Australian Government
Australian Taxation Office

Guidance note for super

GN 2017/8

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Total superannuation balance

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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

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This information is for people who:

- need to calculate their total superannuation balance to work out their eligibility for various super measures.

What is total superannuation balance?

The concept of 'total superannuation balance', which commences from the end of 30 June 2017, is a way to value your total super interests on a given date.

Your total superannuation balance is relevant when working out your eligibility for:

- the unused concessional contributions cap carry-forward
- the non-concessional contributions cap and the two- or three-year bring-forward period

- the government co-contribution
- the tax offset for spouse contributions.

If you are a trustee of a self-managed superannuation fund (SMSF) or a small APRA fund, your members' total superannuation balances will determine whether you can use the segregated assets method to calculate exempt current pension income (ECPI).

Total superannuation balance is generally calculated at the end of 30 June of each financial year. The first date it will be used to determine your eligibility for these measures is 30 June 2017.

For example, if your total superannuation balance at the end of 30 June 2017 is $1.6 million or more, then your 2017–18 non-concessional contributions cap is nil. Any non-concessional contributions you make in 2017–18 will be in excess of your cap.

Working out your total superannuation balance

Your total superannuation balance is calculated by:

- adding together
  - the accumulation phase value of your super interests that are not in the retirement phase
  - if you have a super income stream in the retirement phase, your 'transfer balance' or your 'modified transfer balance' (but not if it is less than nil)
  - the amount of any rollover superannuation benefit not already reflected in the accumulation phase value of your super interests or your transfer balance (that is, rollovers in transit between super funds on 30 June), then
- subtracting any personal injury or structured settlement contributions that have been paid into your super fund(s).

Accumulation phase value

Your 'accumulation phase value' is the total amount of super benefits that would be payable if you had voluntarily ceased a super interest at the time of calculation. Generally, this is the withdrawal value for an accumulation fund.

Alternatively, the superannuation regulations may specify a different method for determining the accumulation phase value if you have a defined benefit interest and you are not in retirement phase.

The accumulation phase value also includes:

- certain deferred super income streams
- transition-to-retirement income streams, and
- super income streams that have not complied with the pension or annuity standards or a commutation authority.

Retirement phase value

Your 'retirement phase value' is worked out using your transfer balance account at the end of 30 June, with modifications if you:

- have certain account-based super income stream(s), or
- have made structured settlement contributions to your super fund.

For account-based super income streams, the debits and credits in the transfer balance account are disregarded. Instead, your modified transfer balance includes the current value of the super interest that supports the account-based super income stream at the end of 30 June of the relevant financial year. The current value is the amount that would become payable if you were to voluntarily cease the interest.

If you only have account-based income streams, generally your retirement phase value will simply reflect the current value of those income streams.

All other super income streams retain the transfer balance account value, with modifications still required if you have made a structured settlement contribution to your super fund. In addition, certain transfer balance items are still taken into account (such as credits for excess transfer balance earnings and debits for non-commutable excess amounts).

Transitional arrangements for 30 June 2017

There are transitional provisions for working out your retirement phase value of your total superannuation balance at the end of 30 June 2017 because a transfer balance account does not commence until 1 July 2017.

The transitional arrangements apply, so that your transfer balance at the end of 30 June 2017 is equal to:

- the sum of your transfer balance credits just after the start of 1 July 2017, less
- any debits in relation to payment splits (if applicable).

This is subject to the transfer balance modifications for account-based income streams (see 'Retirement phase' above).

What's affected by your total superannuation balance?

Your total superannuation balance affects your eligibility for a number of measures.

Unused concessional contributions cap carry-forward

You may be able to carry forward, and use in a later year, up to five years of your unused concessional contributions cap, from 2018–19. The first year in which you can use the carry-forward for any unused amounts is 2019–20.

To be eligible, your total superannuation balance must be under $500,000 at the end of 30 June of the previous financial year.

Non-concessional contributions cap and the bring-forward

If your total superannuation balance at the end of 30 June in the previous financial year is less than the general transfer balance cap, you will be eligible for a non-concessional contributions cap ($100,000 in 2017–18).

