



Make a super plan for the new year

On 1 July 2021, both the concessional and non-concessional superannuation contribution limits, also known as 'super contribution caps', will rise. This is good news because this is the first time these limits have changed since 1 July 2017, when the concessional contributions cap was reduced to \$25,000 pa for the 2017/2018 financial year and onwards. Since that time, the non-concessional contribution cap hasn't changed either, currently \$100,000 pa.

Why have the contribution caps increased?

The concessional contribution cap is indexed upwards in increments of \$2,500 based on Australians' average weekly ordinary time earnings (AWOTE). The non-concessional contribution cap is calculated as 4 times the concessional contribution cap. The AWOTE figure immediately prior to the current concessional contribution cap was \$1,533.40 in the December 2016 quarter. The December 2020 AWOTE figure was \$1,711.60, which means the concessional cap will increase to \$27,500 from 1 July 2021.

The current and new contribution caps

| Current concessional contributions cap | New concessional contribution cap |
|--|-----------------------------------|
| \$25,000 | \$27,500 |

| Current non-concessional contributions cap | New non-concessional contribution cap |
|--|---------------------------------------|
| \$100,000 | \$110,000 |

A drop in your total super balance at 30 June 2020 may also provide you with an opportunity to contribute more to super compared to what you may have otherwise.

What does this increase mean for you?

Any increase in the super contribution caps means you may increase how much can you contribute to super. The tax benefits plus the compounding of returns can make a substantial difference to your final super benefit.

Additional concessional contributions to super can be made by 'salary sacrificing' through your employer or via 'personal deductible contributions'.

Which contributions - concessional or non-concessional?

You should consider whether to make non-concessional contributions or to maximise your concessional contributions. Additional concessional contributions can reduce your taxable income and your end-of-year tax liability. Concessional contributions are subject to just 15% tax on entry to your super fund compared to your upper marginal tax rate which could be as high as 37.5% or 45% if you're in one of the highest tax brackets. An additional 15% tax may apply to concessional contributions if your income is over \$250,000.

How to make concessional contributions

Additional concessional contributions to super can be made by 'salary sacrificing' through your employer or via 'personal deductible contributions'. Both methods have the same tax benefit so the method you choose comes down to what suits you:

Salary sacrificing comes out of your pre-tax salary and reduces your net taxable income meaning you may pay less tax on your personal income.

Personal deductible contributions are paid by you, and you can then claim a tax deduction when completing your tax return. If you choose this method, you need to submit a form to your super fund by a certain time advising your 'intent to claim a deduction' on your super contribution.

Making the most of 'catch up' contributions

'Catch up' contributions may allow you to use the previous years' unused contribution caps in the current financial year if you meet certain requirements. The 2018/19 financial year was the first financial year you could accumulate unused concessional contributions. Unused carried forward concessional cap amounts expire after five years.

Non-concessional contributions

Non-concessional contributions do not entitle you to a tax deduction but you won't pay any additional tax as you've already paid tax via your personal income tax liability. Also, earnings on the contributions are taxed at only 15% (not your marginal tax rate) and are tax-free once you access them as either a lump sum or a pension after age 60, when you retire and satisfy a condition of release.

Making non-concessional contributions to super might benefit you if you are seeking to contribute larger lump sum contributions.

Making the most of the 'bring forward rule'

If you were age 64 or less at 1 July 2020 you may be eligible to use the 'bring forward rule', ie bring forward and use up to two future years' worth of your non-concessional contribution caps. Depending on your total superannuation balance this may allow you to contribute up to \$300,000

(3 x \$100,000) into super this financial year. However, if you wait and the cap increases from \$100,000 to \$110,000, the bring forward amount will increase to \$330,000 next financial year. You generally need to meet a 'work test' if you are 64 to 74 years old at the time of contribution.

Legislation is pending to increase the age at which you can trigger the bring forward rule from age 64 or younger as at 1 July of the relevant financial year to age 66 or younger.

With potential increases in the contributions caps on the horizon, 2021 may be a good year to revisit how much you are contributing to super and make a super plan for the future. Please contact us and we can help.





Destination: armchair

While international borders remain closed, the possibility of jetting off around the world is unlikely in the near future. Still, there are plenty of ways to satisfy the travel-bug and fill that globetrotting void - so sit down, log-on, and explore the world!

