

Women's super Closing the gap

Wednesday 23rd August 2023



Welcome

 SUPERGUIDE

WEBINAR

Presenter

Kate Crawford

Kate has worked in the super industry for more than 20 years, with experience ranging from financial planning and member education to trustee services, complaints management, and learning and development.

She currently develops content and facilitates learning sessions for super professionals with the Association of Superannuation Funds (ASFA) as well as writing for SuperGuide.



IMPORTANT

Disclaimer

The information covered within this webinar is intended to be general in nature and is not personal financial (or financial product) advice. It does not take into account your objectives, financial situation or needs. Before acting on any information, you should consider the appropriateness of the information provided having regard to your objectives, financial situation and needs.

In particular, you should seek independent financial advice prior to making any investment decision.

You should consider the appropriateness of this information having regard to your individual situation and seek taxation advice from a registered tax agent before making any decision based on the content of this presentation.

Any examples & calculations within this presentation are provided for illustrative purposes only. They should not be relied on.

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Agenda

01 What are we facing?

02 Solutions - contributions

03 Solutions – spouse issues

04 Solutions for pre-retirees

05 Solutions for retirees

06 Q&A

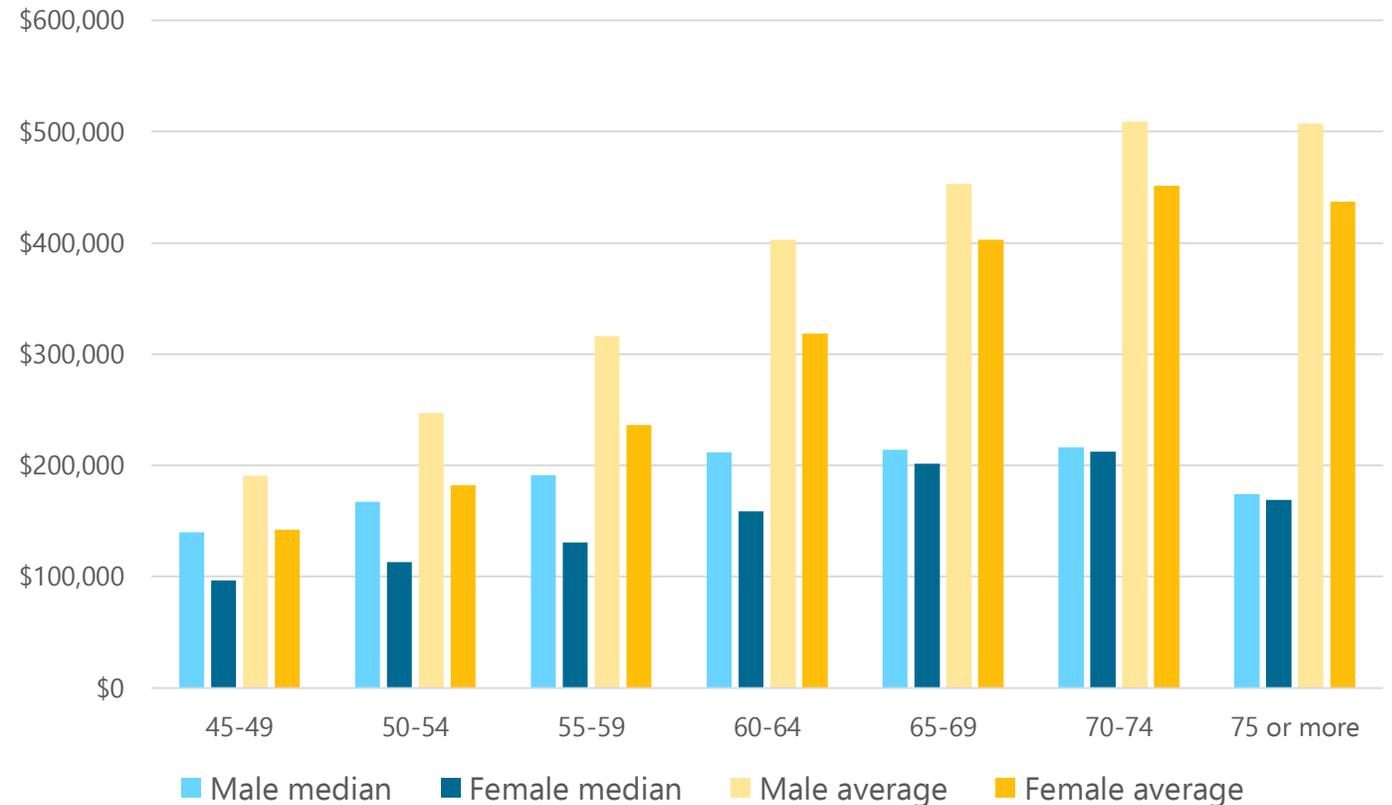


What are we facing?

