



## Monthly Information Newsletter – Tax & Super

August 2021

### What the new *Your Future, Your Super* means for you

Recent legislative reforms to the superannuation arena are set to change the retirement savings landscape for many Australians.

The Federal Government says the *Your Future, Your Super* reforms will help ensure superannuation works in the best financial interests of all Australians by removing unnecessary waste, increasing accountability and transparency, and providing more flexibility for families and individuals.

The legislation increases the maximum number of allowable members in self-managed superannuation funds (SMSFs) and small APRA funds from four to six from 1 July 2021.

The reforms also extend the bring-forward arrangements to people aged 65 and 66 for non-concessional contributions made on or after 1 July 2020. This change is on top of a previous reform that allowed people aged 65 and 66 to make contributions without meeting the work test.

The excess concessional contributions charge, which currently applies to contributions in excess of the concessional contributions cap, is to be removed from 1 July 2022, thereby ensuring people saving for their retirement are not financially disadvantaged by inadvertent breaches of the cap.

Australians will also be supported to make additional contributions to their superannuation to make up for amounts that they may have withdrawn due to COVID-19.

From the 2021-22 financial year, individuals who released superannuation under the COVID-19 early release scheme will have the option of recontributing these amounts as non-concessional contributions, over and above the existing caps.

Some of the key changes are:

- Your superannuation fund will follow you. This will be achieved by preventing the creation of unintended multiple superannuation accounts when employees change jobs. This measure is set to commence from 1 November 2021.

- Funds will be held to account for underperformance. In order to lower fees and protect members from poor outcomes, the reforms will require superannuation products to meet an annual objective performance test. Those that fail will be required to inform members, and persistently underperforming products will be prevented from taking on new members. Members will be notified by 1 October 2021 if their fund fails this test.
- It will be easier to choose a fund. A “YourSuper” comparison tool will be based on information that superannuation funds report to APRA. The information about product performance will be updated quarterly to ensure people are making decisions using up-to-date information.
- Transparency and accountability will be in focus. Treasury is to strengthen obligations to ensure trustees only act in the best financial interests of members and provide better information regarding how they manage and spend members’ money in advance of annual members’ meetings and through enhanced portfolio holdings disclosure.

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