

# Fact Sheet for individuals

## 2011 Federal Budget – what it means for your super

Superannuation was not at the forefront of this year's Federal Budget, with no significant new measures announced, other than those previously foreshadowed.

### Some relief for excess contributions

The Government announced that it will provide eligible individuals with the option to have excess concessional contributions taken out of their superannuation fund and assessed as income at their marginal rate of tax, rather than incurring excess contributions tax.

Currently if a person makes concessional (before-tax) contributions that are higher than their contribution cap those contributions are taxed at 46.5%.

For the 2011/2012 tax year, excess concessional contributions of up to \$10,000 can be refunded to people who have breached the cap for the first time and the contributions will then be taxed at their potentially lower marginal tax rate rather than the 46.5% effective excess contributions tax rate.

### Contribution caps for over 50's

The Government confirmed a change to the previously announced concessional contribution cap for those over 50 with a superannuation account balance of less than \$500,000; the new cap will be calculated as the standard concessional contribution cap plus a flat amount of \$25,000 from 1 July 2012.

### Government co-contribution rate remains unchanged

In 2009 the Government announced that the co-contribution matching rate would be reduced from 150% to 100%. Unwelcome news is that the Government will continue the freeze, for an additional year to 2012-13.

Under this scheme, the Government provides a matching contribution, up to a maximum of \$1,000, for contributions made into superannuation out of after-tax income by people earning less than \$61,920.

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**Account based pension minimum draw downs**

The Government will phase out the pension drawdown relief that has been provided over the last three years. Under the current relief members can reduce their minimum drawdown to 50% of the normal amount required by the Government.

With the phase out arrangements minimum payment amounts for account-based, allocated and market linked (term allocated) pensions can be reduced by 25% for 2011-12 and will return to normal levels (between 4% and 14% of the account balance) in 2012-13.

**Assisting members to track their employer contributions**

The Government has reintroduced the requirement, first aired in 2003, for employers to provide information on payslips about the amount of superannuation paid into an employee's superannuation account.

Employees and employers will receive quarterly notification from their superannuation fund if regular payments cease, with effect from 1 July 2012.

**Restatement of previous announcements**

As previously announced, the Government will allow superannuation fund trustees to make greater use of tax file numbers to locate member accounts and to facilitate the consolidation of multiple member accounts.