Reshaping the future
Technical advice strategies for 2021 and beyond

Presented by
Keat Chew, Head of Technical Services
Netwealth

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we don't!

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a stronger
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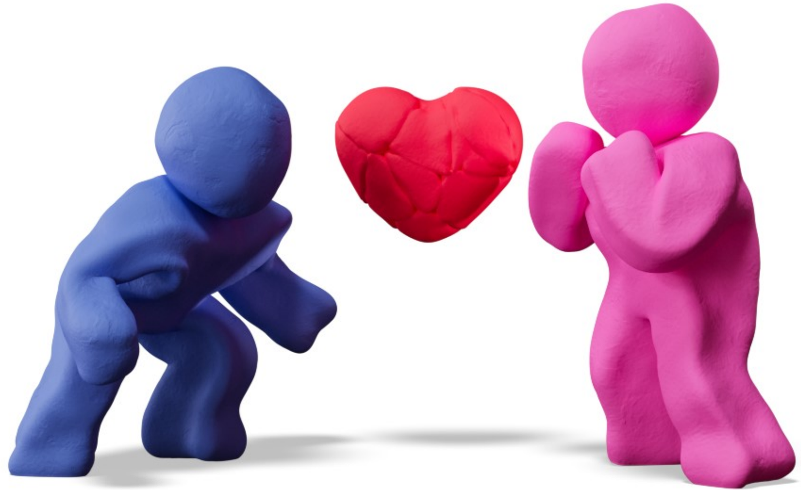
I do, I do,
We don’t!



Super and divorce framework

- In a divorce (or de facto relationship breakdown) situation, property can be divided
  - Includes super split – governed by Family Law Act 1975 and Family Law (Super) Regs 2001
- Super split in one of 3 ways
  - A Consent order of the Federal Magistrates Court or Family Court or
  - Binding financial agreement (BFA) between parties (super agreement is a BFA dealing with a super interest) or
  - Contested Family Court hearing (but best to settle with one of two above)
- Consent order and BFA are negotiated and agreed by both parties
  - Consent order can only be issued after a relationship ends, BFA more flexible can be done before, during or after
  - With Consent order, the court must assess if order is just and equitable
  - With BFA, each must get independent legal advice

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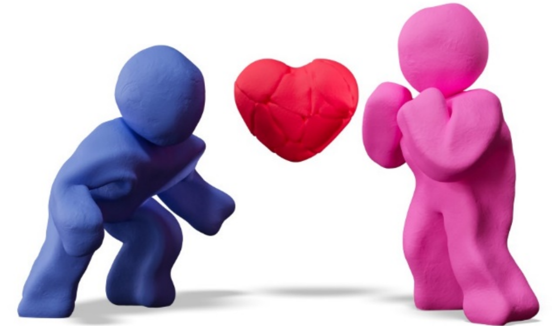
Best to negotiate and agree

- If the court is involved, will be a much lengthier process
  - Identifies and values all assets/liabilities
  - Assesses contribution by each party – take into account monetary and home making contribution
  - Considers any disparity in each party's financial situation eg career impact of having a family
  - Checks if final result is fair, in the court's view (not the individual's)
- Likely client will not be happy with outcome (and will not be optimum)
- Best to have flexibility, understand splitting consequences, and negotiate
  - Points to the BFA route!
  - Advisers can provide good advice on the split and tailored optimum strategies
  - Important to avoid conflicts of interest with clients



Binding financial agreement

- BFAs now commonly and widely used
  - A good cost effective and flexible way to agree split of assets (incl super)
  - Provide certainty of assets split in event of breakdown and avoid court challenges
- Legal requirements for a BFA
  - Agreement signed by both parties
  - Each party must receive independent legal advice
  - Confirmation each party received independent legal advice
  - Agreement not terminated or set aside by the court

What can be super split

- Most super (accumulated or pensions, incl TAPs) can be split, only few exceptions (unsplittable)
  - Accumulated accounts < $5,000 or non-commutable income streams paying less < $2,000 pa
  - Temporary disability payments for under 2 years
  - Benefits paid under early release compassionate or financial hardship grounds
- Spouse with super benefit to be split known as member spouse
  - Spouse receiving the split benefit known as non member spouse
- 2 methods of splitting super – will be spelt out in the BFA or court order
  - Base amount (including method of calculation, if any)
  - Percentage split (based on an agreed % of members spouse interest)
- % split may be appropriate for those who cannot agree on a specified amount

