



Media Release

For immediate release

Superannuation budget changes ‘reasonable but could have been more flexible’: Deloitte

4 May 2016: The Government’s clear objective for superannuation to provide income in retirement to substitute or supplement pension is absolutely correct, says Deloitte Superannuation leader Russell Mason and Deloitte Private Superannuation Tax Partner and Self Managed Superannuation leader John Randall.

Overall their view is that the changes proposed for superannuation announced by the Treasurer on 3 May 2016 are “Reasonable but could have been more flexible.”

Mason said: “From 1 July 2017 the concessional contributions’ cap will be reduced from \$35,000 or \$30,000 depending on age, to \$25,000 a year if your superannuation balance is less than \$500,000. We believe this is a retrograde step.

“Reducing the concessional cap and having a rolling five year catch up is not sufficiently flexible, especially for women and older workers. Deloitte has always stated that having a lifetime cap is a better approach.

“However the extension on the deduction for contributions to those aged up to 75 and for everyone regardless of employment status, is a positive step.”

Cap on pension accounts from 1 July 2017

Randall said: “The introduction of a \$1.6 million cap on the amount that can be transferred to tax free pension phase accounts seems reasonable.

“This amount will be indexed in \$100k increments. However if you are already in pension phase and you have exceeded this level, you will have to move the excess monies back from your superannuation accounts from 1 July 2017. This will pose administrative challenges for both members and administrators, especially for those individuals with multiple accounts.”

More high income earners attract 30% tax on concessional contributions

Deloitte believes that bringing down the income threshold from \$300k to \$250k pa and applying an additional 15% tax on contributions is fair. This will affect around 60,000 tax payers.

“The Government could have gone further in helping to address the inequity and we would not have been surprised if it had been reduced to \$180k,” said Randall.

Tax treatment of retirement products improved

Mason commended the Government for extending the tax exemption to deferred annuities which will greatly assist in the development of better and more sustainable post retirement products.

He added that there is a lot of detail on transitional arrangements yet to be clarified.

For further comment or information please do not hesitate to reach out to the contacts below.

Further information:

John Randall
Partner,
Deloitte Private
Tel: +61 2 9322 7550
jrandall@deloitte.com.au

Russell Mason
Partner, Deloitte
Actuaries & Consultants
Tel: +61 2 9322 5347
rmason@deloitte.com.au

Louise Denver
Director, Communications & Corporate
Affairs, Deloitte
0414 889857 / + 61 2 9322 7615
ldenver@deloitte.com.au

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 225,000 professionals, all committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, and winner of both the Australian Financial Review/CFO Audit Firm of the Year and Accounting Firm of the Year awards 2013, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 6,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit Deloitte's web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited
© 2016 Deloitte Touche Tohmatsu