Explained

- The gap is closing – women hold 43% of super assets, up from 40.8% in 2014
- Women's average balances have roughly tripled in the last 15 years vs men's doubling

Account balances by age and gender



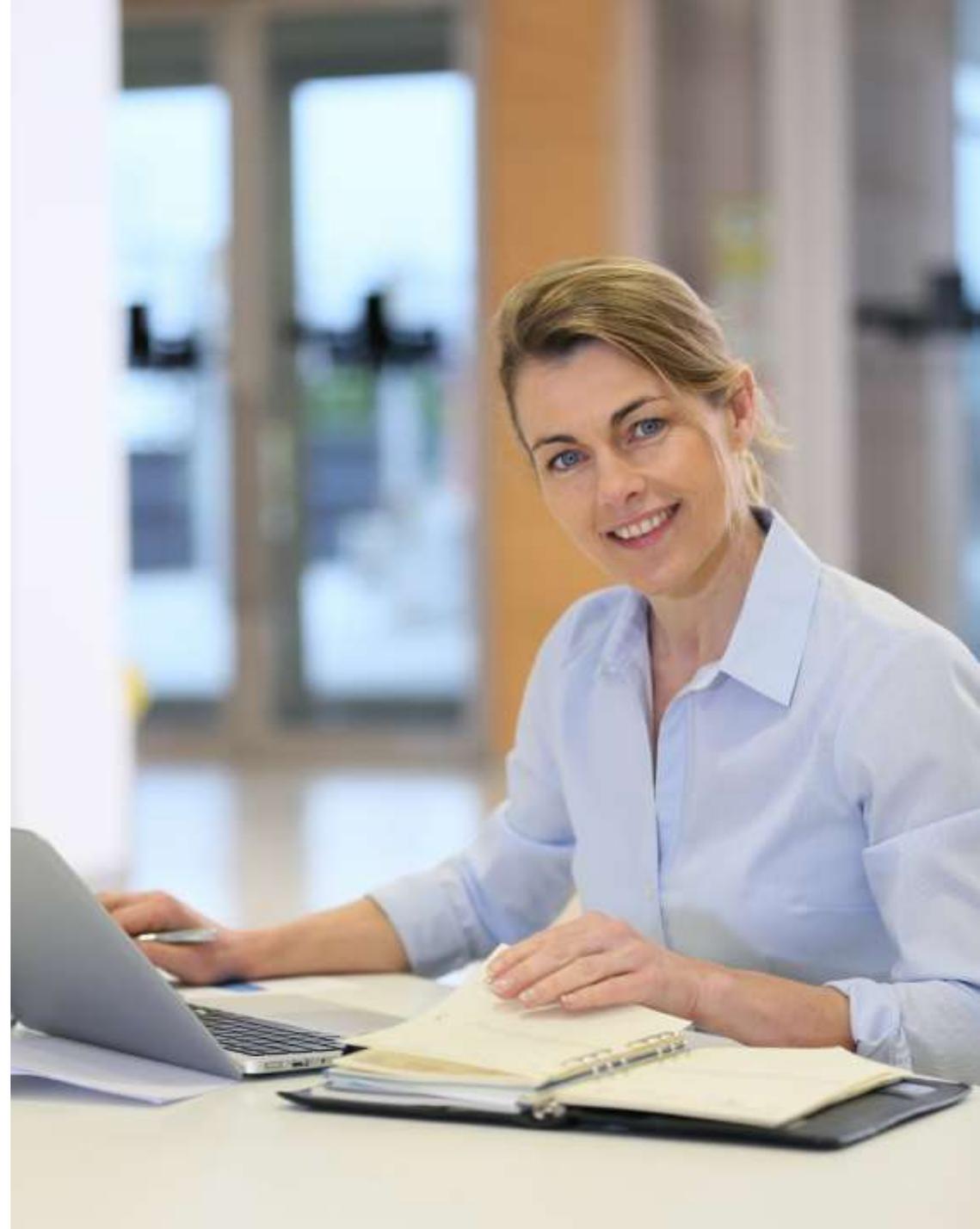
Source: ATO 2020-21 taxation statistics

Start here!

Being in a sub-standard fund could undo hard work you put in to build your balance

- Use APRA heatmaps to check your fund's fees and returns – make sure you select the right investment option.
- If concerned, complete further fund comparison – Applecheck or research

