

Media Release

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WEALTH, PROTECTION & TAXATION

“Trust Deeds, Golden Handshakes & Contribution Splitting”

Mr Reed leading superannuation advisor of IPS Superannuation Pty Ltd begs Gold Coasters not to miss out on the great opportunities presented by the superannuation reforms which are set to expire in less than 13 weeks. He also advises the sooner changes are made the sooner residents can start benefiting. Mr Reed said “our firm has seen a large quantity of new clients wishing to restructure their superannuation funds. There is a time factor involved with this process and residents could miss these opportunities, leaving less available options, if they hesitate to act immediately.

According to Cameron Reed “recent changes to the superannuation laws means that many residents who structure themselves correctly may never legally be required to pay tax again for the rest of their lives. In some cases they may never have to lodge an income tax return again”

Previously we touched on such issues as contributions however there are many other factors to be taken into consideration when assessing your affairs. Here are points to review.

1. Upgrade SMSF Trust Deed for the Simpler Super Reforms

As well as spouse splitting of superannuation contributions and the provision of a transition to retirement income stream, trustees of existing SMSF's (Self Managed Superannuation Fund) must upgrade their current trust deed. Mr Reed said “unfortunately trust deeds are only as good as the strategies at the time they were originally created. This means that any SMSF's created prior 10 May 2006 need to have its trust deed upgraded immediately”.

2. Golden Handshakes

This is where an employee, (including a director of a company) retires. Subject to a reasonable test they may be eligible to be paid a lump sum golden handshake for past services rendered. To the extent the payment is reasonable it will be deductible to the employer. If the golden handshake was made prior to 1 July 2007, monies may be transferred to a superannuation fund prior to 1 July 2007. From 1 July 2007 golden handshakes must be taken personally and taxed prohibitively. There are certain criteria that must be adhered to, to receive a golden handshake and it is best to seek advice from a professional Superannuation Specialist.

3. Contribution Splitting

Mr Reed said “contribution splitting is a great idea where there is a significant age difference between spouses where the older spouse may take super benefits tax free post age 60”. Contributions made from 1 July 2006 may be split to a spouse during the income year following the year in which the contribution was made. The contribution amount allowed is 85% of any taxed splittable contribution (such as employer and employee salary sacrifice contributions) and 100% of any untaxed splittable contributions. This includes the \$1M of non concessional contributions which may be made pre July 2007.

Once again Mr Reed states that “all the points raised are not applicable to everyone and that each situation is to be assessed on an individual basis”. He also said “that if the correct advice is not given taxation and compliance issues could impact residents in the future”. IPS is offering a one on one, 1 hour, no obligation, free consultation. They will also be running a superannuation seminar on the 18th April 2007 at the Radisson Resort, Palm Meadows in conjunction with Grant Abbott Australia's leading Superannuation Specialist Advisor and Author of top selling book “Guide To Self Managed Super Funds”. For an appointment contact Jessica Hannant on 5581 3200.

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