



9 May 2018

Sensible super changes in Budget

Last night's Budget introduced some welcome changes to the way superannuation savings are administered, though some of the measures could have gone further.

Of the measures directly related to self managed superannuation funds (SMSFs):

- The change to a 3-year audit cycle for SMSFs with a history of good record keeping and compliance is a measure that should reduce administrative effort and compliance costs, particularly for funds in pension phase whose returns do not change much from year to year. However, the measure is not without its risks, and must not come at the cost of compromising the integrity of the regulation of the sector. We will follow the progress of the development of this measure closely.
- Increasing the allowable number of members of a SMSF from four to six is another welcome step and one that SISFA has consistently recommended to the Government.
- Exempting recently retired people aged between 65 - 74 from the work test for a year is helpful to their transition to retirement, although in principle we see no need for the work test at all. This is consistent with the original proposal in the 2016-17 Budget to abolish the work test for everyone under age 75 (a measure which we supported but was unfortunately abandoned). The age limit of 75 on making concessional contributions is arbitrary and discriminates against older people. Anybody who is working and paying income tax, regardless of their age, should be permitted to keep building their retirement savings.

SISFA supports the general measures in the Budget designed to give a fairer deal to members of large superannuation funds to whom most Australians entrust their retirement savings. In particular, the measures to protect young people with low superannuation balances from insurance costs, passive fees and exit fees are welcome.

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