You may be entitled to a two- or three-year bring-forward period for your non-concessional contributions cap based on your total superannuation balance.

For more information, refer to GN 2017/2 *Change to non-concessional contributions cap*.

Government co-contribution

You will **not** be eligible for the government co-contribution in a financial year if:

- your total superannuation balance is equal to or greater than the general transfer balance cap at the end of 30 June of the previous financial year, and
- you have exceeded your non-concessional contributions cap in that financial year.

Tax offset for spouse contributions

You will **not** be eligible for the tax offset for spouse contributions in 2017–18 and onwards if:

- your spouse's total superannuation balance is greater than the general transfer balance cap at the end of 30 June of the previous financial year, or
- your spouse has exceeded their non-concessional contributions cap in that financial year.

Segregated assets method to determine ECPI

An SMSF or small APRA fund will **not** be able to use the segregated assets method for determining exempt current pension income (ECPI) in a financial year (and must use the proportionate method for the full year) if:

- the fund has at least one member, that has an interest in the fund in retirement phase at any time during the financial year
- a member of the fund has a total superannuation balance of more than $1.6 million at the end of 30 June of the previous financial year, and
- that member is a retirement phase recipient of a super income stream from either the fund or another super provider.

What you can do

What you can do from 1 July 2017

Situation	Action
If you need to work out your total superannuation balance at end of 30 June of a financial year	Ensure you know the balances of all your interests in accumulation phase and the value of any super income streams at the end of 30 June of the relevant year. Your fund will have the most up-to-date information, so you may need to contact them. The information may also be on your annual statement. If you have a defined benefit interest and have not retired, you may need to contact your fund to determine the accumulation phase value of your interest. You also need to know the value of any concessional and non-concessional contributions you have made to your fund in the financial year. In particular, check if you have any rollover benefits that are still in transit between your funds on 30 June. If you have contributed a structured settlement payment to super or have a payment split, there are adjustments that need to be made.

Examples:

Main points	Example
Transitional rule (if already receiving a super income stream before 1 July 2017) ▪ *63 years old* ▪ *Account-based pension valued at $1,613,000 on 1 July 2017*	*In August 2016, Shunali commenced an account-based pension using her entire super interest of $1.6 million. Her pension is valued at $1,613,000 on 1 July 2017.* *Therefore, on 1 July 2017, her transfer balance account is credited $1,613,000, as this is the value of the super interest that supports her account-based pension. This credit will be disregarded and the balance increased by the amount that would become payable if the account-based pension voluntarily ceased just after the start of 1 July 2017 ($1,613,000).* *The transitional rule means that Shunali's total superannuation balance at the end of 30 June 2017 is $1,613,000 and, therefore, Shunali she will not be eligible to access certain super provisions (such as the non-concessional contributions cap).*
Accumulation phase value ▪ *50 years old* ▪ *Accumulation account balance at end of 30 June 2019 is $428,900*	*Chen is still working. Her employer has made compulsory employer contributions and she has salary sacrificed contributions into her super fund.* *Chen needs to calculate her total superannuation balance at the end of 30 June 2019 to work out if she is eligible to use the unused amount ($15,000) of her concessional contributions cap of $25,000 from 2018–19 in 2019–20.* *Chen's accumulation account balance of $428,900 at the end of 30 June 2019 is her accumulation phase value, as this is the amount of super benefits that would become payable if she voluntarily caused her interest to cease at that date.* *She has no retirement phase value, rollover super benefits or structured settlement contributions. Therefore, Chen's total superannuation balance is $428,900, which is below the $500,000 limit.* *She can make $40,000 ($25,000 plus $15,000) concessional contributions without exceeding her concessional contributions cap in 2019–20.*
Retirement phase value ▪ *Abdal is 60 years old* ▪ *Abdal has an account-based income stream valued at $1.59 million which commenced on 10 July 2017*	*Abdal's wife Nadiya makes spouse contributions on his behalf in 2018–19. As Abdal is not working, Nadiya wonders if she can get the tax offset for spouse contributions.* *Abdal's total superannuation balance as at the end of 30 June 2018 is equal to his modified transfer balance as he does not have an accumulation phase value, rollover superannuation benefits or structured settlement contributions. It is calculated as follows:* ▪ *Abdal had a transfer balance of $1.59 million on 10 July 2017* ▪ *Abdal's fund account statement for 2017–18 states that, at the end of 30 June 2018, his account balance was $1.61 million* ▪ *the retirement phase value is adjusted for account-*