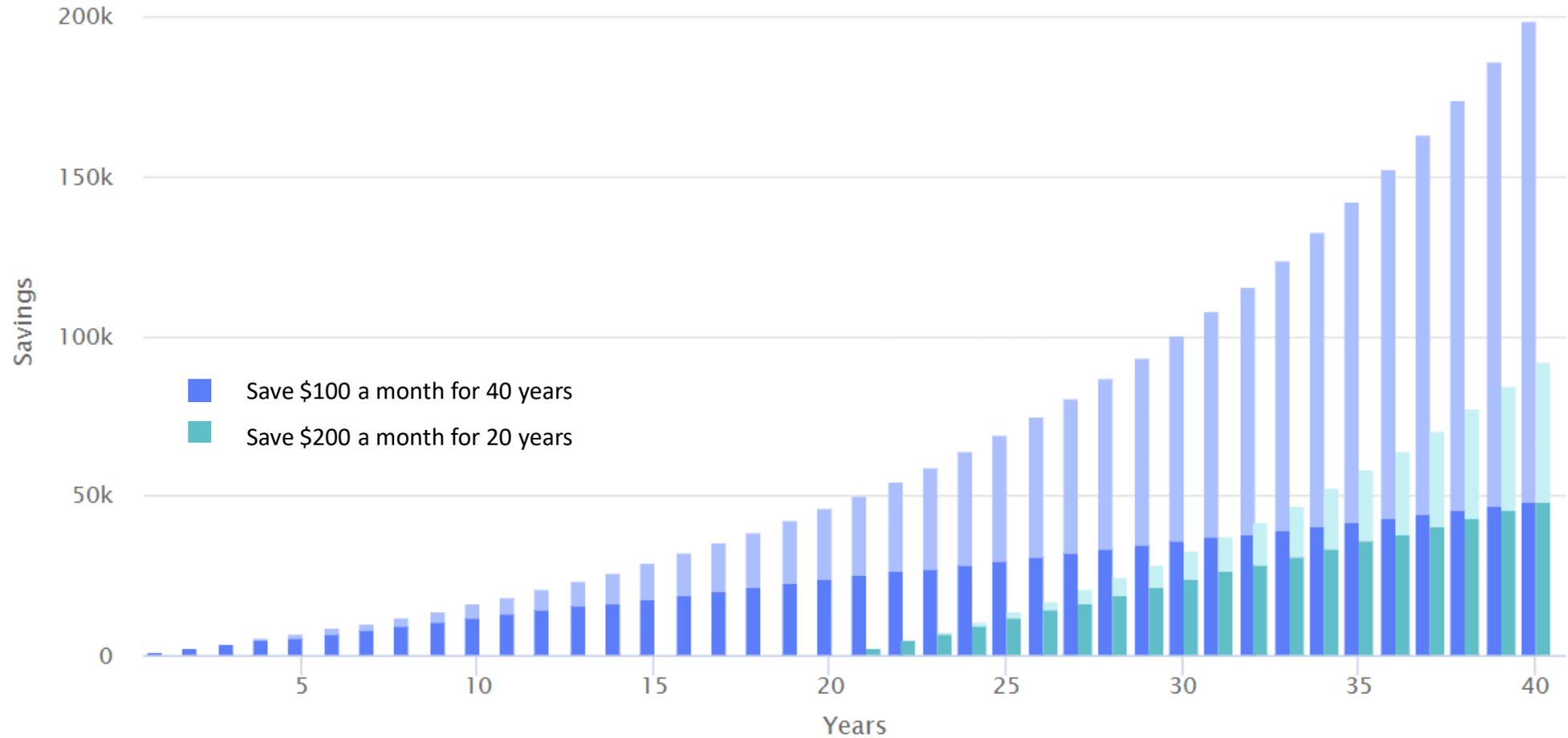
Investment option name	8 year Net Investment Return (NIR) p.a.	8 year NIR relative to SAA Benchmark Portfolio p.a.	5 year Net Investment Return (NIR) p.a.	5 year NIR relative to SAA Benchmark Portfolio p.a.	Administrative fees disclosed (\$50,000 account balance)	Administrative fees disclosed (\$100,000 account balance)	Total fees disclosed (\$50,000 account balance)
Indexed Balanced Accumulation	6.61%	0.55%	5.97%	0.18%	0.24%	0.13%	0.32%
Socially Responsible Investment (SRI) - Balanced Accumulation			7.54%	1.55%	0.24%	0.13%	0.57%
RIMT GROWTH	6.42%	-0.30%	5.59%	-0.76%	0.41%	0.33%	1.34%





Solutions - contributions

Start early



Strategies

Co contribution	Employer paid benefits	Catch up after time out of the workforce
<ul style="list-style-type: none">• For lower income earners <\$58,445 – starting out or working part time?• Get up to \$500 per year paid into super by ATO• Make a personal after-tax (non concessional) contribution to qualify	<ul style="list-style-type: none">• Super on employer paid parental leave (not compulsory)• Advocate for higher employer super contributions	<ul style="list-style-type: none">• Missed working years are a leading cause of lower super balances for women• Plan to replace lost contributions before or after time away• Use concessional carry-forward if possible

Carry-forward explained

Unused concessional cap accrues in years you contribute less than the cap (\$27.5K this year)



Carried forward amount can be used up to 5 financial years later



To trigger, contribute more than standard cap in one year. Total super balance must be below \$500K on prior 30 June

