

Federal Budget 2019/20 – change to the rules for who can receive contributions into their super

Grow Wrap Super and Pension Service

Product Update issued: 1 July 2020

This updates the Product Disclosure Statement for Grow Wrap Super and Pension Service dated 1 February 2020 and any other disclosure documents issued by OnePath Custodians Pty Limited (Trustee) in connection with the Service.

What is changing?

The Government has changed the age requirements for who can receive super contributions. The main changes are an increase from age 64 to 66 when members can make a voluntary contribution to super without satisfying the Work Test, and an increase to the maximum age a member can receive a spouse contribution.

The following table outlines general rules for contributing to super.

Your age	Who can contribute?
Under age 65	You, your spouse, your employer and a third party.
65 to under age 67	You (including making downsizer contributions), your spouse, your employer and a third party.
67 to under age 75 ¹	Provided you meet the Work Test ² or Work Test Exemption ³ - you, your spouse, your employer and a third party. Your employer may make only Mandated Employer Contributions ⁴ You may also make downsizer contributions.
Age 75 ¹ and over	You may make downsizer contributions and your employer may make only Mandated Employer Contributions ⁴ .

¹ Personal and employer contributions may be accepted on or before the 28th day after the end of the month in which you turn 75 if you have been Gainfully Employed⁵ for at least 40 hours during any 30 consecutive day period in the financial year that the contribution is made. Even after you turn 75 you may still be eligible to make downsizer contributions.

² 'Work Test' means you have been Gainfully Employed⁵ for at least 40 hours during any 30 consecutive day period in the financial year in which the contribution is made. Even if you do not meet the Work Test you may still be eligible to make downsizer contributions.

³ 'Work Test Exemption' means that voluntary contributions may be made in a financial year if all of the following are satisfied:

- you have not met the Work Test for that financial year
- you have met the Work Test for the previous financial year
- you had a total superannuation balance below \$300,000 on 30 June of the previous financial year, and
- you have not already relied on the Work Test Exemption' for a previous financial year.

⁴ Mandated Employer Contributions are contributions:

- that reduce an employer's potential liability for the SG charge
- that are a payment of a shortfall component, or
- in or towards satisfaction of the employer's obligation under an agreement certified, or award made, on or after 1 July 1986 by an industrial authority.

⁵ Gainfully employed' means being employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

Downsizer contributions to super

There is no change to the rules for making downsizer contributions.

Members aged 65 and over who meet eligibility requirements can make contributions of up to \$300,000 to their super fund from the proceeds of the sale of their home. Both members of a couple can take advantage of this measure for the same home enabling up to \$600,000 to be contributed to super.

Downsizer contributions don't count towards either of the contribution caps, and can be made regardless of work status, super balance or if the person is age 75 and over.

Proposed changes to the 'bring forward' option

The Federal Government has proposed to increase the maximum age at which you can use the 'bring forward' option from age 64 to 66.

If your total superannuation balance as at 30 June of the previous financial year is less than the general transfer balance cap of \$1.6 million (2020/21), you may make non-concessional contributions to your super up to an annual cap of \$100,000, or \$300,000 if you apply the 'bring forward' option.

If you are under age 67 at any time during the financial year, you may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap under the 'bring-forward' option.

The legislation hasn't yet passed at the time of preparation of this Product Update.

What do the changes mean for you?

No action is required. However, you may wish to speak to your financial adviser to understand what these changes may mean for you.

Any questions?

If you have any questions, please:

- call Customer Services on **1800 095 825**
- email **customer@wrapinvest.com.au**

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