	based super income streams, to equal the amount of the super benefits that would become payable if Abdal voluntarily caused the interest to cease at that time. *Therefore, Abdal's modified transfer balance, and subsequently his total superannuation balance, is $1.61 million.* *Nadiya will not be eligible for a tax offset as Abdal's total superannuation balance is above the general transfer balance cap of $1.6 million for 2018–19.*
Both accumulation and retirement phase values ■ *Life time pension with Fund B commenced on 10 August 2017* ■ *Accumulation interest with Fund A of $300,000 at the end of 30 June 2019.* ■ *54 years old*	*Artie sells a property and wants to trigger the bring forward provisions by making non-concessional contributions of $300,000 to Fund A in 2019–20. Artie has not previously triggered the bring-forward provisions.* *Artie's transfer balance account is currently $1 million, the credit of the special value from the commencement of his lifetime pension on 10 August 2017.* *At the end of 30 June 2019, Artie's total superannuation balance is $1.3 million, being the total of:* ■ *$300,000, being the value of his Fund A interest (accumulation phase value), and* ■ *the balance of his transfer balance account of $1 million (retirement phase value). His transfer balance account is not modified, as he does not have any account-based pensions or structured settlements.* *As Artie is under 65 years and has a total superannuation balance under $1.4 million, he is able to make non-concessional contributions of $300,000 over three years.*
Retirement phase value ■ *Account-based income stream and lifetime pension* ■ *64 years old* ■ *Family law payment split of 40% to his ex-spouse*	*Ray commenced an account-based income stream (value $500,000) on 1 December 2017 in his SMSF. The trustees of the SMSF currently use the segregated method to determine the fund's ECPI in a financial year.* *Ray also commenced to receive a lifetime pension (special value $1.5 million) on 1 January 2018 from an APRA fund. The pension is subject to a payment split under a family law agreement. Ray's former spouse receives 40% of Ray's pension payments. This means his transfer balance is $1.4 million ($500,000 plus $1.5 million minus $600,000).* *At the end of 30 June 2018, the balance of Ray's account-based super income stream from his SMSF is $450,000. Ray has no other interests in accumulation phase.* *Ray's modified transfer balance is calculated as follows:* ■ *the credit from the account-based super income stream is disregarded, leaving a balance of $900,000 ($1.4 million minus $500,000)* ■ *the current value of the account-based super income stream at the end of 30 June 2018 ($450,000) is added*

	■ *the modified transfer balance is $1,350,000 ($900,000 plus $450,000).* *Ray's total superannuation balance at the end of 30 June 2018 is $1,350,000. Therefore, his SMSF can continue to use the segregated method to determine ECPI in 2018–19.*
Accumulation phase value and structured settlement ■ *Accumulation account interest of $1 million* ■ *55 years old* ■ *Structured settlement of $2 million*	*Masayo is 55 years old and her only super interest is $1 million in accumulation phase. In 2017–18, Masayo is involved in an accident that results in her receiving a structured settlement of $2 million, which she contributes to her super fund on 15 May 2018.* *To determine whether she is eligible for the non-concessional contributions cap in 2018–19, Masayo works out her total superannuation balance at the end of 30 June 2018 as follows:* ■ *her accumulation phase value ($3 million), minus* ■ *her structured settlement contribution ($2 million).* *Her total superannuation balance is $1 million.* *As Masayo's total superannuation balance is below $1.6 million at the end of 30 June 2018, she is eligible for the non-concessional contributions cap in 2018–19.*

References

ATOlaw topic(s)	Superannuation ~~ Income tax - individuals (superannuation) ~~ Other
Legislative references	
Related Rulings/Determinations	▪ LCR 2016/12 *Superannuation reform: total superannuation balance*
Case references	
Other references	▪ GN 2017/2 *Change to non-concessional contributions cap* ▪ GN 2017/3 *Change to concessional contributions cap*
ATO references	
BSL	SPR