Carry forward: Examples

One year off	Prior contributions below cap
<ul style="list-style-type: none">• Chun usually contributes the full concessional cap amount each year• She took a year off in 2022-23• Chun will use the \$27,500 unused cap from 2022-23 over the next 5 years by contributing \$5,500 above the usual cap every year• After 5 years the unused cap space will be exhausted	<ul style="list-style-type: none">• Tracy is a sole trader and contributes \$10,000 per year in personal tax-deductible contributions• She has a total of \$80,000 in unused cap space (\$15,000 from 2018-19, 2019-20, and 2020-21 + \$17,500 from 2021-22 and 2022-23)• Tracy can contribute up to \$107,500 in deductible contributions during 2023-24 without generating excessive contributions

Resources



How carry-forward (catch-up) super contributions work

Janine Mace • Updated 20 July 2023

 Reading time: 4 minutes



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On this page

[What are carry-forward contributions?](#)

[Who can benefit from carry-forward contributions?](#)

[What are the eligibility rules?](#)

[How to check the carry-forward amount available to you](#)

[How are carry-forward contributions processed?](#)

[How carry-forward contributions work: Case studies](#)

Resources

Carry-forward concessional contributions

If the annual concessional contributions cap for the current year is exceeded, unused concessional contributions may be carried forward if the [eligibility criteria](#) is met.

The eligibility criteria to carry forward the unused concessional contributions has been met as the total superannuation balance is less than **\$500,000.00** at the end of 30 June of the previous financial year. Additional catch-up concessional contributions to the super fund(s) may be made.

The decisions that are made with this information can have tax consequences. We recommend that financial advice is obtained.

Total superannuation balance at 30 June 2022

\$228,142.28

Visit [total superannuation balance](#) to learn more.

Financial year

2022-23



Current as at **19 June 2023**

Unused concessional contributions available to carry forward Eligible

\$74,823.22

Eligible to carry forward unused concessional contributions cap because the total superannuation balance is less than **\$500,000.00** at the end of 30 June 2022.

2022-23 financial year

Description	Amount
Total carry-forward concessional contributions cap ⓘ	\$102,500.00
Concessional contributions ⓘ	\$27,676.78
Unused concessional contributions cap available to carry forward ⓘ	\$74,823.22

Solutions – spouse issues

Spouse contributions and splitting

- Spouse may contribute directly to your account (non-concessional). Tax offset if your income is below \$40,000 for that year. Maximum offset of \$540 for contributing spouse in return for \$3,000 contribution when receiving spouse earns under \$37,000.
- Contributions your spouse has made to their account can be transferred to yours (split) – WHY?
 - Equity between spouses
 - Stay under transfer balance cap or new \$3M cap
 - Retain super in the younger spouse's name to maximise Age Pension of older spouse

Splitting explained

What

Max lesser of 85% of concessional contributions or concessional cap
100% for untaxed funds

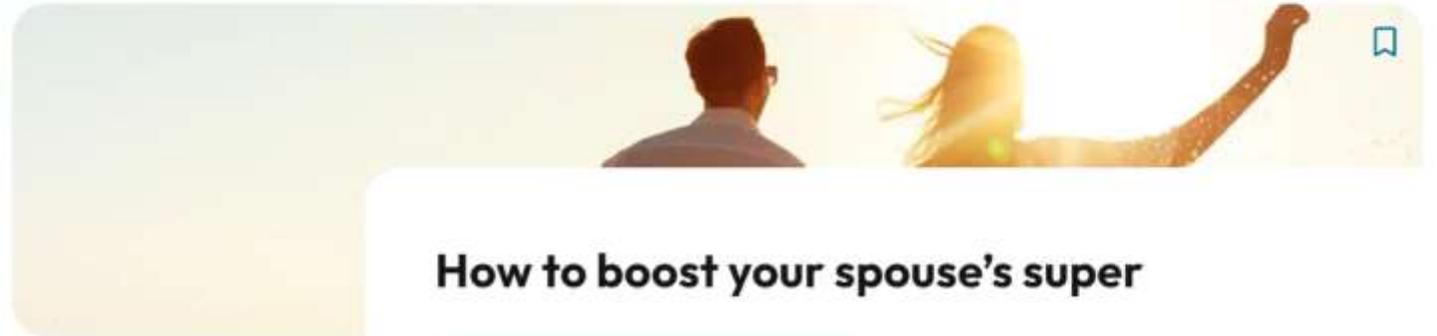
How

Apply in financial year following the year contributions were made
Splitting application from fund or ATO

Traps

Claim any deductible contributions first
Split only once per year
Receiving spouse must be under 65 and not retired

Resources



How to boost your spouse's super

Janine Mace • Updated 23 November 2022

 Reading time: 4 minutes



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On this page

[Strategy 1: Make a spouse contribution, get a tax offset](#)

[Strategy 2: Split your super contributions](#)

Topping up your spouse's super account is a great way to build the nest egg you will both get to share and enjoy during your retirement years.

What's more, you may be able to save yourself some tax in the process, which is something everyone enjoys.

If you're looking for easy ways to boost your spouse's super balance, read on



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Divorce or Separation

Relationship breakdown affects the financial plans of both partners.

