

# STRATEGY PAPER

The 1st of July 2007 saw the introduction of the Government's contribution caps to superannuation. These caps however, allowed for eligible individuals to make up to 3 years worth of annual personal contributions through the "Bring Forward Provisions". For those that fully utilised the Bring Forward Provision in its year of introduction, the restriction on further personal contributions over the following years has now passed providing an opportunity to revisit this strategy.

## Limits for personal contributions

Non-concessional contributions are personal contributions made to superannuation where no tax benefit is obtained.

Since 1 July 2007, personal contributions have been subject to a non-concessional contribution cap of \$150,000 each financial year (indexed). Eligible individuals have however been able to contribute up to \$450,000 by using the **Bring Forward Provisions**.

The Bring Forward Provisions allow personal contributions of up to 3 times the non-concessional cap on the basis that no further contributions are made for the following two financial years. **For those that fully utilised the Bring Forward Provision in its year of introduction (07/08), the restriction on subsequent personal contributions has now passed.** Therefore eligible individuals once again have the opportunity to utilise the Bring Forward Provisions in the 2010/11 financial year.

## Eligibility of the Bring Forward provision & Timing of contributions

The timing to maximise personal contributions to superannuation is important given the Bring Forward Provisions are not available for those over age 65. Generally, contributions can be optimised by utilising the Bring Forward Provision just prior to turning 65.

This is highlighted in the following table which shows 3 different contribution scenarios for a 62 year old. As can be seen, by making contributions up to the annual contribution limit of \$150,000 for the first two years it does not trigger the Bring Forward Provision therefore enabling this strategy to be utilised in the last financial year before turning 65.

	Scenario	Age at 1st July			Total
		62	63	64	
Contribution	1	\$450,000	Nil	Nil	<b>450,000</b>
	2	\$150,000	\$450,000	Nil	<b>\$600,000</b>
	3	\$150,000	\$150,000	\$450,000	<b>\$750,000</b>

If you would like additional information about maximising your superannuation contributions or have any questions, please contact your adviser.

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