



Superannuation Special Report: Federal Budget 2008

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No Changes to Superannuation!

This year's Federal Budget marks a milestone in the history of Superannuation in Australia....No changes!

The Rudd Government has honoured its election commitment not to change the "Better Super" rules introduced by the previous Government, most of which came into effect on 1 July 2007.

Self Managed Superannuation Funds

As promised by the Minister for Superannuation Nick Sherry in the lead up to the Federal Budget, there have been **NO** changes to:

- Tax free lump sum & pension benefits from age 60
- Transition to retirement pensions, which allow you to continue to work and draw a superannuation pension
- Capital gains tax exemptions on disposal of investments used to pay pensions in Self Managed Superannuation Funds
- New rules which permit Self Managed Superannuation Funds to borrow to invest

Superannuation clearing house - \$16m in funding

The Government will provide funding of \$16m over 3 years to set up an optional superannuation clearing house. The superannuation clearing house will allow an employer to pay their contributions to a single location which will then distribute them to the relevant superannuation funds as selected by their employees.

The optional clearing house facility will manage employers' obligations under Superannuation Choice, including the task of checking details entered on the Choice form. Senator Sherry said the clearing house facility will be offered free of charge to businesses with less than 20 employees.

Businesses that use the clearing house facility will have their legal obligation to make superannuation contributions discharged when payment of the correct amount is made to the clearing house.

Generally, the facility will only be available where it is not possible for an employer to implement a member's Choice of Fund by the date that the employer is required to pay compulsory contributions. It will also receive and hold superannuation contributions for foreign workers temporarily in Australia until they permanently depart.

The facility will be available from 1 July 2009, following industry consultation.

For more information on superannuation matters, please contact Chris Campbell on 07 3229 6966 or email: chris.campbell@hanrickcurran.com.au

Disclaimer

The Corporations Act 2001 deems superannuation funds, self managed superannuation funds (SMSFs) and pensions to be "financial products" and may consider a recommendation to contribute to a fund, establish or become a member of a SMSF, or to commence a pension to be financial product advice as defined by that Act. We are not licensed to give such advice under the Corporations Act. Taxation is only one of the matters that must be considered when making a decision on a financial product. You should consider taking advice from the holder of an Australian Financial Services License (AFSL) holder before making a decision on a financial product.

In providing this advice, we make no recommendation as to whether you should actually make or increase contributions to superannuation, to commence pensions or pay superannuation benefits or to establish a self managed superannuation fund. Our role is to assist with implementation of your decisions. Recommendations to contribute can only be made by a licensed financial adviser.