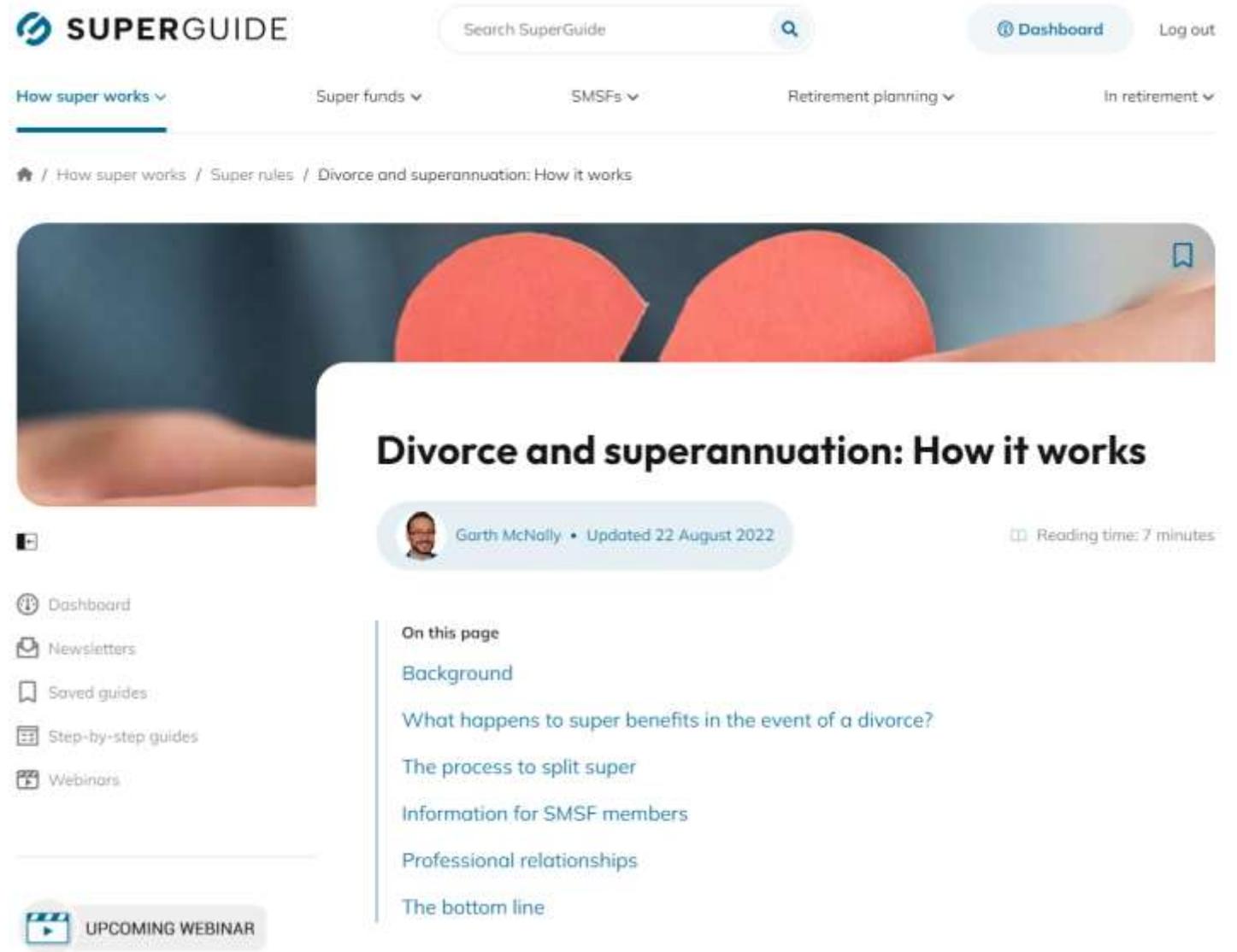
Super can be divided by mutual agreement or court order, whether married or de-facto.

Each partner must have independent legal representation.



Resources

<https://www.superguide.com.au/how-super-works/divorce-and-superannuation>



The screenshot shows the SuperGuide website interface. At the top, there is a navigation bar with the SuperGuide logo, a search bar, and links for 'Dashboard' and 'Log out'. Below the navigation bar, there are several menu items: 'How super works', 'Super funds', 'SMSFs', 'Retirement planning', and 'In retirement'. The main content area features a large image of hands holding a red heart, with a white overlay containing the article title 'Divorce and superannuation: How it works'. Below the title, the author's name 'Garth McNally' and the update date 'Updated 22 August 2022' are displayed, along with a 'Reading time: 7 minutes' indicator. A sidebar on the left contains a list of navigation options: 'Dashboard', 'Newsletters', 'Saved guides', 'Step-by-step guides', and 'Webinars'. At the bottom of the sidebar, there is a button for 'UPCOMING WEBINAR'.

