Aon Master Trust

SUMMARY OF RATES AND THRESHOLDS 2017/18

CONTENTS

SUPERANNUATION RATES AND THRESHOLDS

Concessional contributions

Concessional contributions include:

- employer contributions (including contributions made under a salary sacrifice arrangement)
- the equivalent of employer contributions under a defined benefit scheme as determined by the trustee
- personal contributions claimed as a tax deduction
- administration fees and insurance premiums paid on your behalf by your employer.

Concessional contributions cap

Financial year	Age	Amount of cap
2017/18	All ages	$25,000
2016/17	49 or over at 30/6/16	$35,000
	Under 49 at 30/6/16	$30,000

The concessional contributions cap is indexed in line with average weekly ordinary time earnings (AWOTE) in increments of (from 1 July 2017) $2,500 rounded down.

Concessional contributions in excess of the annual cap are included in your assessable income and taxed at your marginal tax rate. An interest charge, which recognises that the tax on excess contributions is collected later than normal income tax, also applies. The Australian Taxation Office (ATO) will apply a 15% tax offset to account for contributions tax that has already been paid on those contributions. You can also elect to withdraw up to 85% of your excess concessional contributions from your super fund and have it paid to you as income. Note that the amount withdrawn will not count towards your non-concessional contributions cap.

High-income earners

High income threshold

Financial year	Threshold amount
2017/18 onwards	$250,000
2012/13 to 2016/17	$300,000

If your income exceeds the threshold amount, your concessional contributions are taxed at 30%. Your income includes your taxable income and your concessional superannuation contributions. If your income excluding your concessional contributions is under the threshold but your concessional contributions mean you exceed the threshold, then the 30% tax rate applies only to the amount of concessional contributions that is above the threshold. The amount of concessional contributions that is under the threshold is taxed at 15%. Concessional tax rates are subject to the concessional contributions cap.

The above tax rates assume you have provided your tax file number (TFN).

Non-concessional contributions

Non-concessional contributions include personal contributions for which you do not claim an income tax deduction.

Non-concessional contributions cap

Financial year	Amount of cap
2017/18	$100,000
2016/17	$180,000

People under age 65 can bring forward up to two years of non-concessional contributions into the current year. From 1 July 2017, the bring-forward amount and period depends on a person's total superannuation balance* on 30 June of the previous financial year.

Under age 65: available bring-forward amounts

Total superannuation balance	Contribution and bring forward available
Less than $1.4 million	Access to $300,000 cap (over 3 years)
$1.4 million to less than $1.5 million	Access to $200,000 cap (over 2 years)
$1.5 million to less than $1.6 million	Access to $100,000 cap (over 1 year)
$1.6 million or over	Nil

Transitional period arrangements apply if a person triggered a bring-forward in either 2015/16 or 2016/17. See the ATO website for more information.

* Total superannuation balance includes money you have in super accounts, transition-to-retirement pension accounts, and retirement pension accounts.

Contributions tax on non-concessional contributions

Non-concessional contributions within the annual cap are not taxed when they are received. Non-concessional contributions in excess of the non-concessional cap incur an excess non-concessional contributions tax of 45% plus Medicare levy. For excess non-concessional contributions made from 1 July 2013, the Government allows the individual to withdraw the excess amount plus associated earnings, with no penalty tax applying and refunded earnings taxed at the individual's marginal rate of tax.

The above tax rates assume you have provided your TFN.

Capital Gains Tax (CGT) cap amount

Contributions arising from certain small business assets sale proceeds are excluded from the non-concessional cap but only up to a lifetime CGT cap (see table below).

Any such contributions above the lifetime limit are included in the non-concessional cap.

Financial year	Amount of cap
2017/18	$1.445 million
2016/16	$1.415 million

The CGT cap amount is indexed in line with average weekly ordinary time earnings (AWOTE) in increments of $5,000 (rounded down).

Untaxed plan cap amount

The untaxed plan cap amount limits the concessional tax treatment of benefits that have not been subject to contributions tax in a superannuation fund. The untaxed plan cap amount applies to each superannuation plan from which a person receives superannuation lump sum member benefits. Generally, this would apply to an untaxed super fund. See the Australian Taxation Office (ATO) website ato.gov.au for more information.