Getting details for the split

- Only eligible persons can apply to fund to get details of a member's super interest
  - Member or spouse of the member
  - Person who intends to enter into BFA with member
  - If member or spouse of member has died, the respective LPR
- Must provide members personal details and pay any fees chargeable by the fund
- Must provide Form 6 declaration confirming information is to assist
  - The negotiation and implementation of a BFA
  - A Family law proceedings which includes a super interest
- A serious offence to make false declaration
  - 12 months imprisonment

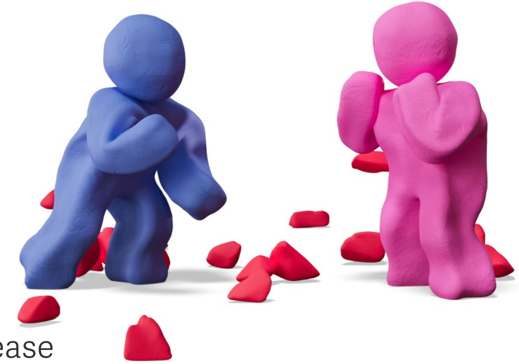
What information is provided by fund

- No legal requirement to request fund information for BFA
  - But details needed to work out optimum split
- Accumulated interest
  - When member joined the fund
  - If any part of the super interest is unsplittable, subject to payment split or flag
  - Information about value of interest (if in pension phase, type of pension)
- Defined benefit interest
  - Similar to above
  - Complication with some of the valuation (calculate in accordance with FL Super Regs)
- Self managed superannuation fund
  - Similar to above
  - May not get current value for underlying asset such as real property

Securing non-member spouse entitlement

- If separated, serve the BFA on the fund trustee as soon as possible
  - If not, serve a copy as soon as separated
- Provide with the BFA, either
  - A copy of decree absolute if already divorced
  - A separation declaration if separated but not divorced
- Certificate of independent legal advice will also be needed
- Binding on trustees if all relevant forms completed and meet all legal requirements
- Agreement becomes 'operative' at start of 4th business day after serving notice on trustee
  - Once operative, trustee cannot make any payment without considering the payment split
  - Therefore, important to serve as soon as possible to protect the interest

Paying the non-member spouse



- Once interest subject to a payment split, notice given to both parties within 28 days
  - Non-member spouse has 28 days to elect payment option
- 3 options to receive the split interest
  - Create a new interest in the same fund

    - not good idea if smsf to remain in same fund, avoid 'divorce tantrum'
  - Roll-over the interest to a different fund
  - Cashing out – only possible if UNPBs or non member spouse meets condition of release
- If no option chosen, trustee may make a decision eg create a new interest in same fund
- Adjustment may be needed for the time lag between operative and payment date
  - If a base amount is used, then notional earnings will be calculated and added
  - If done on % method, no adjustment needed as will be based on % of MV on payment date
  - Therefore, in a rising market member spouse would prefer base amount method

Tax and preservation implications

- Personal tax consequences
  - It's a rollover, no tax consequences on receiving the split benefit
  - Treated as a normal super benefit and subject to normal tax rules
- Fund level tax consequences
  - Tax free/taxable proportions (of member spouse benefit) will be inherited by the non-member spouse
  - The tax free and taxable components calculated just before payment is made
  - Will be a composite if mixed with non-member spouse components on receipt
- Preservation
  - Non-member spouse's UNPB based on proportion of member spouse's at time of the split
- Impact on transfer balance account
  - If member spouse's retirement income account is split – there will be a debit on commutation

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Super CGT rollover implications

- Rollover of in-specie asset between funds normally a CGT event with any CGT liability in source fund
- CGT rollover relief on super assets may be available depending on type of fund
- Unfortunately not for retail funds
  - Cgt crystallises in member spouse account and non-member spouse account acquires a new MV cost base
- SMSF
  - CGT relief if a CGT asset is transferred to a complying fund (departing member must have no remaining interest in fund)
  - Original cost base of asset transferred to non-member spouse and capital gain/loss only on subsequent disposal

Planning considerations when negotiating

- Recognising the 'real net value' of the asset
  - After tax value important – main residence more valuable than super portfolio (with capital gain) of same value
  - A pre CGT investment property as valuable as a main residence
  - Capital gains realisation impacting one spouse more than the other
- Personal lump sum tax considerations
  - Super lump sum payments to spouse over age 60 will be tax free
  - Similarly with split pension payments
- Accessing the payment split
  - If receiving preserved super split, will have to apply a time factor discount to the value
  - Super is worth more to a spouse who is retired and over 60

