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Change to non-concessional contributions cap

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Our commitment to you

This Guidance note contains general information and examples. It may omit details that could be significant in your personal circumstances

This information is for people who are:

■ making non-concessional (after-tax) contributions to their super

■ considering ways to maximise their savings for retirement.

How has the non-concessional contributions cap changed?

Non-concessional (after-tax) contributions include:

■ personal contributions for which you do not claim an income tax deduction, and

■ spouse contributions.

If you have more than one super fund, all non-concessional contributions made to all of your funds are added together and counted towards the non-concessional contributions cap.

Effective 1 July 2017, the annual non-concessional contribution cap reduced from $180,000 to $100,000 per year for the 2017–18 and future financial years. This will remain available to individuals aged between 65 and 74 years old if they meet the work test.

The non-concessional contributions cap is set at four times the concessional contributions cap ($25,000 for 2017–18) and will increase in line with the indexation of the concessional contributions cap.

Effective 1 July 2017, your non-concessional cap is nil for a financial year if you have a total superannuation balance greater than or equal to the general transfer balance cap ($1.6 million in 2017–18) at the end of 30 June of the previous financial year. In this case, if you make non-concessional contributions in that year, they will be excess non-concessional contributions.

If you exceeded your non-concessional contributions cap for the 2016–17 financial year, you must lodge an income tax return for that year, and you may have to pay extra tax.

What is your 'total superannuation balance'?

Your total superannuation balance is made up of the balance of all your super and retirement saving accounts. This is reduced by the sum of any personal injury structured settlement amounts contributed to super.

If you have a total superannuation balance that is:

■ over the general transfer balance cap at the end of 30 June of the previous financial year, you won't be able to make any further non-concessional contributions in the financial year (without exceeding your non-concessional contributions cap)

■ less than the general transfer balance cap at the end of 30 June of the previous financial year, you may make after-tax contributions but your total superannuation balance will determine how much you can make.

What is the 'bring-forward' arrangement?

If you are under 65 years, you may make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year by bringing forward your non-concessional contributions cap for a two- or three-year period. If eligible, when you make contributions greater than the annual cap, you automatically gain access to future-year caps. This is known as the 'bring-forward' arrangement.

From 1 July 2017, the non-concessional contributions cap amount that you can bring forward, and whether you have a two- or three-year bring-forward period, will depend on your total superannuation balance at the end of 30 June of the previous financial year.

For 2017–18, to access the non-concessional bring-forward arrangement:

■ you must be under 65 years of age for one day during the triggering year (the first year)

■ you must have a total superannuation balance of less than $1.5 million at the end of 30 June 2017.

The remaining cap amount for years two or three of a bring-forward arrangement is reduced to nil for a financial year if your total superannuation balance is greater than or equal to the general transfer cap at the end of 30 June of the previous financial year.

How the bring-forward arrangement works

2017–18 bring-forward period

Total superannuation balance on 30 June 2017	Maximum non-concessional contributions cap for the first year	Bring-forward period
Less than $1.4 million	$300,000	3 years
$1.4 million to less than $1.5 million	$200,000	2 years
$1.5 million to less than $1.6 million	$100,000	No bring-forward period, general non-concessional contributions cap applies
$1.6 million	nil	na

Transitional period

If you have triggered the bring-forward period in 2015–16 or 2016–17 but you have not fully used your bring-forward amount before 1 July 2017, transitional arrangements will apply. This means that the maximum amount of bring-forward available will reflect the reduced annual contribution caps (see table below).

Maximum bring-forward amounts

Year bring-forward period started	Maximum bring-forward amount in 2017–18
2015–16	$460,000
2016–17	$380,000
2017–18	$300,000

To work out your non-concessional cap for the year, subtract any non-concessional contributions you have made during the bring-forward period from your maximum bring-forward amount.

Note that your maximum bring-forward amount in 2016–17 has not changed. It is still $540,000 if you have not triggered the bring-forward rules in 2014–15 or 2015–16. If you're uncertain if you have triggered a bring-forward arrangement, or you need assistance working out your 2017–18 contributions cap, phone us on **13 10 20**.

What you can do

What you can do on or before 30 June 2017

Situation	Action
If you want to make extra non-concessional contributions	■ Make sure you do not exceed your annual non-concessional contributions cap of $180,000. ■ You can contribute up to your annual non-concessional cap amount, including any bring-forward of caps you have not used. For example, you may be able to contribute up to $540,000 before the cap changes and the bring-forward arrangements take effect. ■ Check any requirements for your age and ensure you have not already triggered the bring-forward arrangements in the last two years. ■ Make sure your contribution is received by your super fund before 30 June 2017.

What you can do from 1 July 2017

Situation	Action
If you want to make extra non-concessional contributions	■ Contact all your super funds to check your total superannuation balance at 30 June to work out if you can make non-concessional contributions. ■ Check any requirements for your age and ensure you have not already triggered the bring-forward arrangements in the last two years. ■ If you have received a structured settlement amount, check whether your total superannuation balance has been adjusted.

