

Helping you achieve



your financial goals

JUNE 2019

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needed for your tax return

Dear SMSF Trustees



The season has changed, rain is finally falling and the mornings are colder so we must be heading towards the end of the financial year.

It's been an interesting 12 months with a revolving door of Prime Ministers, an election campaign, much debate around franking credits and recently a cut to interest rates. Hopefully the next 12 months will bring some stability to the economy and political parties. The theme for Treasurer Josh Frydenberg's budget was "a stronger economy and a secure future", and regardless of your political alliance, at least the "theme" is something we can all agree on.

The ATO has released some statistics on the SMSF sector in Australia including:

- 596,000 SMSF holding \$750 billion in assets, as at 30 June 2018
- 55% of SMSF have been established for over 10 years
- 48% of SMSFs have assets between \$200,001 and \$1 million

Closer to home, it has been a busy year for the JSA team. A number of our staff are undertaking study towards their CPA accreditation, working extremely hard and being rewarded with exceptional exam results. In March we welcomed Harrison as our newest team member. Jessica and Amy will continue working on our SMSF files this year and Bob is still very active at JSA as financial planner and auditor to our SMSF clients.

The team at JSA Accounting thank you for your support over the last 12 months and we look forward to working with you in the coming year.

*Jill Hoadley & Jessica Ni, Directors
Bob, Ian, Amy, Nicola, Maggie, Harrison, Jen & Nicolle*

HAVE YOU WITHDRAWN YOUR MINIMUM PENSION?

Pension payments need to be drawn by 30 June 2019. If you need to confirm your minimum pension draw down, please contact our office.

REDUCED ACTUARIAL CERTIFICATE FEES

We have negotiated a reduced actuarial certificate fee for our clients. If your fund has accounts in pension and accumulation phases and we are required to obtain an actuarial certificate, the fee for the 2019 year will be \$132 inc GST down from \$176.

ATO SUPERVISORY LEVY

The Supervisory Levy is a fee charged by the ATO to all SMSFs. The Levy is added to the Fund's annual tax return and needs to be paid to the ATO. We anticipate the Levy for the 2019 tax return will remain at \$259.

BUDGET ANNOUNCEMENTS

- No work test for voluntary contributions by people aged up to 66
- Bring forward rule extended to people up to 66
- Spouse contributions extended to people aged up to 74

CONTRIBUTION CAPS

Type	Details	Cap
Concessional Contributions	including employer contributions and personal contributions claimed as a tax deduction	\$25,000
Non Concessional Contributions	Personal contributions for which tax payers do not claim an income tax deduction	\$100,000

CHANGES TO SUPER EFFECTIVE 1 JULY 2019

Intended to protect retirement savings by ensuring super isn't eaten up by fees and premiums on insurance policies. If you have rolled over the majority of your super to your SMSF but left

the minimum balance in an industry fund to retain insurance you will need to "opt-in" to keep the account active. From 1 July the following changes come into effect:

Insurance policy cancelled for inactive accounts	If your super account has not had any contributions for a continuous 16 month period, regardless of your balance, your default TPD and income protection insurance will be cancelled.
Inactive super accounts with low balances will be closed	If you have stopped work or aren't receiving any payments to your super account, you could be at risk of now having your account closed and transferred to the government operated super fund
Cap on fees for accounts with low balances	A positive change! If your super account has a balance of \$6,000 or less, fees will be capped at 3% per annum
No exit fees	Another positive change! If you wish to change funds, you will no longer be charged as exit fees will be banned across the board.

What you need to do :

- Contact your super fund and elect to opt-in to the insurance regardless of your account being inactive.
- Make your own contribution into your account which will reactivate the account for a further 16 months – not all funds will require you to make a contribution – check with the fund prior to making a contribution.
- Importantly, read all emails and letters your super fund sends to you – don't ignore it!

HOLDING PROPERTY IN SUPER

Property Valuation	A local real estate agent should be able to provide you with a valuation of your property at little or no cost.
Rent Review	Rent needs to be charged at commercial rates

BUDGET ANNOUNCEMENTS IN DETAIL

Only proposals at this stage. Each proposal must be passed by Parliament before being legislated

<p>No work test for voluntary contributions by people aged up to 66 – effective 1 July 2020</p> <p>The Government will update the super contribution rules to allow people aged 65 and 66 to make voluntary contributions to super without having to meet the work test.</p>	<p>What this means for you</p> <p>This change effectively allows individuals to continue making voluntary super contributions until age pension age, whether they are still working or not. (Current rules only allow you to make voluntary contributions if you have been gainfully employed for 40 hours over 30 consecutive days during the financial year).</p>
<p>Bring forward rules extended to people up to 66 – effective 1 July 2020</p> <p>The Government will update super contribution rules to allow people aged under 67 to make 3 years worth of after tax (non concessional) contributions in a single year. Under current contribution caps, this will enable under 67 year olds to contribute up to \$300,00 in one year.</p>	<p>What this could mean for you</p> <p>Currently you must be under 65 during a financial year to use the bring forward rules. This change enables 66 and 67 year olds to boost their super in preparation for retirement, provided they meet other eligibility criteria such as your super balance needs to be under \$1.6 million.</p>
<p>Spouse contributions extended to people aged up to 74 – effective 1 July 2020</p> <p>Under the proposed changes, individuals will be able to contribute to their spouse's super where the receiving spouse is under 75. If the receiving spouse is aged 65 or 66, they will no longer need to meet a work test. The work test will continue to apply if the receiving spouse is aged 67 or over.</p>	<p>What this could mean for you</p> <p>Currently for you to make a spouse contribution, your spouse must be under age 70 at the time of the contribution and must meet the work test if they are aged 65 and 69. This changes enables you to make spouse contributions for a future 5 years, giving you more opportunities to equalise your super balances while potentially claiming a tax offset.</p>



ESTATE PLANNING

Binding Death Benefit Nomination

A legally binding nomination that allows you to advise the trustee of the Fund who is to receive your superannuation benefit in the event of your death.