Planning considerations when negotiating

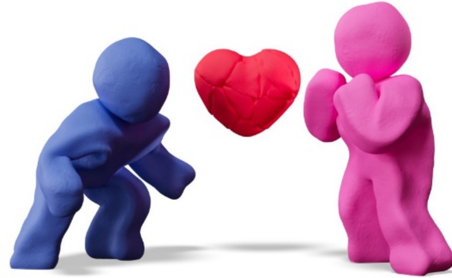
- Other consequences of super split to consider
  - Impact on mixing the components
  - Transfer balance cap and total super balance
  - CGT impact on member spouse account
  - Centrelink
- Financial advisers (rather than lawyers) more useful in selecting 'tax effective' assets
  - Assess how and which assets can be tax effectively transferred eg assets in pension phase
  - Ensure that the ATO is not a further party to the divorce settlement!

A splitting example

Henry

Age: 62, retired

Super: $700k
(90% tax free)



Jane

Age: 53, still working

Super: $2m (100% taxable)

Investment property:

Cost $100k / Value $500k

Divorce settlement = $500k to Henry, Super or Property?

Tax man

A splitting example

- From Jane's point of view
  - Very high balance in super with TBC issue in future, so happy to have it split from her super
  - Prefer to pay $500k from her super (no access); keep unit which gives immediate income
  - Any CGT on the $500k super split will costs her more (she could negotiate for a net lower amount than $500k)
- From Henry's point of view
  - Super split with immediate access and tax free (though concerned with taxable component)
  - Prefer super to the unit which comes with huge CGT in the future
- From ATO's point of view
  - Prefer super split as getting a share of CGT immediately on the $500k assets realised
  - Financial adviser frustrates the ATO by picking (if appropriate) investments with losses or least gains to realise

2

An ally,
A stronger bond

What is an insurance bond

- Known also as an investment bond
  - Combines many features of a managed fund and a life insurance policy
  - Simple investment structure, no annual reporting in personal tax return
- Past experiences with investment bonds – not very popular
  - Limited investment options – often only available from the statutory life pool
- Present improved form – making a comeback
  - Many more options from cash to diversified to sector specific
  - There is a place for it from various technical angles – compliments super, adaptable to different age groups
  - Fewer legislative constraints allows product flexibility eg flexible beneficiaries nominations

Comparing with superannuation

Not-so-good features

- Tax at 30% instead of 15% or ultimately 0%
- All after tax money invested

Good features

- Not locked in
- No contribution limits
- Good for HNW - 30% tax rate max
- Less complexities

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How bond works – tax and withdrawals

- Tax paid investment structure
  - Earnings taxed at 30% (no impact on individual tax return)
  - Usual franking credits and deductions (no difference to individuals) to reduce effective tax rate
- Withdrawals can be made from (and contributions added to) the bond any time
  - Watch out though for possible tax consequences at the individual level
- Withdrawals – proceeds tax free (to individual) if paid after 10 years of bond start date
  - If withdrawn within the 10 year period, a portion of investment growth included in assessable income
  - With 30% non refundable tax offset on any assessable portion (to allow refund of tax paid by life company)

Withdrawal	Amount of growth included in tax return
Within 8 years	Full amount
Between 8 and 9 years	Two-thirds
Between 9 and 10 years	One-third

Contributions and other considerations

- Additional contributions – possible but don't breach 125% contribution rule
  - Contribution in a year must be < 125% of the previous year contribution
  - If breached, start date of 10 year rule resets (from anniversary date of year of breach)
  - Eg $10,000 invested in one year, then up to $12,500 can be added in the next
  - If $0 for a year, no more can be added in the future (unless restart 10 years)
- Other tax considerations
  - No CGT if switch underlying investment options or transfer ownership of the bond
  - Upon death, can be paid to LPR or beneficiary with no tax impact, irrespective of 10 year rule
- Estate planning considerations
  - On death, bond payable to policy owner or nominated beneficiary (no dependants requirement)
  - If paid to nominated beneficiary, will not go through the estate (will)
- Centrelink considerations – financial assets, asset tested and income deemed

Calculating the assessable growth value

Joe

$1000 / 8 years → Bond $15k → Withdraws → Bank $5k

Withdrawal in 8th year = 2/3 of growth assessable

Calculate as follows:

- $5,000/$15,000 X ($15,000 + $0) – ($8,000 +$0) = $2,333
- Assessable gain = 2/3 x $2,333 = $1,555 included in tax return
- Non-refundable offset of 30% x $1,555 = $467