Examples

Main points	Example
■ *54 years old* ■ *Total superannuation balance of $1.8 million as at 30 June 2017*	*On 1 March 2017, Clementine contacts her two super funds and finds out that she has a total superannuation balance of $1.8 million in her super accounts. Clementine has not made any after-tax contributions to her funds for four years.* *In 2017–18, she will not be able to make any more after-tax contributions as, at 30 June 2017, her total superannuation balance exceeds the $1.6 million limit.* *As she has not triggered a bring-forward in the last two years, she is able to make an after-tax contribution of up to $540,000. Clementine pays $500,000 into one of her super accounts*

	before 30 June 2017, bringing her total superannuation balance to $2.3 million dollars at 1 July 2017.
	If Clementine makes any more after-tax contributions to her super, she will have excess non-concessional contributions.
■ *53 years old* ■ *Total superannuation balance of $1.45 million at 30 June 2017*	*Mary contributes $200,000 non-concessional contributions in 2016–17, triggering the bring-forward arrangement. After Mary makes the contribution her remaining bring-forward cap balance is $340,000.* *From 1 July 2017, the general non-concessional contributions cap reduces from $180,000 to $100,000. This will reduce Mary's three-year total bring-forward cap to $380,000 ($180,000 for 2016–17, $100,000 for 2017–18, $100,000 for 2018–19).* *Mary's remaining bring-forward cap balance is now $180,000 ($380,000 cap minus her non-concessional contributions of $200,000). The amount that Mary can contribute in 2017–18 and 2018–19 will now be dependent on her total superannuation balance at the end of 30 June 2017 and 30 June 2018 and the general transfer cap.* *At the end of 30 June 2017, Mary's total superannuation balance is $1.45 million.* *On 10 September 2017, Mary makes non-concessional contributions of $100,000.* *Mary's remaining bring-forward cap balance for 2018–19 would be $80,000. However, due to the growth in the fund, Mary's total superannuation balance at the end of 30 June 2018 is now over $1.6 million. Mary's non-concessional cap for 2018–19 will be nil (if the general transfer balance cap for 2018–19 is $1.6 million).* *Therefore, if Mary makes any non-concessional contributions while her total superannuation balance at the end of 30 June of each financial year is equal to or greater than the general transfer cap, she would be deemed to be in excess of her non-concessional cap.*
■ *46 years old* ■ *Total superannuation balance of $1.65 million as at 30 June 2019*	*In 2016–17, Shaun makes a non-concessional contribution of $540,000, triggering the bring-forward arrangement (three times the current non-concessional cap of $180,000).* *From 1 July 2017, the general non-concessional contributions cap reduces from $180,000 to $100,000. This will reduce Shaun's three-year total bring-forward cap to $380,000 ($180,000 for 2016–17, $100,000 for 2017–18 and $100,000 for 2018–19).* *Although Shaun's non-concessional contribution of $540,000 would exceed this new bring-forward cap, as his contribution was made prior to 1 July 2017, he would not be deemed to be in excess of his non-concessional bring-forward cap. However, Shaun will not be able to contribute any further non-concessional contributions under the bring-forward arrangement in 2017–18 and 2018–19.* *On 30 June 2019, Shaun's total superannuation balance is calculated to be $1.65 million, therefore Shaun's non-*

		concessional cap for 2019–20 will be nil. If Shaun makes any non-concessional contributions in 2019–20 he will be deemed to be in excess of the non-concessional cap.
■ *46 years old* ■ *Triggered the bring-forward cap in 2015–16* ■ *Total superannuation balance of $1.4 million at 30 June 2017*		*In 2015–16, Marina contributed $200,000 to her super, exceeding her non-concessional contributions cap by $20,000 and triggering the bring-forward rules.* *Marina's maximum bring-forward amount under the current three-year bring-forward arrangement is $540,000, being three times the yearly cap of $180,000.* *In 2016–17, Marina makes a further $100,000 contribution to her super.* *In the third year, 2017–18, the non-concessional cap is reduced from $180,000 to $100,000.* *Therefore, to reflect this change, Marina's maximum bring-forward amount is reduced to $460,000. This amount is two years of the previous yearly cap of $180,000 plus the reduced cap in the final year of $100,000.* *The remaining bring-forward cap available to Marina in each year is calculated by subtracting the amount of the cap used previously in the bring-forward arrangement (being Marina's contributions) from the maximum bring-forward cap amount.* *For 2015–16 (year 1), Marina's maximum bring-forward cap amount is $540,000.* *For 2016–17 (year 2), Marina's maximum bring-forward amount is still $540,000 and the cap used so far is $200,000. Therefore, her available cap is $340,000 ($540,000 minus $200,000). Marina makes a further contribution of $100,000 to her super in this year.* *For 2017–18 (year 3), Marina's maximum bring-forward amount is reduced to $460,000 and the cap used so far is $300,000 (contribution of $200,000 plus $100,000).* *Therefore, her unused bring-forward cap amount is $160,000.*
■ *48 years old* ■ *Has not accessed the bring-forward arrangements* ■ *Total superannuation balance of $1 million on 30 June 2017*		*On 26 May 2018, Jill makes a non-concessional contribution of $150,000 and triggers the bring-forward arrangement rules (as her contribution exceeds the annual cap of $100,000 for 2017–18).* *This means that for 2018–19 and 2019–20, the total amount of non-concessional contributions Jill can make to her super is $150,000 ($300,000 maximum bring-forward amount, less $150,000 contribution made in 2017–18).*
■ *52 years old* ■ *Total superannuation*		*As Tom's total superannuation balance exceeds the general transfer balance cap for the year, his non-concessional contributions cap for 2017–18 is nil.* *If he makes any non-concessional contributions to his super in*

balance of $1.7 million on 30 June 2017	*2017–18, he will have excess non-concessional contributions.*
	This will also be the case in any future years where his total superannuation balance exceeds the general transfer balance cap at the end of 30 June of the previous financial year.

References

ATOlaw topic(s)	Superannuation ~~ Income tax - individuals (superannuation) ~~ Other
Legislative references	■ LCR 2016/12 *Superannuation reform: total superannuation balance*
Related Rulings/Determinations	
Case references	
Other references	■ GN 2017/8 *Total superannuation balance*
ATO references	
BSL	SPR

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