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Divorce and superannuation: How it works

 Garth McNally • Updated 22 August 2022 Reading time: 7 minutes

On this page

- [Background](#)
- [What happens to super benefits in the event of a divorce?](#)
- [The process to split super](#)
- [Information for SMSF members](#)
- [Professional relationships](#)
- [The bottom line](#)

 **UPCOMING WEBINAR**



Solutions for pre-retirees

Transition to retirement

- Withdraw tax-free pension income after age 60 – max 10% per year of balance
- Additional income makes concessional super contributions affordable or allows a change to part-time employment
- Save tax and contribute more to super or extend time in the workforce

Example – trading taxable income for tax-free

Diya – age 60, \$80,000 income

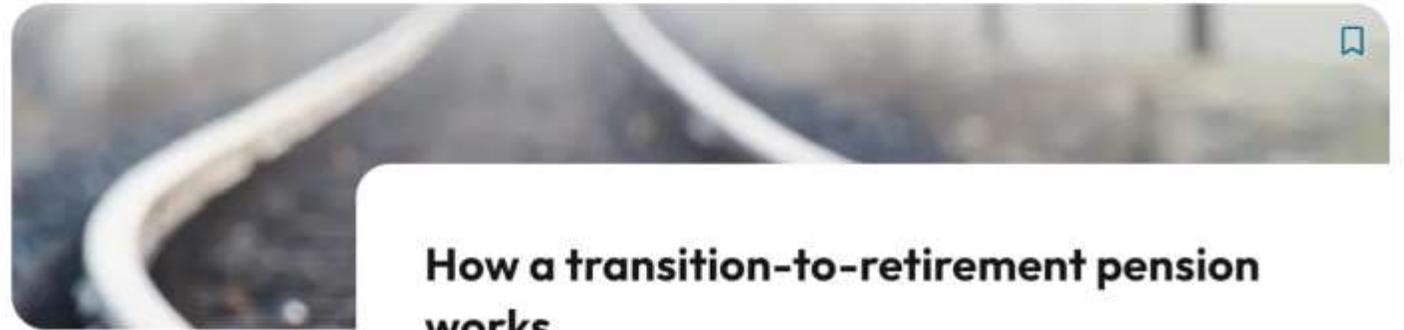
Start TTR with \$250K – withdraw \$25K

Salary sacrifice \$38,000 and maintain the same after-tax income.

After contribution tax, \$32,300 to be credited to her super account.

\$7,300 more going into super than is withdrawn – with no impact on the hip pocket

Resources



How a transition-to-retirement pension works



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Barbara Drury • Updated 1 July 2023

 Reading time: 4 minutes

On this page

[Am I eligible?](#)

[What are the advantages?](#)

[What are the drawbacks?](#)

[How do I get started?](#)

[How do I stop a TTR pension?](#)

[Can I start a TTR from my self-managed super fund \(SMSF\)?](#)



UPCOMING WEBINAR

Prepared to work longer?

It could boost your balance and reduce how long it needs to last

Long life expectancies and lower super balances are a bad combination for women

Access to super is possible while still working – combine super income with work income

The Age Pension also payable – means tested by income and assets but some work income disregarded (work bonus)

Solutions for retirees

Income stream management

Actively set your annual payment

Can you consider withdrawing more to be more comfortable?