Strategy 1 – bonds for high net worth individuals

- Top tax rate payer, Alice already utilised fully her CC and NCC caps
- 30% bond tax rate still better than her highest marginal tax rate
  - Will have to sit out the 10 year exemption period

Investment bond – Diversified /Balanced Portfolio		Managed fund – Diversified/Managed Portfolio	
Investment earnings	$10,000	Investment earnings	$10,000
Tax paid by bond manager	$3,000	Tax paid by fund manager	$0
Assessable income (Alice)	$0	Assessable income (Alice)	$10,000
Tax paid by Alice	$0	Tax paid by Alice	$4,500
After tax return to Alice	$7,000	After tax return to Alice	$5,500

Strategy 2 – bonds for rebate extraction

Not contributed in last 5 years →

Bond $70k with $15k growth

Full withdrawal after 10 years →

Wedding

Danny
Semi-retired
$30k pa

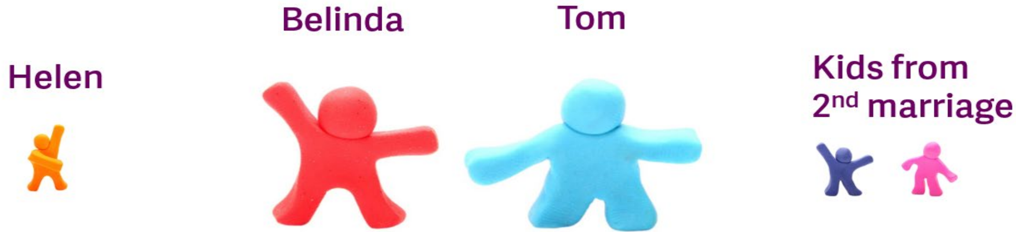
What if we deliberately breach the 125% rule before withdrawal?

Breaching the 125% rule and rebate extraction

Facts and assumptions	
Full withdrawal of bond	$70k
Growth portion	$15k
Not contributed to bond	Last 5 yrs
Breach the 125% rule, contribute	$500
Only income, salary	$30k
Tax-free threshold	$18,200

Danny's tax position differential	10 yr exemption	Breach 125% rule
Salary income	$30,000	$30,000
Insurance bond assessable income	$0	$15,000
Total assessable income	$30,000	$45,000
Taxable income (after tax-free threshold)	$11,800	$26,800
Tax payable @ 19%	$2,242	$5,092
Non refundable tax offset (30% on bond AI)	-	($4,500)
Medicare levy	$600	$900
Estimated tax payable	**$2,842**	**$1,492**

Strategy 3 – estate planning with certainty



$100k on Belinda's death – secret!!

- Objective here is to ensure the safe passage of inheritance to Helen
  - Price to pay: tax on earnings at 30% (payment for certainty), Belinda is low income earner
  - Will not go through the estate and not be contested
- She could start with $100,000 and regular increase within the 125% rule
  - At any point, she can withdraw for her own needs (or if she changes her mind about Helen)
- On Belinda's death, Helen will receive the bond value tax free (regardless of the 10 year rule)
  - Helen can hold on to the bond, partial withdrawals or full withdrawal

Strategy 4 – power of aligning super and bond

7 years contributing →

Bond
$105k

Switch to super? →

Super Fund

Low bal

Jenny
$50k pa
$25k bonus

Taxed at 30%

C/fwd CC $45k

- Consider switch from bond to super - tax arbitrage
- Sufficient bond cashed and recontribute to super

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Super and bond alignment

Facts and assumptions	
Partial withdrawal of bond	$60k
Growth portion (in withdrawal)	$15k
Personal contribution deduction	$48,115
Salary + bonus	$75k
Ignore any other tax offsets	$0k
Tax-free threshold	$18,200

Jenny's tax arbitrage	As it is	Super conts /Bond withdraw
Income	$75,000	$75,000
Super deduction	$0	$(48,115)
Bond assessable income	$0	$15,000
Taxable income	$75,000	$41,885
Tax payable	$14,842	$4,500
Non refundable tax offset (30% on bond AI)	$0	$(4,500)
Medicare levy (ML)	$1,500	$838
Estimated tax payable (including ML)	**$16,342**	**$838***

* Total estimated tax, incl contribution tax = $8,055

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What did we achieve - super/bond strategy?

