



EMPLOYER UPDATE



As at 20 May 2009

2009 Federal Budget Update

Read on to find out how superannuation-related Federal Budget changes may affect you and your employees. Please note the items listed below are changes proposed by the Government and have not yet been approved.

Concessional contribution limits halved

Concessional contributions are before-tax contributions paid to a superannuation fund by an employer in respect of an employee (they also include contributions by self-employed persons where a tax deduction is claimed). This includes superannuation guarantee (SG) and salary sacrifice contributions. Limits apply to the total of these contributions and any super contributed over the limit is subject to extra tax.

As a result of the Federal Budget, from 1 July 2009, the concessional contributions limit will be halved for those aged under 50 years, from \$50,000pa to \$25,000pa.

Members aged 50 and over will also be affected by a reduced concessional contribution limit, which will also be halved from \$100,000pa to \$50,000pa, during the transitional period.

Additional changes will also be made to concessional contribution limits from 2010 onwards as summarised in the table below.

BUSS(Q) would like to assist members stay under the contributions limit, and will be writing to members that may be affected by this change. We encourage members that would like to make larger contributions to their super to do so prior to the changes taking effect on 1 July 2009.

Financial year	Members under age 50	Members aged 50 & over
2008/09	\$50,000	\$100,000
2009/10	\$25,000	\$50,000
2010/11	\$25,000 (indexed*)	\$50,000
2011/12	\$25,000 (indexed*)	\$50,000
2012/13 onwards	\$25,000 (indexed*)	\$25,000 (indexed*)

**Indexing rules yet to be confirmed*

Government Co-contribution scheme changes

The Government Co-contribution scheme is designed to encourage workers earning under \$60,342pa to contribute more to their super, by offering them a bonus for making personal (after tax) contributions to their super.

From 1 July 2009 the Government has reduced the amount it will pay from a maximum of \$1.50 for every \$1 of personal contributions, to \$1 for every \$1 of personal contributions. This rate will apply for the next three financial years (09/10, 10/11 and 11/12), and then it will increase to \$1.25 for every \$1 in 2012/13, then return to \$1.50 for every \$1 from 2014/15.



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The Government Co-Contribution rates are summarised in the table below:

Financial year	Member Contribution	Maximum Government co-contribution	Rate of Government co-contribution
2008/09	\$1,000	\$1,500	\$1.50 for a \$1
2009/10	\$1,000	\$1,000	\$1 for a \$1
2010/11	\$1,000	\$1,000	\$1 for a \$1
2011/12	\$1,000	\$1,000	\$1 for a \$1
2012/13	\$1,000	\$1,250	\$1.25 for a \$1
2013/14	\$1,000	\$1,250	\$1.25 for a \$1
2014/15	\$1,000	\$1,500	\$1.50 for a \$1

Changes for pensioners

The Federal Budget also included several changes for pensioners, including:

Minimum drawdown requirements for Account Based Pension income streams

Earlier in the year, the Government agreed to temporarily reduce the minimum pension payment required to be drawn down from Account Based Pensions by 50%, to assist pensioners recover from any losses they may have experienced during the global economic downturn. The Government will continue this arrangement for the 2009/10 financial year.

Increase to age pension age

From 2017, the age at which a person can access the Government age pension will gradually increase from age 65 to age 67 for both males and females.

Increase to age pension

From 20 September 2009, single age pensioners will receive an increase of \$32.49 per week and couple age pensioners will receive an increase of \$10.14 per week (combined) to their full age pension.

Change to Income Test for age pensioners

From 20 September 2009, for every \$1 of income above the Income Test threshold, an age pensioner will now lose 50 cents in the dollar of their age pension entitlements, instead of only losing 40 cents in the dollar.

Closure of pension bonus scheme

From 20 September 2009, the pension bonus scheme will be closed to new entrants, but existing members will continue to accumulate their bonus entitlements.

Commonwealth Seniors Health Card

Gross tax-free superannuation pension income will not be included in the Income Test for the Seniors Health Card, as the Government had initially proposed in the 2008/09 Federal Budget.

If you have any questions about how the Federal Budget changes will affect you and your employees, please feel free to contact your BUSS(Q) Employer Representative by calling us on **FREECALL 1800 657 216 and we'll be happy to help you.**

Important Information

The advice supplied in this update is general advice only and does not take into account or consider your personal objectives, financial situation or needs. Before acting on this information, you should consider the appropriateness of the information to your individual needs or seek independent advice from a properly qualified professional. Before acquisition of a BUSS(Q) product, a Product Disclosure Statement should be obtained. A copy of BUSS(Q)'s Financial Services Guide and Product Disclosure Statements may be downloaded from the BUSS(Q) website www.bussq.com.au or you can request a copy by contacting BUSS(Q) on FREECALL 1800 657 216.

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