

CONTRIBUTION CAPS GOOD NEWS – It's about time!

The Gillard Government will introduce higher superannuation concessional contribution caps for individuals aged 50 and over, following the release yesterday of a discussion paper by the Assistant Treasurer and Minister for Financial Services and Superannuation.

"This measure is one of a number of reforms, including increasing the superannuation guarantee rate to 12 per cent and a new Government contribution for low income earners, which will deliver substantial improvements in retirement savings and a fairer distribution of superannuation taxation concessions," Mr. Shorten said.

From **1 July 2012**, individuals aged 50 and over with total superannuation balances **below** \$500,000 will be able to make up to \$50,000 in concessional superannuation contributions. **This doubles the cap of \$25,000 that applies now and will stay the same until 1 July 2012.**

It is expected to benefit around 275,000 people, and will be of particular benefit to those who have had periods outside the workforce, for example, women with broken work patterns. The discussion paper presents a number of options for key parameters of the measure, including the process for determining eligibility for the higher cap and methodology for determining total superannuation account balances.

The Government has invited consultation and invites interested parties to view the consultation paper and provide comments. Copies of the consultation paper can be viewed on the Treasury website (www.treasury.gov.au). The closing date for submissions is 25 March 2011.

Submissions may be lodged electronically or by post to:

Manager, Contributions & Accumulation Unit
Personal and Retirement Income Division
The Treasury, Langton Crescent
PARKES ACT 2600

Email: over50supercap@treasury.gov.au

WARNING – Remember we still are lumbered with most conservative contribution limits and a breach of these will certainly incur excess contributions tax.

Please contact me if you have any queries.



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