- Immediate tax savings for the client
  - Strategy to optimise tax position for the year
- Generate cashflow and use up CC cap which would otherwise be wasted
- Translate investments from a 30% to a 15% tax environment (and eventually 0%)
- Take advantage of the tax offset
  - Convert 30% tax paid on bond earnings down to 19% tax
  - Achieved by using excess offset of 11% (30% rebate minus 19% tax rate) against other tax liability
- Transition from a more accessible structure to a more tax favourable environment
  - Balance between accessibility and tax concessions
  - Works well in cases of older clients moving closer to retirement phase

3 A super savvy TPD payout

Issues with super TPD (permanent incapacity) benefit

- Accessibility, meeting the condition of release
- Tax free and taxable components of the payout
  - Tax free component of a disability lump sum
- To rollover or to remain in same fund
- Taxation implications on the benefit
  - Taking the benefit as a lump sum
  - Taking the benefit as a pension

Releasing the super TPD payment

- Includes both accumulated balance and TPD insurance proceeds (preserved on receipt)
  - Any or own occupation – since 1 July 2014, only 'Any occupation' policies in super
- SIS definition – to release as TPD payment, trustee must be 'reasonably satisfied'
  - Member of the fund is unlikely, because of the ill health, ever again to be engaged in gainful employment for which they are reasonably qualified by education, training or experience
- To be reasonably satisfied, common practice to request for 2 doctors' certificates
- Once satisfied, the benefit as at that date becomes unrestricted non preserve benefit (UNPB)
  - UNPBs can be accessed at any time as lump sum or income stream

Considering the TPD tax implications

- Consider TPD tax rules separately to the super release rules
- When TPD insurance payout received by the fund
  - Received tax free by the fund and credited to member's account
  - Forms part of taxable component (tax free/taxable calculated as normal)
  - No impact on any caps or TBA (as in accumulation), but will count towards TSB
  - No tax implications on the individual or the account at this stage
- Only when benefit is paid that personal tax impact needs to be considered
  - Meeting the tax TPD definition crystallises a tax free component in lump sums payout
  - With income streams, a 15% tax offset available on taxable portion
- If end up being terminal, consider accessing terminal illness payment instead
  - If so, tax free payment and some important planning in the short period of time

Tax free component of a super disability lump sum

- Tax definition - a lump sum disability (TPD) super benefit is a lump sum paid to
  - A person suffering from ill health (mental or physical) and
  - 2 legally qualified medical practitioners have certified that, because of the ill-health, it is unlikely that the individual can ever be gainfully employed in a capacity for which he or she is reasonably qualified because of education, experience or training
- Stricter test than SIS condition of release - one does not depend on the other
- On paying a TPD lump sum, the tax free component is increased for future service benefit
  - Increased tax free component = $\text{Amount of benefit} \times \dfrac{\text{Days to retirement}}{\text{Service Days + Days to retirement}}$

    Days to retirement means the number of days from the day the member became unable to work to their 'last retirement day' (generally 65)
    Service days means the number of days in the 'service period' up to the date the disability occurred

  - Total tax free component = Existing tax free component + Increased tax free component
- With a disability income stream, a 15% tax offset on taxable portion available for below preservation age

The all important final tax table

Lump Sum

Age	Tax Rate: Tax free component	Tax Rate: Taxable component (taxed element)
Age 60+	Nil	Nil
Preservation age to 59	Nil	Up to low rate cap# - Nil
Preservation age to 59	Nil	Above low rate cap# -15%
Below preservation age	Nil	20%

Low rate cap $215,000 (FY 20/21)

Medicare levy may apply

Income Stream

Age when pension payment received	Tax Rate: Tax free component	Tax Rate: Taxable component (taxed element)
Age 60+	Nil	Nil
Preservation age to 59	Nil	Marginal rate less 15% rebate
Under preservation age	Nil	Marginal rate no rebate
Under preservation & disability super benefit	Nil	Marginal rate less 15% rebate

Medicare levy may apply

Strategy 1 – capitalising on tax free uplift

John is 35 years old and has just received a $2m TPD pay out from the insurance company directly to his super account. What is the tax outcome if paid as a TPD lump sum payout? His details are as follows:

Without TPD lump sum tax treatment

	Component	$	%
Own super balance	Tax free	$5,000	0.24%
	Taxable	$45,000	
TPD insurance payment	Taxable	$2,000,000	99.76%
		$2,050,000	**100.00%**
Service days - to date disability occurred	5 years	1,828 days	
Days to retirement - date of disability to age 65	30 years	10,965 days	

Disability modification calculation on lump sum withdrawal or rollover

Tax free amount $5,000 +($2,050,000 x 10,965/(1,828+10,965) = $1,762,074

If paid as a TPD lump sum (with tax free uplift)

	Component	$	%
Combined benefit	Tax free	$1,762,074	85.95%
	Taxable	$287,926	14.05%
		$2,050,000	**100.00%**

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Strategy 2 – NCC to improve on the tax free uplift

What if we contribute $300k NCC just before the TPD payout?

