 million or above they will no longer be eligible to make non-concessional contributions to superannuation.

In addition, individuals with balances close to \$1.6 million will only be able to bring forward the annual non-concessional cap amount for the number of years that would take their balance to less than \$1.7 million.

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for further information  
on 08 9322 7272 or visit  
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