



HHH PARTNERS

SUPER CHANGES

From 1 July 2022

Several key super changes are set to take effect from 1 July 2022.

What are the changes?

Originally announced in the 2021 Federal Budget, the following changes apply from 1 July 2022:

- Individuals up to the age of 74, will no longer need to meet a work test to make voluntary, non-deductible, contributions.
- Individuals up to the age of 75, with a total super balance under \$1.7 million, will have the opportunity to make large non-concessional contributions (possibly up to three years' worth) in a single year.
- The minimum age to make downsizer contributions will reduce to 60, allowing more individuals to use the proceeds from the sale of their home, to fund their retirement.
- The Superannuation Guarantee (SG) rate will increase to 10.5% p.a. for all and the \$450 minimum income threshold for SG contributions, will be removed.
- Under the First Home Super Super Scheme (FHSSS) eligible individuals will have access to an extra \$20,000 of voluntary contributions to fund a home deposit.

Further details about these changes are elaborated below:

The Work Test

Currently, if you are aged 67 to 74, you can only make voluntary contributions to super if you have worked at least 40 hours over 30 consecutive days in the financial year, or you satisfy the recently retired test. The work test must be met prior to contributing.

From 1 July 2022, this work test will only apply to you if you wish to claim a tax deduction for the voluntary contributions you make to your superannuation. If making personal deductible contributions, from 1 July 2022, you will be able to meet the work test at **any** time in the financial year.

This means that the work test will no longer apply to contributions you make under a salary sacrifice arrangement or for any personal contributions that you don't claim a tax deduction for, such as non-concessional contributions.

Non-Concessional Contribution

Currently, only if you were under the age of 67 on 1 July of the financial year, can you make non-concessional contributions which exceed the annual \$110,000 non-concessional contributions cap. Currently, the bring-forward rules allow you to make up to \$330,000 (i.e. three years' worth of non-concessional contributions), in a single year if your total super balances was under \$1.48 million as at 30 June of the previous financial year, or \$220,000 if your total super balances was greater than or equal to \$1.48 million but less than \$1.59 million as at 30 June of the previous financial year.

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From 1 July 2022, the cut-off age to access the bring rules will increase to 75. However, the total super balance thresholds referred to apply above, still apply.

This means that if you are 74 on 1 July 2022 and you have a total super balance of less than \$1.48m, you may be able to have one last boost to your retirement savings by making a \$330,000 non-concessional contribution to your superannuation. The contribution simply must be made, no later than 28 days after the month in which you turn 75.

Downsizer Contribution

Currently, you can only make a downsizer contribution if you are 65 or older at the time of the contribution and have satisfied the other eligibility requirements.

From 1 July 2022, the minimum age will reduce to 60. All other eligibility rules remain unchanged and the maximum amount of downsizer contributions that can be made remains at \$300,000 per person or \$600,000 per couple.

If you are selling your home and expect to receive the sale proceeds close to the end of this financial year, please contact your financial advisor to discuss the timing of a downsizer contribution and the potential to boost other contribution opportunities in 2022-23.

First Home Super Saver Scheme (FHSSS)

Currently the FHSSS allows you to withdraw a maximum of \$30,000 of voluntary contributions (plus associated earnings/less tax) from your super fund to fund the deposit of a new home.

From 1 July 2022, the maximum amount that can be withdrawn will increase to \$50,000, meaning each eligible person will be able to withdraw an additional \$20,000. All other eligibility rules remain unchanged.

Also unchanged is the maximum amount of contributions that an individual can make each year that can count towards the FHSSS – this remains at \$15,000 p.a. This means that it will take a member, at least four years of voluntary contributions, to reach the higher \$50,000 limit.

Please note that this information is general in nature. If you wish to obtain advice about your circumstances, please contact your financial adviser.

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