Without TPD lump sum tax treatment

	Component	$	%
Own super balance	Tax free	$5,000	0.22%
	Taxable	$45,000	
TPD insurance payment	Taxable	$2,000,000	87.02%
Make additional NCC	Tax free	$300,000	12.76%
		$2,350,000	**100.00%**
Service days - to date disability occurred	5 years	1,828 days	
Days to retirement - date of disability to age 65	30 years	10,965 days	

Disability modification calculation on lump sum withdrawal or rollover:
Tax free amount $305,000 +($2,350,000 x 10,965/(1,828+10,965) = $2,319,207

If paid as a TPD lump sum (with tax free uplift)

	Component	$	%
Combined benefit	Tax free	$ 2,319,207	98.70%
	Taxable	$ 30,793	1.30%
		$ 2,350,000	**100.00%**

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Rolling over to a new fund

- A lump sum payout is needed for TPD tax treatment
  - Firstly, satisfying SIS requirements unpreserved the benefit (UNPB)
  - Rollover creates a lump sum payout from the original fund
  - On meeting the tax TPD definition, the paying fund calculates the tax free uplift
- Receiving fund simply accepts the rollover TPD benefit
  - Improved tax free/taxable component, total benefit and other data including unpreserved status
  - Not advised of the TPD nature of the benefit
- Can member cash benefit in the new fund?
  - Yes, lump sum or income stream as the benefit is UNPB (with tax free component)
- If pay as an income stream, is it a disability income stream with the 15% rebate on taxable component?
  - No – disability status does not carry across funds
  - Must prove disability status to new trustee to get 15% rebate

Strategy 3 – to rollover (or not)?

	Taxable / tax free split	A/c Value	Pension	Tax free	Taxable	Tax & Medicare payable	Net Amount
Option 1 - Initial Fund	99.76% / 0.24%	$2,050,000	$82,000	$200	$81,800	$ 18,688	$63,312
Option 2 - Rollover to new fund	14.05% / 85.95%	$2,050,000	$82,000	$70,483	$11,517	$ -	$82,000

Using the facts of Strategy 1 - original fund accepted John is disabled, his account is now UNPB.
John wants a steady income stream with the occasional lump sums.

Other strategic considerations

- Different trustees have different requirements to satisfy SIS condition of release, Netwealth requirements are
  - 2 legally qualified medical practitioners have certified (meeting SIS requirements)
  - Medical certification must be less than 18 months old
  - Pre-approval is available
- If supplemental amount needed on top of annual minimum pension
  - Consider if extra pension (with rebate) or a lump sum is a better tax option
  - Will depend on the tax free/taxable components and individuals other income (if any)

4

Sharpening tools of the trade

Building blocks of superannuation

- CC and NCC building blocks of super
- Building obstacles to overcome – the caps
- Best tax shelter option after main residence
- Price to pay to access an effective tax structure