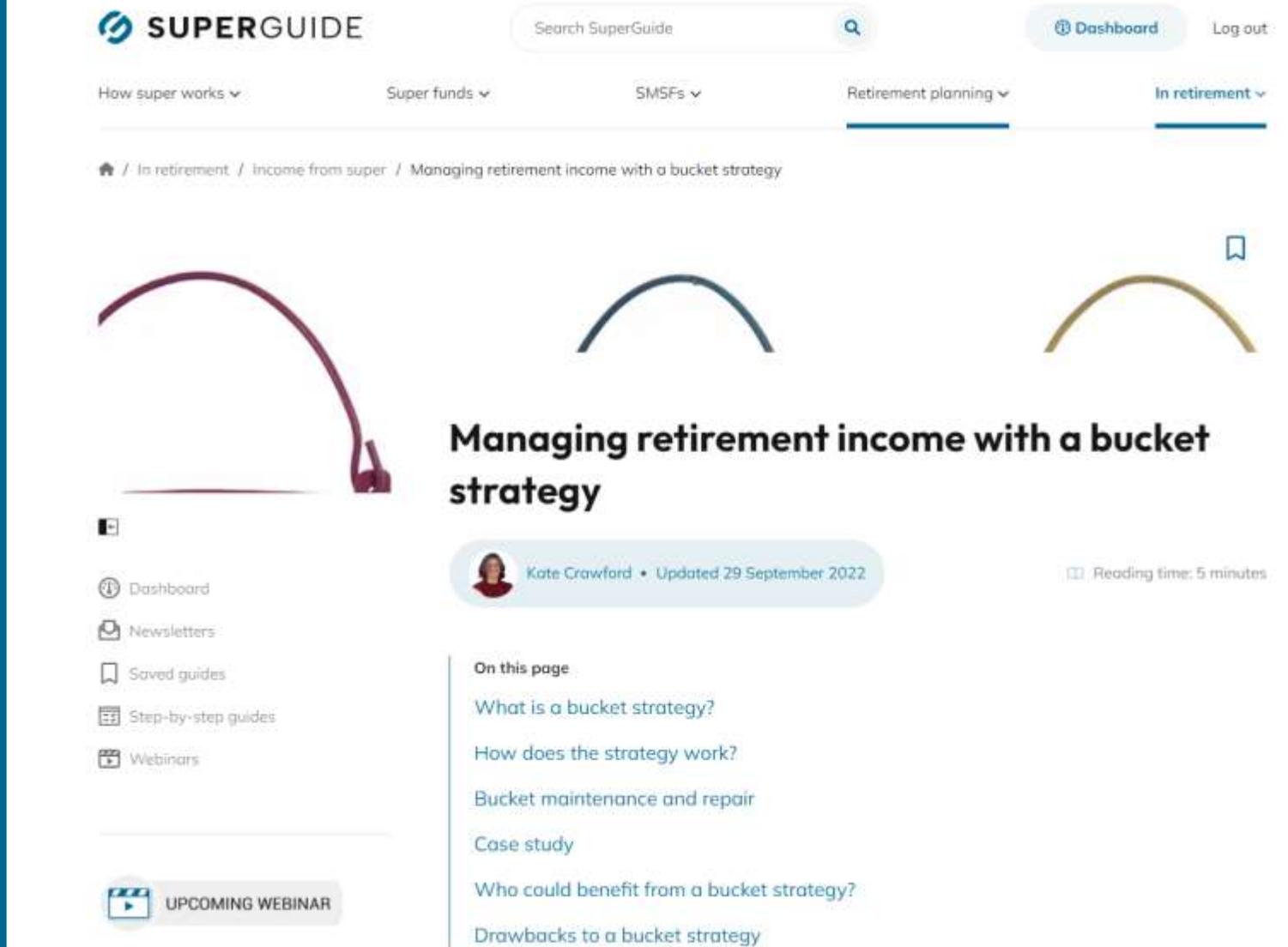
Consider your investment strategy

Can you include more growth assets to improve returns? Is a bucket strategy suitable?

Plan for longevity

Do you need a deferred annuity or other lifetime product?

Resources



The screenshot shows the SUPERGUIDE website interface. At the top left is the SUPERGUIDE logo. To its right is a search bar labeled 'Search SuperGuide'. Further right are links for 'Dashboard' and 'Log out'. Below the logo is a navigation menu with items: 'How super works', 'Super funds', 'SMSFs', 'Retirement planning', and 'In retirement'. The 'In retirement' item is highlighted with a blue underline. Below the navigation is a breadcrumb trail: 'Home / In retirement / Income from super / Managing retirement income with a bucket strategy'. The main content area features a large decorative graphic of three overlapping arches in purple, blue, and yellow. The article title 'Managing retirement income with a bucket strategy' is prominently displayed. Below the title, the author 'Kate Crawford' and the update date 'Updated 29 September 2022' are shown. A 'Reading time: 5 minutes' indicator is also present. On the left side of the article, there is a sidebar with a table of contents under the heading 'On this page', listing: 'What is a bucket strategy?', 'How does the strategy work?', 'Bucket maintenance and repair', 'Case study', 'Who could benefit from a bucket strategy?', and 'Drawbacks to a bucket strategy'. At the bottom left of the sidebar, there is a button labeled 'UPCOMING WEBINAR' with a play icon.

The home

Home equity is a valuable source of retirement income – especially if your super fell short

1. Downsize
2. Home Equity Access Scheme
3. Reverse mortgage

Proceeds of downsizing can be used to generate another income stream for retirement. Invest in super or privately/in an annuity

Contribute up to \$300,000 to super (\$600,000 if partnered) as a downsizer contribution outside usual limits if aged 55+

