

3 November 2016

Super and pensions lead adviser queries

Inquiries around non-concessional super contributions have doubled in the last month showing super remains top of mind according to BT Advice Technical's September quarter round-up of adviser queries.

The leading queries from BT's Advice Technical team for the September 2016 quarter are:

- Non-concessional contribution caps
- Centrelink pension changes from 1 January 2017
- Superannuation pension changes from 1 July 2017

BT Head of Financial Literacy and Advocacy, Bryan Ashenden said the non-concessional contributions caps are easily the most topical query we're getting from advisers.

Advisers are looking to know whether their clients may be affected, how much they can contribute this year and next, and how the transitional arrangements will work where a client has triggered, but not yet fully used their non-concessional contributions under the bring-forward provisions.

Following the Federal Budget in May, non-concessional contributions caps were amended from a \$500,000 lifetime limit, to a \$100,000 annual limit as a result of proposed super reforms announced in September.

Following non-concessional caps as the leading adviser query, next year's pension changes including the rebalancing of assets test limits, are the second most topical query says Mr Ashenden.

"The reality is that many clients will likely see some change in their pension entitlements. Advisers are acutely aware of this and quite rightly so. We're seeing advisers getting on the front foot and taking the lead to ensure a 'no surprises' approach with their clients. We know having those discussions earlier on can make a big difference to clients feeling comfortable with any legislative change.

The pension asset test changes come into effect on 1 January 2017, and the rebalancing of the assets test is set to make a difference to many clients' pension entitlements. This affects two areas according to Mr Ashenden, the change in the assets test free threshold and an increase to the taper rate.

"It's important to note that there is a silver lining. If there are changes to your client's pension, they will likely be eligible for a low income care card, and if they're of retirement age, they will receive the commonwealth seniors health card" Mr Ashenden said.

Bryan Ashenden's top tips for advisers include:

- Give clients confidence about their ability to contribute to super this financial year. With the new restrictions on non-concessional contributions not starting until 1 July 2017, it's "business as usual" in terms of the contribution rules this financial year – legislative change isn't required.
- Early engagement with clients about what the future changes mean (whether around Centrelink or superannuation) is the key. You can start the planning now for when the changes happen, giving more scope to implement the right approach at the right time.

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