



## MEDIA RELEASE

### FPA calls 2016-17 Federal Budget changes “Super Spaghetti”

*FPA welcomes Budget measures to improve fairness in superannuation, calls out complexity & need for financial plan reviews*

**Sydney, 3 May 2016:** The Financial Planning Association of Australia (FPA) welcomed fairness measures in the Federal Budget but cited concerns with increased complexity, changes to the “transition to retirement” (TTR) strategy in tonight’s 2016-17 Federal Budget announcement and called on FPA members to carefully consider the effect on clients.

FPA CEO Dante De Gori CFP® said: “The TTR strategy that helped thousands of middle to low income earners has effectively been killed off by the Government, meaning almost all financial planners and clients will need to carefully review the circumstances of those approaching retirement.

“The FPA believes that the ‘effective’ abolition of TTR is a net negative for low to middle income earners. The tax exemption for earnings on assets supporting TTR income streams will be removed, and concessional contribution caps reduced.

“These changes mean financial planners must help clients navigate an increasing number of rules and consider the retrospective nature of these changes particularly around tax and super.”

In particular, there will be a:

- **\$1.6 million superannuation transfer balance cap**, limiting the amount that can be transferred to retirement phase
- Reduction in the threshold from which an extra 15% tax applies on contribution to super, from \$300,000 to **\$250,000**
- Lowering of the **concessional contributions cap to \$25,000**
- Limiting of the non-concessional contributions through a **lifetime cap for non-concessional contributions of \$500,000**

Mr De Gori said the FPA welcomes measures to improve fairness in the superannuation system. “There are measures in tonight’s 2016-17 Federal Budget to help low-income earners and those with low superannuation balances, such as the introduction of a Low Income Superannuation Tax Offset (LISTO) to reduce the effective tax rates on concessional contributions to super for individuals with incomes under \$37,000.

“The FPA also welcomes measures to encourage catch-up contributions. Individuals, especially women, with superannuation balances under \$500,000 will be able to rollover their unused concessional contributions cap from previous years.

“Individuals will also be able to claim a deduction for personal contributions to superannuation, regardless of their employment status. Currently, the deduction is limited to self-employed or ‘substantially self-employed.

.../ more



“As a result of tonight’s announcement, the FPA encourages planners to plan client reviews carefully, giving priority to those affected immediately or very soon, versus those where the potential impact is very significant.

“From a consumer point of view, we encourage consumers, particularly those most affected to seek professional advice in order to navigate the various potential effects of tonight’s announcement,” concluded Mr De Gori.

*The FPA is hosting a webinar on Wednesday 4 May, 2:30pm-3:30pm AEST to help FPA members understand how the budget announcements could affect financial planners and clients. For more information, [click here](#).*

*Dante De Gori CFP® will be live on Twitter on Thursday 5 May, 12.00pm-1.00pm AEST to answer questions about how the budget announcements could affect financial planners and clients. Follow the conversation #AskDante [@ddegori10](#).*

~ Ends ~

#### More information

Who will not need to review their arrangements?	Who is affected, and how?
Those with less than \$1.6m and fully retired (receiving an income stream) who do not wish to make further savings within super	Those with an account balance of \$1.6m and over in superannuation – including those in pension phase (i.e. taking an income stream)
Income earners who don’t contribute more than the current super guarantee, and who don’t earn more than 250k	Anyone transitioning to retirement and taking advantage of the current “transition to retirement” (TTR) rules
	People in accumulation phase (working Australians) who have proactively made or are thinking or making non-concessional (post-tax) super contributions to their superannuation
	Those currently or thinking of salary sacrificing into super up to the current \$35k limits – concessional contributions cap limits will change

#### Media inquiries

Natasha Drilon, BlueChip Communication

T: 02 9018 8628 | E: [fpa@bluechipcommunication.com.au](mailto:fpa@bluechipcommunication.com.au) | M: 0481 006 907

Carden Calder, BlueChip Communication

T: 02 9018 8600 | E: [carden@bluechipcommunication.com.au](mailto:carden@bluechipcommunication.com.au) | M: 0403 333 904

Follow the FPA on Twitter [@AustraliaFPA](#)

Follow Dante De Gori CFP®, CEO of the FPA, on Twitter [@ddegori10](#)

.../ ends more



## **Note to journalists**

### **About the FPA**

The Financial Planning Association of Australia (FPA) represents the interests of the public and Australia's professional community of financial planners. The Association is unrivalled in its reach of the financial planning market, influence on government and regulators, standards set through a world-class Code of Professional Practice, unique position as the certification body in Australia for the global CFP® designation, and reputation for quality professional development. With a growing membership of more than 11,500 members and affiliates of whom 8,500 are practising financial planners, the FPA is home to Australia's 5,500 CFP® professionals. Building on a 20-year legacy, the FPA represents the changing face of financial planning from industry to a profession. For more information, visit [www.fpa.com.au](http://www.fpa.com.au)

CFP®, CERTIFIED FINANCIAL PLANNER® and CFP Logo® are certification marks owned outside the US by the Financial Planning Standards Board Ltd (FPSB). Financial Planning Association of Australia Limited is the marks licensing authority for the CFP® marks in Australia, through agreement with FPSB.

**Ends**