Combined loan and Age Pension of 1.5 times Age Pension maximum

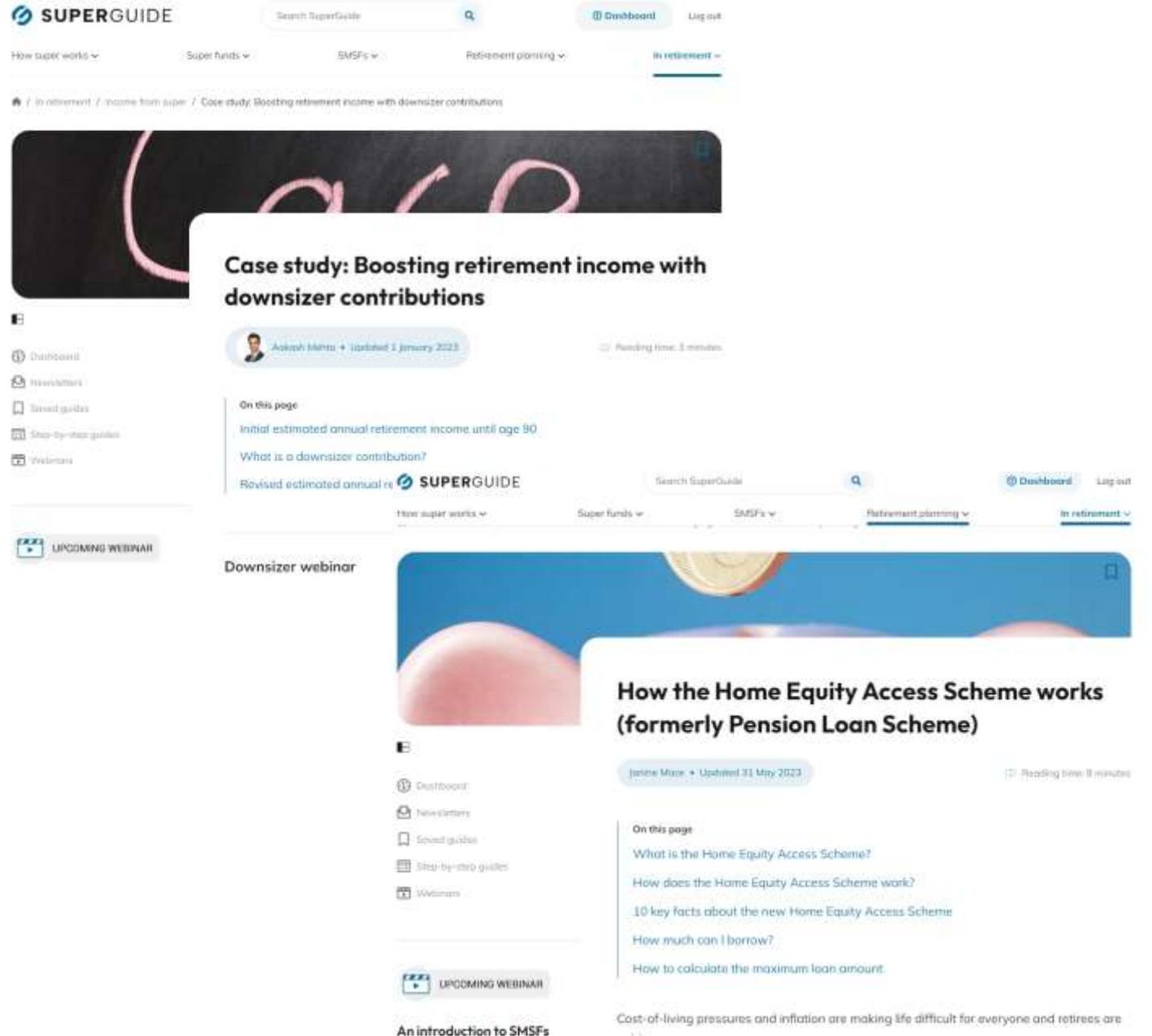
Lump sum advance available each 6 months @50% of maximum pension rate

No negative equity guarantee - 3.95% interest

More flexible than HEAS – lump sums available and equity level determines maximum loan

Interest rates higher. No negative equity since 2012

Resources



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🏠 / In retirement / Income from super / Case study: Boosting retirement income with downsizer contributions

Case study: Boosting retirement income with downsizer contributions

Akash Mehta • Issued 1 January 2023 Reading time: 5 minutes

On this page

- Initial estimated annual retirement income until age 90
- What is a downsizer contribution?
- Revised estimated annual retirement income

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Downsizer webinar

How the Home Equity Access Scheme works (formerly Pension Loan Scheme)

Jasmine Mace • Updated 31 May 2023 Reading time: 8 minutes

On this page

- What is the Home Equity Access Scheme?
- How does the Home Equity Access Scheme work?
- 10 key facts about the new Home Equity Access Scheme
- How much can I borrow?
- How to calculate the maximum loan amount.

Cost-of-living pressures and inflation are making life difficult for everyone and retirees are ...

UPCOMING WEBINAR

An introduction to SMSFs

Plan for inheritance

- Consider super contributions if you inherit a lump sum <75 – up to \$330,000 using bring forward
- Amounts invested in super can be used to start tax-free retirement pension
- If your spouse has a super pension a reversionary nomination gives breathing space
- A pension you inherit on a reversionary basis is not added to your transfer balance account for 12 months
- Time is precious at a difficult time to plan and avoid exceeding transfer balance cap

Example – reversionary nomination

Galena, started pension with \$1M, current TBC
\$1,714,000

Inherits \$1.2M reversionary pension from
spouse March '23

Has until March '24 to commute \$486K from
her pension and make space for \$1.2M
addition under her TBC

Without reversionary nomination would need
to withdraw funds from tax-free environment
sooner



Q&A

Questions?

How much can I contribute to super each year?
Are there thresholds that trigger forward events/tax implications?

Questions?

Will I still have the \$1.6 Million transfer cap on my SMSF after having this Fund since 2007 and now having over \$2 million in it, or does my Cap also move up to the \$1.9 million as from 1st July, 2023?

Questions?

What is the optimal super
balance to retire?
What is my retirement age?
I am now 54.