When a member dies without a binding nomination, determining the best outcome

The distribution of the death benefit is at the discretion of the remaining trustees. This can allow the situation after the death of the member to be taken into account when paying the benefit.

ASSETS OF THE FUND NEED TO BE VALUED AT THEIR MARKET VALUE

Market value is the amount that a willing buyer of the asset could reasonably be expected to pay to acquire the asset from a willing seller if all of the following assumptions are met:

- Buyer and seller deal with each other at arm's length.
- Proper marketing of the asset has occurred.
- Buyer and seller act knowledgeably and prudently in relation to the sale.

ILLEGAL EARLY ACCESS TO SUPER

Withdrawing super early, or encouraging others to do so, without meeting a condition of release, is illegal.

As an SMSF trustee, before you release any funds, you must ensure the member has met the condition of release. There are serious consequences for you and your fund if you release super before the member is legally entitled to access, including disqualification of the trustee, administrative penalties and prosecution.

YOUR SMSF AND PLANNING FOR THE NEXT GENERATION

Benefits of adding children as members of your SMSF include:

- The family super accounts can be combined to enable building a bigger and more diversified investment portfolio and purchasing assets of greater value such as property
- Creating one fund for 4 members can reduce admin costs of the superannuation for the family unit.

SUPERANNUATION DEPENDANTS

There are 3 types of dependants we are concerned about in relation to the death benefits being paid from a super fund. They are:

- A SIS Dependent who can be paid directly from the super fund
- Dependants who are entitled to take their benefit as an income stream
- Death benefit dependants who can receive a lump sum death benefit tax free

Relationship	SIS Dependent	Death Benefit (Tax) Dependant
Spouse	X	X
Former Spouse		X
Child Under 18 years	X	X
Child 18 years or over	X	Only if financially dependant
Financial Dependant	X	X
Interdependent	X	X



DOWNSIZER CONTRIBUTION

From 1 July 2018, if you have sold your home you may be able to make a contribution to Super.

- People aged 65 and over can make "downsizer" super contributions of up to \$300,000 from the proceeds of selling their home.
- Your downsizer contribution is not a non-concessional contribution and will not count towards your contribution caps.
- The downsizer contribution can be made even if your total super balance is greater than \$1.6 million.
- You need to have owned your home for 10 years or more prior to the sale.
- You need to be at least entitled to part main resident exemption for selling your home.
- The home is in Australia and is not a caravan, houseboat or mobile home.
- Contribute is made within 90 days after you receive the proceeds.
- You need to provide the fund with a "downsizer contribution into super" form.

If you would like more information about this matter or to learn how it will affect your Centrelink benefit, please contact us.

OUR SERVICES

ACCOUNTING

We offer a no obligation chat to discuss your accounting needs.

TAXATION

Our qualified team provide tailored advice giving you maximum benefit.

FINANCIAL PLANNING

We develop effective strategies to grow your financial wealth.

Insurance – we review your insurance needs and provide advice.

Retirement Planning – we prepare cash flow projections and advice to assist you to meet your income needs in retirement.

Aged Care Advice – we provide technical advice as to how best to structure your finances and assets to maximise aged care and aged pension benefits.

Estate Planning – we assist with preparing your Will and structuring your estate for maximum benefit for your beneficiaries.

SUPERANNUATION

By reviewing your super & investments, we can help you achieve your retirement goals.

BUSINESS MANAGEMENT

With 25+ years experience, let us share our wealth of knowledge & expertise.

SMSF END OF YEAR CHECKLIST

For the year ending 30 June 2019

Please provide the following documents (if applicable) to assist in the preparation of your 2019 Super Fund Income Tax Return.

If you can not provide any of these documents please advise us so that we might be able to assist, in particular, an investment strategy for your fund is most important and is a required document by the auditor of your fund.

Bank Accounts

- Copies of all bank statements for the period 1 July 2018 to 30 June 2019.
- Details of cheque payments
- Details of deposits

Money Received by the Fund

- Employer contributions
- Employee contributions
- Other contributions - Govt co-contribution, spouse or child contributions
- Roll-overs received by the fund
- Roll-over notification forms, ETP Rollover Statements
- Benefit Transfer Schedules

Income

- Dividend Advice Statements
- Interest Statements
- Trust Distribution advice notices
- Trust annual taxation statements
- Unit trust accounts and tax return
- Any other income documentation

Sale of Assets

Please provide details if you have sold any of the following assets:-

- Shares
- Units in a Unit Trust
- Property
- Other Assets

Payments of expenses paid by the fund

- Insurance premium notices/invoices
- Share purchase contracts & certificates
- Property purchase contracts
- Audit & accounting fees
- Other payments

Property

- If the fund purchased property during the year please forward to us a copy of the purchase contract and advise the date of construction of the property.
- If any depreciable items are included, we require purchase date & cost.
- Rental Property Annual Statements

Valuations

- Please provide a value of the assets held as at 30 June for assets such as real property, unit trusts, non listed securities.

Corporate Restructuring

- If any of your investments have been involved in mergers, demergers, takeovers, compulsory acquisitions, off market buybacks please provide copies of all documents.

GST

- If the Fund is registered for GST, please provide copies of Business Activity Statements for the period 1 July 2018 to 30 June 2019.

Instalments

- If the Fund has paid instalments during the year, please provide copies of Instalment Activity Statements for the period 1 July 2018 to 30 June 2019

Investment Strategy

- Please enclose a copy of the Fund's current investment strategy.

JSA Accounting

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