FINANCIAL PLANNING
ASSOCIATION of AUSTRALIA

CHANGES TO FAIR AND SUSTAINABLE SUPERANNUATION REGULATIONS

On 28 March 2017, the Government made amendments the Treasury Laws Amendment (Fair and Sustainable Superannuation) Regulations 2017.

The following key points about the changes includes exerts from the Explanatory Statement, which Members are encouraged to read in full. The FPA has not interpreted these exerts or assessed how it may impact your clients.

- Death benefits paid to dependants of the deceased member can be rolled over (without onerous tax consequences) to facilitate immediate cashing in the form of either a lump sum or pension. However, 'if the dependant is a child, they must be either under 18 years of age, a financially dependent child under 25 years of age, or a child with a disability described by subsection 8(1) of the *Disability Services Act 1986*.'
- 'a death benefit that is cashed as one or more pensions or annuities must also be a superannuation income stream that is in the retirement phase.' ['A superannuation income stream will be in the retirement phase if a superannuation income stream benefit is payable from it at that time.' 'A superannuation income stream is also in the retirement phase at a time if it is a deferred superannuation income stream and a superannuation income stream benefit will be payable from it to a person after that time, and the person has retired, has a terminal medical condition, is permanently incapacitated or has attained the age of 65. This Innovative income streams and integrity exception is for deferred superannuation income streams that are not currently payable.' 'A superannuation income stream will not be in the retirement phase if it is a TRIS, a TRIP, a non-commutable allocated annuity or a non-commutable allocated pension.' 'A superannuation income stream will also not be in the retirement phase in an income year if a superannuation income stream provider has failed to comply with a commutation authority in respect of a member's transfer balance cap.'
- Partial commutations cannot satisfy pension minimum drawdown requirements.
- The amendments remove 'the RSA-capped contribution … and the fund-capped contribution limit …'. 'The RSA-capped and fund-capped rules were designed to prevent inadvertent breaches of the non-concessional contributions cap by placing an onus on the funds not to accept amounts above the annual non-concessional cap or bring forward cap (depending on an individual's age).' 'However, the changes to the non-concessional contributions cap introduced by the Amending Act, and in particular the eligibility conditions in respect of an individual's total superannuation balance, now mean that it is no longer practical to set a single value for the RSA-capped or fund-capped contribution limits.'
- The amendments '… remove the ability for individuals to elect to treat certain payments as superannuation lump sums.'