## Increase in tax effective contributions into Superannuation

At the end of June, Parliament passed new laws on superannuation contribution caps and an increase in contribution tax for high income earners.

The before tax, or concessional, contributions cap will be temporarily increased to $35,000 for the 2013-14 financial year for all individuals aged 60 years and over.*

From the 2014-15 financial year onwards, the $35,000 concessional contributions cap will be extended to all individuals aged 50 years and over.*

This means the general $25,000 concessional cap will remain unchanged for people aged under 60 for the 2013-14 financial year.*

## What counts as a concessional contribution?

Concessional contributions are before-tax contributions that can include employer contributions, contributions made under a salary sacrifice arrangement and tax-deductible contributions by an individual. You, or your employer, generally receive some type of tax advantage when a concessional contribution is made to a super fund.

## What does this mean for you?

If you are over 60 years of age before 30th June 2014, you'll be able to put more pre-tax money into super at the concessional 15% rate of tax. This could be beneficial if you assessable income is more than $20,542 this financial year, as you would be effectively paying 19% income tax.

At Richards Financial Solutions, we can provide sound advice on how you are able to save as much money for your retirement tax effectively. This is just one of the areas we have expertise on.

If you would like to get to know more about how you can reduce the amount of tax you pay, or you would like to take full advantage on the Government concessions for Superannuation, we are available to assist you.

*Federal Budget 2013/14 – super highlights taken from AMP Aspirations article quarter 2, 2013.

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