It's over a year since our international borders were locked and, while this wonderful country of ours offers some stunning tourist destinations, there's nothing quite like the thrill of overseas travel. So, to whet your appetite for the sights and sounds that are still waiting for you around the world, we've picked five of our favourite online international travel experiences to keep you content for a little longer.

The Louvre, Paris



While The Louvre's doors remain closed, the museum has put a whole host of virtual tours, of both its permanent and temporary exhibits, online. Tap through a walkthrough tour, or, if you have an augmented reality headset, grab your phone, slot it into your headset, and you'll be transported to the city of love in an instant.

www.louvre.fr/en/visites-en-ligne

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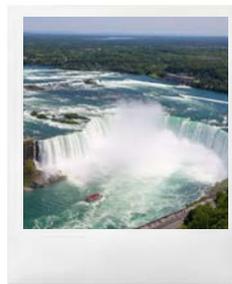
Harry Potter's Edinburgh



One for the kids, big kids and adults alike, this online travel experience takes you deep into the heart of Edinburgh while riding on the Hogwarts Express. Edinburgh was where JK Rowling wrote the masterpiece series of books, and many of the locations - including 'Diagon Alley' - were inspired by Edinburgh's historic buildings and streets.

www.pottertrail.com/videtours

Take a trip to Niagara Falls



Canada's Niagara Falls is on many peoples' bucket list - and while a trip to Ontario is unlikely any time soon, the good people at Niagara Falls Tourism have produced a series of online Niagara Falls experiences. From a 360 degree virtual reality helicopter trip which enables you to look in any direction, a walk behind the falls and experience the

world's most famous falls from the comfort of your living room. You'd almost believe you were there - the only thing missing is the spray from the cascading water.

www.niagarafallstourism.com/vr/



Climb Machu Picchu



If a perfect combination of adventure, history, exercise and stunning scenery is more your thing, then why not beam Machu Picchu back into your home? This guided tour with running commentary enables you to delve deep into Inca civilisation and explore the historic site in 360 degrees virtual reality.

By staying at home you save the exertion of hiking the 40 kilometres – missing out on the 4200m altitude – making this UNESCO World Heritage Site far more accessible in the virtual world than it is in the real one!

www.youvisit.com/tour/machupicchu

Barcelona! Such a beautiful horizon



The capital of Catalonia is a spectacular place to visit, and while it faces some stiff competition from Las Ramblas and the Camp Nou among other attractions, Gaudi's masterpiece, La Sagrada Familia is certainly top of the Barcelona charts. The online virtual tour, with audio commentary, takes in the Passion and Nativity facades, and

ventures inside to, among others, the Cloister of the Rosary, the Crypt, and Gaudi's tomb. It's a stunning place, and despite work starting in 1882 is still, famously, 'unfinished'.

www.sagradafamilia.org/en/virtual-tour

Yoga retreat in your living room



While your idea of a break in 'normal' times may be a wellness trip to Bali or a retreat in a Thailand spa resort, they're hard-pressed to translate virtually.

You can, however, plug this gap a little with some yoga into your living room – direct from India, Tibet, Bali or almost anywhere around the world. Embrace the cultural aspect as well as the mental

and physical benefits, and sign up for anything up to a four-day online retreat. Many options come with self-care and healthy eating rituals too, if you want to get the full home-away-from-home experience.

www.bookyogaretreats.com/all/c/online-retreats

International travel in a post-COVID world

The borders here in Australia are closed at least until mid-2021, with the Government warning they may remain closed until 2022.

When we can travel, however, things will naturally be different to how they were before. 'Vaccination passports' could become a key item to carry with us, with many countries and airlines reportedly considering mandatory vaccination requirements. Apps holding your vaccination status, could also be used for contact tracing – as well as ensuring travellers are complying with any quarantine requirement.

Airport disinfection booths could become commonplace as we travel, while when we reach our destination, it's rumoured that sewerage testing could take place on inbound flights before passengers can disembark.

There's a serious economic aspect to this too, with Australia seeing its tourism revenue decline by \$35 billion in the first ten months of 2020, the opening of international borders will almost certainly boost the economy!¹

¹ World Travel and Tourism Council

If you have any questions, please contact us.

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NEO Financial Solutions Pty Ltd

30 Summers Street
Perth WA 6004

Phone: 08 9227 1472

Email: admin@neofs.com.au