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Changes to Superannuation

The Government released a mini budget on the 29th November 2011, which included some key changes for superannuation taking effect in the 2012/13 financial year.

Pension Drawdown Relief Extended

The Government has announced that the 25% reduction in the minimum drawings from superannuation pensions (that apply this financial year) would be extended for the 2012/13 financial year. The government's previous position was that minimum pension drawings would return to their standard rates from 1st July 2012 however the continued market volatility has led the government to change its position so to help pension recipients avoid the need to sell assets at weak prices.

Low Income Superannuation Contribution

The Government reaffirmed its commitment made in the 2011 Federal Budget that low income earners would receive a Low Income Super Contribution (LISC) of up to \$500. This payment effectively refunds the contributions tax (15%) for those with adjusted taxable income up to \$37,000.

Changes to the Co-Contribution

In order for the government to help fund these changes, they have also announced that the maximum superannuation co-contribution will be reduced from July 1st 2012 to \$500. The payment will continue to work as it does currently however the income thresholds will be reduced meaning people will no longer receive the benefit where income is over \$46,920. This is opposed to the previous income threshold of \$61,920.

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