30 years of Australian superannuation

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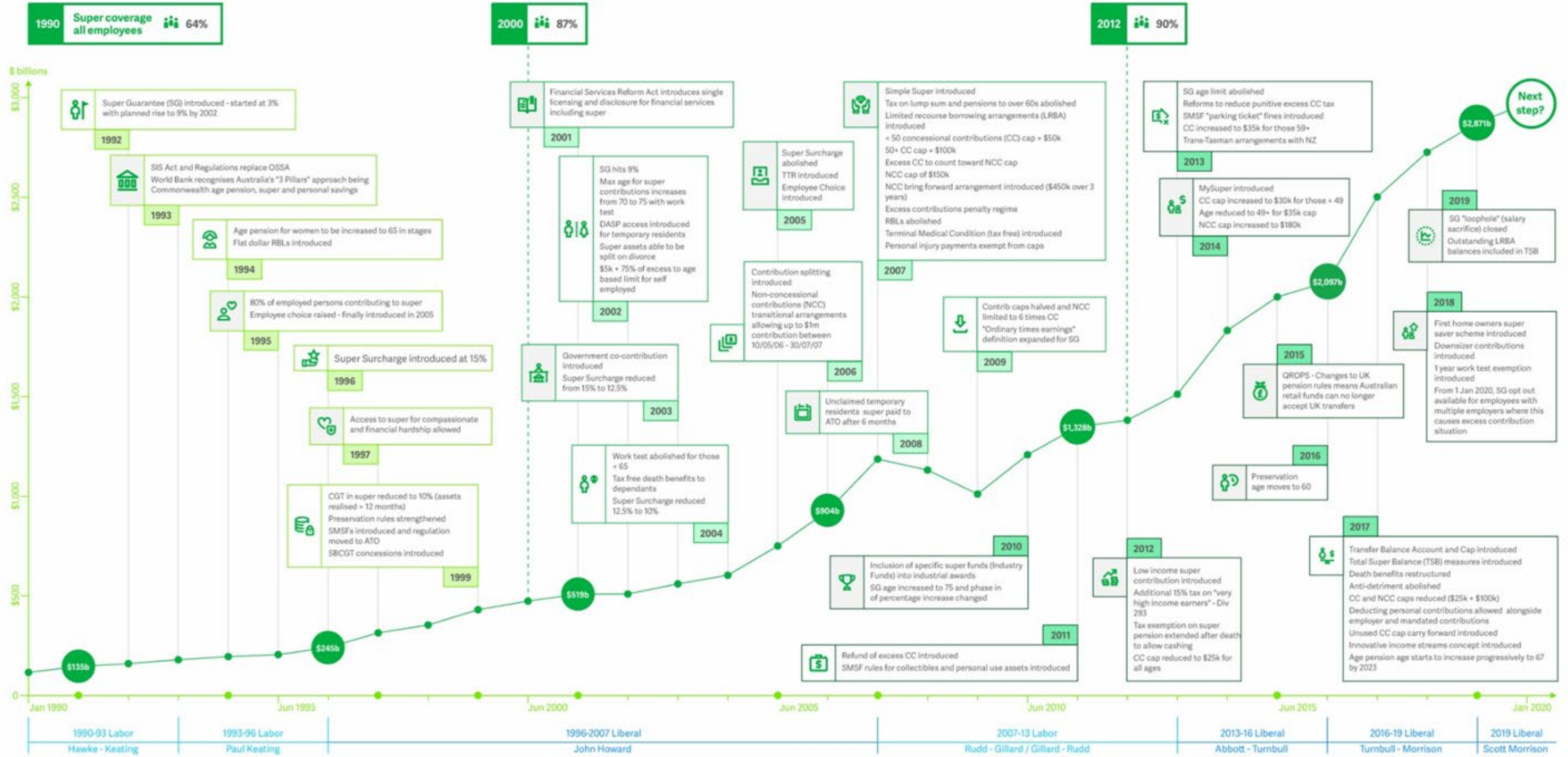

Sharpening your tool - TBC increase

- From 1 July 2021, the transfer balance cap (TBC) will be $1.7m (currently $1.6m)
  - Indexed on an annual basis in line with CPI but only in $100k increment
- Only the unused cap % (based on highest TBA to date) is indexed ie proportional indexation
  - Therefore, no longer a single cap that applies to all individuals
  - Someone with a retirement income stream now will have TBC between $1.6m and $1.7m
  - Anyone at some point in time before 1 July 2021 had TBA of $1.6m will not get any of the indexed amount
- Only those starting retirement income stream for the first time on or after 1 July 2021, will have a TBC of $1.7m
- Why you need to know - new TBC impacts NCC and creates many opportunities

Opportunities with the new indexed TBC

- From 1 July 2021, 4 main areas to consider with positive implications
  - Personal individual TBC for retirement income streams purposes
  - Non concessional contributions cap (incl brought forward rule near the $1.7m cap)
  - Spouse contribution tax offset
  - Government co-contribution

- The tips and traps strategies to consider for your clients
  - Commence any retirement income streams only after 30 June 2021 to access highest level of indexation
  - Reassess NCC for those with TSB just over $1.6m in the past years, watch balance as at 30 June 21 (< $1.7m)
  - Ability to contribute NCC may drop in and out each year depending on TSB at end of each previous FY
  - Consider withdrawals and recontribution (to oneself or to spouse) eg withdraw $10k to allow $100k NCC
  - Order of contribution can be important re NCC before downsizing contribution