Financial year	Amount of cap
2017/18	$1.445 million
2016/17	$1.415 million

The untaxed plan cap amount is indexed in line with average weekly ordinary time earnings (AWOTE) in increments of $5,000 (rounded down).

Government co-contribution

The Government co-contribution is an Australian Government initiative to help low to middle-income earners save for their retirement. Self-employed members may also qualify for the co-contribution.

The maximum co-contribution amount is $500 for a $1,000 personal contribution you make to super if your income is under the lower threshold for the financial year. If you make a contribution of less than $1,000, then the maximum co-contribution you will receive will be equal to half your contributed amount. As your income increases above the lower threshold, the amount you receive will reduce. If your income is over the higher threshold, you will not receive a co-contribution.

The Government has added additional eligibility requirements from 1 July 2017:

- a total superannuation balance* of under $1.6 million on the 30 June prior to the year in which the contributions are made
- not exceeded the non-concessional contributions cap in the relevant financial year.

Financial year	Maximum co-contribution	Lower income threshold	Higher income threshold
2017/18	$500	$36,813	$51,813
2016/17	$500	$36,021	$51,021

The lower income threshold will be indexed on an annual basis. The higher income threshold will be equal to the indexed lower income threshold, plus $15,000 each year.

* Total superannuation balance includes money you have in super accounts, transition-to-retirement pension accounts, and retirement pension accounts.

Low-income superannuation contribution

If you earned less than $37,000 pa in financial years 2012/13 to 2016/17, you may be eligible for a low-income superannuation contribution (LISC) from the Government. The LISC:

- represents a rebate on the contributions tax paid on concessional contributions received by the Trust in the financial year
- is equal to 15% of the total concessional contributions made on your behalf in the financial year
- is subject to a maximum contribution of $500.

The LISC will remain payable in respect of concessional contributions made in the 2016/17 financial year. However, the LISC will not be payable in respect of concessional contributions made on or after 1 July 2017. Determinations of LISC will cease at 30 June 2019.

Low-income superannuation tax offset

The low-income superannuation tax offset will replace the LISC from 1 July 2017. If you earn less than $37,000 a year, you will qualify for a Government refund of up to $500 on the 15% tax paid on before-tax contributions to your super. You will receive the refund as a Government contribution to your super.

Preservation age

Generally, you must reach preservation age and satisfy a condition of release before you can access your superannuation. The table below illustrates your preservation age based on your date of birth.

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

Low rate cap amount

The application of the low rate threshold for superannuation lump sum payments is capped. The low rate cap amount is reduced by any amount previously applied to the low rate threshold.

Financial year	Amount of cap
2017/18	$200,000
2016/17	$195,000

The low rate cap amount is indexed in line with average weekly ordinary time earnings (AWOTE) in increments of $5,000 (rounded down).

Lump-sum tax rates for superannuation benefit payments

Component	Tax treatment*
Tax-exempt	Tax-free
Taxable component	Below preservation age: 20% Preservation age to age 59: first $200,000† tax-free and remainder taxed at 15%. Aged 60 or over: tax-free.

The above rates do not include the Medicare levy.

* These rates apply only to the taxed element of a superannuation benefit.

† This amount applies in the 2017/18 financial year.

Income tax offsets and deductions available for contributions

Spouse offset

If your spouse earns less than $40,000 a year (including reportable fringe benefits) and you make spouse contributions for them, you may be eligible for a tax offset of up to $540 a year. The amount of spouse contributions is unlimited, but the maximum offset is 18% of $3,000 (ie $540). The offset is reduced if your spouse earns over $37,000 and phases out completely if they earn over $40,000 a year. You can claim the offset on your tax return for the year in which the contribution is made. Contributions you make to your spouse count towards their non-concessional contribution cap.

Tax deductions for after-tax contributions

To claim a tax deduction on after-tax contributions you make, you must complete and return a *Notice of intent to claim a tax deduction* form before you lodge your tax return. The contributions will be taxed at up to 15% and will count towards your annual concessional cap.

