

# Federal Budget - Superannuation



**dennis ballestrin + (co)** Chartered Accountants

+ Principal - Dennis Ballestrin FCA

+ 274 Angas Street Adelaide South Australia 5000

+ Phone (08) 8223 5688 + Fax (08) 8223 5662

+ Email [taxadvice@dbco.com.au](mailto:taxadvice@dbco.com.au)

+ ABN 74 428 337 974

+ [www.dbco.com.au](http://www.dbco.com.au)

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Over the last 2-3 weeks there have been a number of rumours going around concerning superannuation in the lead up to the Federal Budget on 12 May 2009. There have also been a number of articles in the newspapers about possible changes.

Obviously at this stage they are only rumours and it needs to be seen whether any or all are true. However, given the increasing size of the budget deficit and the Federal Government's need to increase its taxation revenue (especially in the short term) it may be wise to bring forward any superannuation actions that you were planning on doing pre 30 June 2009.

Given that usually any major changes to superannuation have had transitional provisions which effectively "grandfather" what was allowed under the old rules the following actions may maximise the benefits if the government does in fact change the rules.

### Deductible contributions

- ensure that any deductible contributions are made to a superannuation fund before 12 May rather than waiting until 30 June
- this may also mean that where you are considering transferring assets (shares or business real property) to your SMSF that unless the transfer is going to be registered before 12 May that you instead contribute cash and then arrange for the superfund to buy the asset

### Non-deductible contributions

- ensure that any non deductible contributions are made to a SMSF before 12 May rather than waiting until 30 June
- you may also consider utilising the "bring forward provisions", (e.g. the \$450,000 per person every 3 years) prior to 12 May (please also consider how this may affect any future non deductible contributions you may have been planning on making in the next 2 years)

### Commencing a pension

- if you were considering commencing a pension this financial year then it may be worthwhile if the fund commences the pension prior to 12 May (especially if the Federal Government change rules about how pensions are to be taxed or bring back some sort of RBL calculations)

### Transition to Retirement Benefit Pension

- given that most rumours are in respect of changes to the rules and tax implications of Transition to retirement benefit pensions anyone who is looking at commencing a Transition to retirement benefit pensions before 30 June should do so before 12 May

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### **Lump Sum or Pension payments**

- If you are planning on withdrawing funds from your super fund (either as a lump sum or as a pension payment) it may be advisable for this to occur prior to 12 May so the tax implications will be known
- Obviously the current rules about conditions of release and the maximum withdrawal amounts will apply

### **Establishing a SMSF**

- if you are interested in establishing a SMSF this year, then consider doing so prior to 12 May rather than waiting

If you wish to discuss any of the above-mentioned actions/strategies please do not hesitate to contact me.