More opportunities - CC increase and NCC

- From 1 July 2021, CC cap will be $27,500 (currently, at $25,000)
  - Indexed on an annual basis in line with AWOTE but only in $2,500 increment
- There are huge benefits
  - CC cap increasing to $27,500 means NCC cap (being 4 x CC) will go up to $110,000 from 1 July 2021
  - Which means the full brought forward NCC will be worth $330,000
  - The c/fwd unused CC cap can provide tax deduction of $165,000 in a year (TSB test unchanged at $500k)
  - Change in TBC ($1.7m) and NCC ($110k) together alters the b/fwd thresholds (see next slide)
- Changes allow higher contributions and flexibility of higher level of tax deduction for longer

New b/fwd NCC thresholds, from 1 July 2021

Total super balance on 30 June of previous FY	Non-concessional contributions cap for the first year	Bring-forward period
Less than $1.48 million	$330,000	3 years
$1.48 million to less than $1.59 million	$220,000	2 years
$1.59 million to less than $1.7 million	$110,000	No bring forward period, general NCC applies
$1.7 million or more	nil	na

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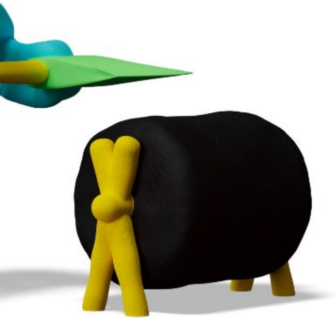
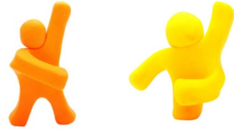
Tips and traps - NCC increase

- Once NCC b/fwd triggered, stuck with the b/fwd NCC cap at time of trigger
  - If triggered in FY20 or FY21, stuck with b/fwd of $300k until 3 year cycle completed
  - No composite cap allowed unfortunately
  - Don't trigger b/fwd NCC this year if can wait (watch market volatility for impact on TSB though)
- Despite 3 years b/fwd triggering, must check TSB for ability to contribute (even to just complete the cycle)
- Don't forget work test is a separate test to enable contribution
  - Work test has been extended and now required only at Age 67



Strategy 1 - accumulate max CC to offset gain



Distribution

Family trust holds investment property

Cost $300k
1 July 2024: $800k

Robert
High income

Alice
Home duties
Low super $75k

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Opportunity with unused concessional cap

Facts and assumptions	
Concessional contribution cap	$25k/ $27.5k
Cost base	$300k
Sale price	$800k
Distributed to John	0%
Distributed to Jan	100%
Tax-free threshold	$18,200

Strategy	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Available unused cap	$25k	$25k	$27.5k	$27.5k	$27.5k	$27.5k
Cumulative available unused cap	**$25k**	**$50k**	**$77.5k**	**$105k**	**$132.5k**	**$160k**

Results*	With Super deduction	No Super deduction
Capital gain in family trust	$500,000	$500,000
Distributed to wife	$500,000	$500,000
Taxable gain to wife (after 50% discount)	$250,000	$250,000
Super deduction taken	$160,000	-
Taxable income	$90,000	$250,000
Personal tax payable (includes ML)	$22,597	$88,167
Contributions tax payable	$24,000	-
Estimated tax payable	**$45,517**	**$88,167**

*Assume FY21 tax rates and no offset

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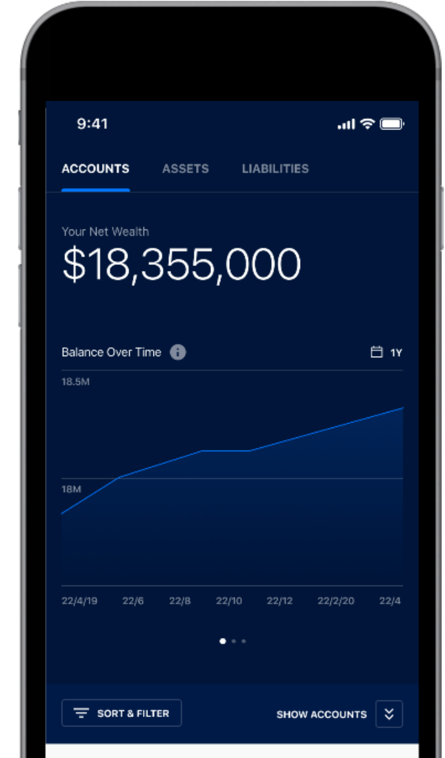
Looking forward...



Reshaping the future
Technical advice strategies
for 2021 and beyond

Thank You!