It makes sense to put extra dollars into super

ANTHONY KEANE

CHANGES to superannuation laws have boosted the benefits of putting extra cash into your fund before June 30.

While super funds have been criticised lately after a scathing Productivity Commission report, they remain the lowesttax place for retirement savings, and the 2016 Budget changes that came into force last July made it more flexible.

The most positive change has given workers the chance to make tax-deductible contributions – known as concessional contributions – to their funds at any time. Previously this could only be done through salary sacrifice, or by self-employed people.

"This is the first year that employees can put some extra money into super and claim a tax deduction on their tax return, said dmca advisory director Tania Tonkin.

The cap for tax-deductible contributions is $25,000 a year and includes employers' compulsory super payments. Ms Tonkin said people could check their pay slips and super funds to find out how much room they had to inject extra this month.

Another change is the relaxing of the spouse contribution rules that delivers people a $540 tax offset – effectively a cashback deal – if they pay $3000 into the super of a lowincome spouse. Before, the spouse had to earn below $10,800 to qualify for the full benefit, now it's $37,000. "If a spouse is working parttime, it's likely they will fall under that," Ms Tonkin said. She said the new First Home Super Saver Scheme allowed people to make a voluntary $15,000 annual concessional contribution into super now, then withdraw it later for a house deposit. This means people can potentially contribute savings they already have, claim a tax deduction for this year, then withdraw it later to use for their deposit, but they should get professional advice.

"I think that's a big thing that there hasn't been enough said about," Ms Tonkin said.

Financial strategist Theo Marinis said this year's increased super contribution flexibility delivered a "massive tax deduction" for workers on average wages who could add more than $15,000 and get thousands in tax savings.

"If you can't afford $15,000 you don't have to. You can do $1000, $5000 or whatever you want as long as you don't exceed the $25,000 cap, which is inclusive of what your employer put in," he said. "These are some of the good things that came out of all the changes last year."

Bad super changes – such as reducing the concessional contribution cap from $35,000 to $25,000 for older Australians – made it important to start saving early, Mr Marinis said.

Other super incentives remain, including the $500 cocontribution for people earning below $36,813 who make aftertax payments into their super. It's effectively a 50 per cent return on your investment.

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