

# Decision Time for SMSFs as Super Reforms Deadline Looms

July 1, 2017 looms as the key date for self-managed super funds to comply with the super reforms and structure their finances to mitigate the impact of the changes.

Some decisions can be delayed until the first half of the new financial year, but once we enter the new year, it will be too late to make certain decisions that ensure your fund remains compliant or that may impact your wealth.

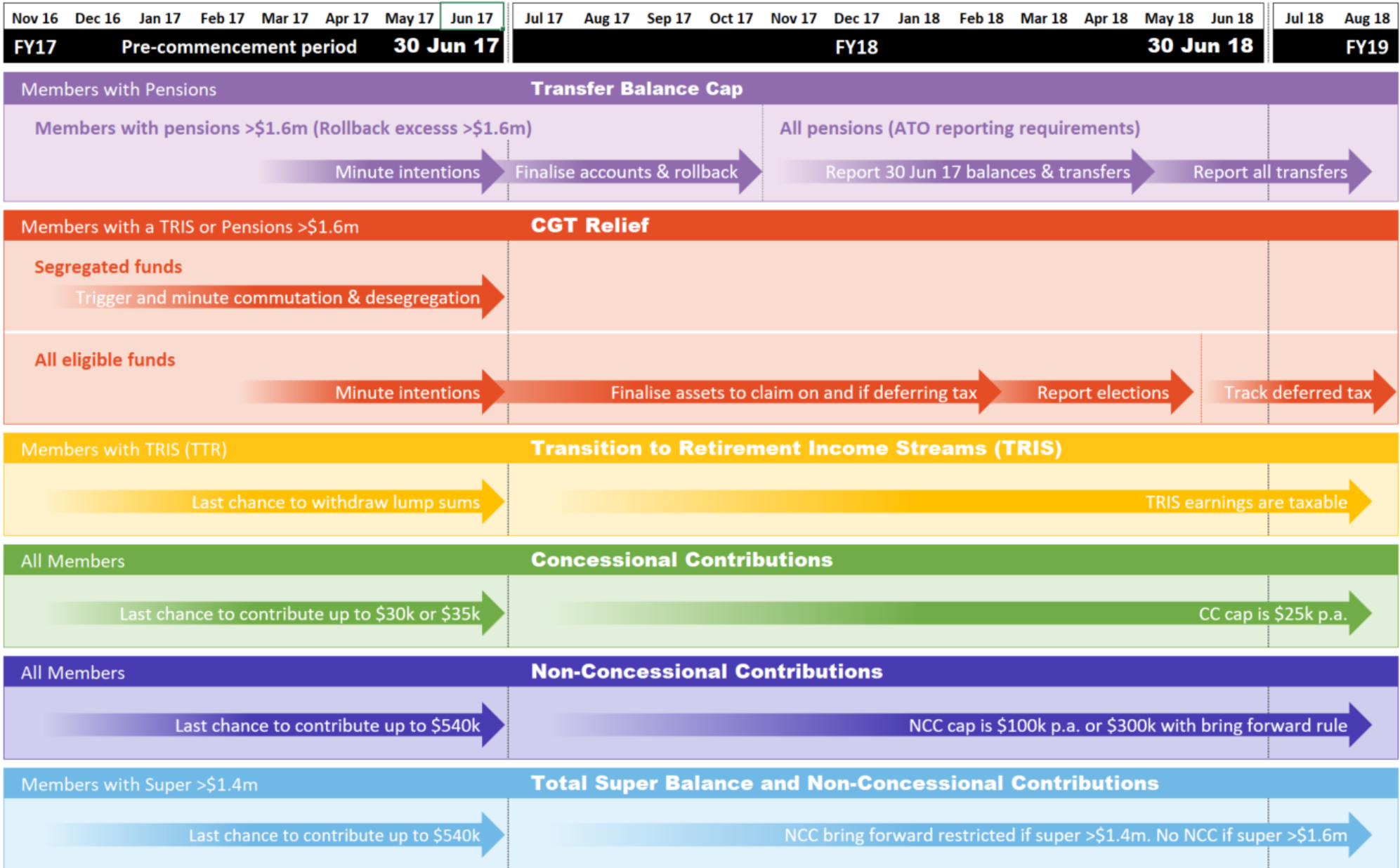
SMSF members affected by the new transfer balance cap of \$1.6m should already understand how they will be complying with the cap and what actions need to be taken before July 1 and in the following months.

July 1 also marks the introduction of new, lower contributions caps. These will impact not only what can be contributed post July 1 but also leave many SMSF members with a decision about whether they should contribute additional amounts prior to July 1 to maximise their contributions and minimise tax.

Class has produced the following **timeline** to help SMSF accountants and their clients discuss the issues they need to consider and the actions that need to be taken now and in the coming months.



# Super Reform Timeline



Key areas for consideration:

### **Prior to July 1, 2017**

- What the SMSF member with a pension balance over \$1.6m is doing to bring that balance below the new cap of \$1.6m and ensuring that those actions are correctly minuted.
- Whether the member who has a transition to retirement income stream or pension balance over \$1.6m will take advantage of Capital Gains Tax relief to minimise the tax impact of transferring assets out of these entities. There are different rules for segregated and non-segregated funds and the intention to claim relief must be correctly minuted before July 1 2017.
- Whether the member should withdraw a lump sum from their TRIS prior to July 1, 2017. After that date, the tax treatment of these withdrawals is less favourable.
- Whether the SMSF member should be making additional concessional contributions prior to July 1, 2017, when the annual cap on concessional contributions is lowered.
- Whether the member should be making additional non-concessional contributions before July 1, when the annual caps will be lowered for all, and new restrictions are brought in for members with total super balances over \$1.4m.

### **Post July 1, 2017**

- Completing the actions required to comply with the \$1.6m transfer balance cap and, if required, the process for claiming Capital Gains Tax relief.
- Preparing to comply with the new, stricter ATO reporting requirements for pensions.
- Compliance with the new caps on concessional and non-concessional contributions.

If they haven't already, SMSF members need to talk to their accountant or adviser now about how the super reforms will affect their retirement savings plan going forward and what actions they need to take prior to July 1 and in the months that follow.