Eligibility to claim a tax deduction

Before 1 July 2017, you needed to be self-employed or substantially self-employed.

From 1 July 2017, everyone under age 75 (including those aged 65 to 74 who meet the work test*) will be able to claim a tax deduction on after-tax contributions.

* This test requires you to have worked at least 40 hours over a 30-day period in the financial year you make the contributions.

Employer contributions

Employers can claim a tax deduction for contributions made to a complying fund on behalf of an employee. These contributions will count towards the member's concessional contributions cap. For more information on employer contributions, see the *Contributions* factsheet.

Minimum pension drawdown

These are the minimum amounts self-funded retirees have to draw down from their account-based pensions in the financial year.

Age	Minimum % withdrawal
	2017/18
Under 65	4%
65–74	5%
75–79	6%
80–84	7%
85–89	9%
90–94	11%
95 or more	14%

Superannuation guarantee (SG) maximum contribution base

Employers are obliged to contribute a minimum of 9.5% of an eligible employee's ordinary time earnings (the SG minimum) to a complying superannuation fund or retirement savings account. Contributions need to be made at least every quarter. The maximum superannuation contribution base is used to determine the maximum limit on any individual employee's earnings base for each quarter of any financial year. You do not have to provide the SG minimum for the part of earnings above this limit.

Financial year	Per quarter
2017/18	$52,760
2016/17	$51,620

OTHER RATES AND THRESHOLDS

Employer-related payments

Employment Termination Payment (ETP) cap amount

An ETP is a payment made in consequence of the termination of employment. It can include:

- amounts for unused rostered days off
- amounts in lieu of notice
- a gratuity or ‘golden handshake’
- an employee’s invalidity payment (for permanent disability, other than compensation for personal injury)
- certain payments after the death of an employee.

ETPs do not include:

- a payment for unused annual leave or unused long service leave
- the tax-free part of a genuine redundancy payment or an early retirement scheme payment.

The amount up to the ETP cap amount will be taxed at concessional rates of 15% if over preservation age or 30% if under preservation age (rates do not include the Medicare levy).The amount in excess of the ETP cap amount will be taxed at the top marginal rate.

ETP cap amount for life benefit termination payments

Financial year	Amount of cap
2017/18	$200,000
2016/17	$195,000

Tax-free part of genuine redundancy payments and early retirement scheme payments

Financial year	Base limit	For each complete year of service
2017/18	$10,155	$5,078
2016/17	$9,936	$4,969

Unused annual leave

	Normal termination or retirement	Genuine redundancy, early retirement scheme or invalidity
To 17 August 1993	Fully assessable: 30%	Fully assessable: 30%
18 August 1993 +	Fully assessable: marginal tax rate	Fully assessable: 30%

The above rates do not include the Medicare levy.

Unused long service leave

	Normal termination or retirement	Genuine redundancy, early retirement scheme or invalidity
To 15 August 1978	5% assessable: marginal tax rate	5% assessable: marginal tax rate
16 August 1978 to 17 August 1993	Fully assessable: 30%	Fully assessable: 30%
18 August 1993 +	Fully assessable: marginal tax rate	Fully assessable: 30%

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Individual income tax rates

These income tax rates apply to Australian tax residents.

Financial year			
2016/17		2017/18	
Taxable income	Tax on this income	Taxable income	Tax on this income
$1–$18,200	Nil	$1–$18,200	Nil
$18,201–$37,000	19c for each $1 over $18,200	$18,201–$37,000	19c for each $1 over $18,200
$37,001–$80,000	$3,572 plus 32.5c for each $1 over $37,000	$37,001–$87,000	$3,572 plus 32.5c for each $1 over $37,000
$87,001–$180,000	$17,547 plus 37c for each $1 over $87,000	$87,001–$180,000	$17,547 plus 37c for each $1 over $87,000
$180,001 and over	$54,547 plus 47c* for each $1 over $180,000	$180,001 and over	$54,547 plus 45c for each $1 over $180,000

The above rates do not include the Medicare levy or the effect of any Low Income Superannuation Tax Offset.

* Tax rate of 47% includes the Government's 2% Temporary Budget Repair Levy that applied for three years from 1 July 2014.

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