ClearView

ClearView **WealthSolutions**

Superannuation and Retirement Income

Update pursuant to ASIC Class Order 03/237

Date issued 1 July 2017

The information in this notice dated 1 July 2017, provides non-materially adverse updates to the WealthSolutions Superannuation and Retirement Income Product Disclosure Statement (**PDS**) and Additional Information Brochure (**AIB**) both issued 1 October 2015. This update is issued by ClearView Life Nominees Pty Limited ABN 37 003 682 175 AFSL 227683 (**CLN**) as Trustee for the ClearView Retirement Plan ABN 45 828 721 007. It should be read together with the PDS and AIB, which are available at **www.clearview.com.au**.

About this update

This update outlines the disclosure changes in respect of the following changes:

The government has announced a range of super tax reforms impacting contributions, transition to retirement pensions and retirement income streams. These changes have become law and come into effect from 1 July 2017.

This update outlines the disclosure changes in respect of the following super tax reforms effective from 1 July 2017:

1. $1.6 million limit on transferring super to a retirement income stream
2. Transition to retirement pension changes
3. Changes to non-concessional (after tax) contribution caps
4. Changes to concessional (before tax) contribution caps
5. Restrictions lifted on who can claim super tax deduction
6. Super tax offset available for low income earners
7. Additional death benefit payment abolished

Changes to the PDS (including the AIB) from 1 July 2017

1. $1.6 million limit on transferring super to a retirement income stream – what has changed?

From 1 July 2017, a cap of $1.6 million will be placed on the amount of super that you can transfer to a retirement income stream (e.g. account based pension) where there is no tax on the earnings. The balance of your super will be required to remain in an accumulation account where earnings are taxed at a maximum of 15% or must be withdrawn.

If you already own retirement income streams with a balance greater than $1.6 million, you may need to transfer the excess amount back to super or withdraw the funds by 1 July 2017 (some exemptions apply).

What are the PDS changes?

A. Replace:

The following table under the section 'How super works', sub-heading 'Contribution caps' on page 8 of the AIB:

Type of contribution	Cap for 2015/16
Concessional contributions	$30,000 (Under age 49 at 30 June 2015)
Concessional contributions – higher cap	$35,000 (Aged 49 or over at 30 June 2015)
Non-concessional contributions	$180,000

Type of contribution	Cap for 2015/16
Non-concessional contributions – bring forward option[1]	$540,000

1 The bring forward option is available where the person is 64 or less at 1 July in the year of contribution. This is the maximum contribution amount over a 3 year period.

With:

Type of contribution	**Cap for 2017/18**
Concessional contributions	**$25,000 (regardless of age)**
Non-concessional contributions[1]	**$100,000**
Non-concessional contributions – bring forward option[2]	**$300,000**

1 Non-concessional contributions will not be available if your total super balance exceeds $1.6 million.
2 From 1 July 2017, the ability to bring forward future year contributions is still available for those under 65 to a maximum of $300,000. The bring forward option is available where the person is 64 or less at 1 July in the year of contribution. This is the maximum contribution amount over a 3 year period.

B. After:

the end of the last paragraph under the section 'How retirement income works', sub-heading 'Pension eligibility' on page 11 of the AIB, insert:

'**Transfer balance cap**

From 1 July 2017, a 'transfer balance cap' applies to limit the total amount of super savings you can use to commence retirement phase income streams. The transfer balance cap is $1.6 million, for the 2017/18 financial year, although indexation may apply in future years and will apply on a pro-rata basis to existing pensions.

Retirement income streams include account based pensions, and most other income streams, but not transition to retirement income streams (including transition to retirement allocated pensions) unless a 'nil cashing' condition of release (such as attaining age 65 or retiring from the work force) has been met.'

2. Transition to retirement pension changes – what has changed?

A Transition to Retirement (TTR) pension can be commenced with preserved super funds once you reach preservation age even if you are still working. From 1 July 2017, the tax exemption on earnings generated from a TTR pension will be removed. Instead, the tax rate on earnings will be 15%. The tax treatment of income payments received from a TTR pension will not change (e.g. tax free income for those aged 60 and over).

What are the PDS changes?

C. Replace:

The following paragraph under the section 'How super is taxed', sub-heading 'Tax on earnings' on page 7 of the PDS:

'Investment earnings and capital gains are taxed at a maximum rate of 15% in WealthSolutions Superannuation. This is generally lower than the personal rate of tax that applies to income from most other investments. Different rates may apply if you are in an allocated pension or transition to retirement pension.'

With:

'Investment earnings and capital gains are taxed at a maximum rate of 15% in WealthSolutions Superannuation **and in transition to retirement pensions**. This is generally lower than the personal rate of tax that applies to income from most other investments. **Different rates may apply if you are in an allocated pension**.'

D. Replace:

The following sentence under the section 'How retirement income works, sub-heading 'Transition to retirement (non-commutable) pensions' on page 11 of the AIB:

'This pension has the same conditions and payment rules as an allocated pension, with the following exceptions:'

With:

'This pension has the same conditions and payment rules as an allocated pension, with the following exceptions:

- **From 1 July 2017, earnings generated within transition to retirement pensions will be taxed at 15%**'

3. Non-concessional (after tax) contributions – what has changed?

Before 1 July 2017, an annual cap of $180,000 (or up to $540,000 for those under 65) applied to non-concessional contributions (e.g. personal super contributions made from after-tax income and your own savings).

From 1 July 2017, a reduced non-concessional cap of $100,000 per year will apply with the ability to bring forward future year contributions still available for those under 65. However, your non-concessional cap will be $0 if your total super balance exceeds $1.6 million.

Any excess non-concessional contributions over these limits will need to be refunded or harsh penalty tax rates of up to 47% may apply.

What are the PDS changes?

E. Refer

to A above.

F. Remove:

The following paragraph and footnote under the section 'How super works', in the 'Non-concessional contributions' table on page 7 of the AIB:

'We are unable to accept any fund capped contributions (largely non-concessional contributions) which exceed the fund cap[1]. Where we receive a single non-concessional contribution which is in excess of $540,000, we will contact you or your financial adviser to arrange for the excess funds to be refunded. However, we cannot refund contributions which cumulatively exceed the contributions cap. Please speak to your financial adviser for more information about this option.

1 This 'fund cap' is $540,000 where the person is under 65 at the start of the financial year, otherwise it is $180,000.'

4. Concessional (before-tax) contributions – what has changed?

From 1 July 2017, the general concessional contributions cap will reduce to $25,000 per year for everyone. There will no longer be a higher cap for those aged 50 and over. Examples of concessional contributions include Super Guarantee contributions, tax deductible contributions and those made with pre-tax income such as salary sacrifice contributions.

Commencing from 1 July 2018, if your super balance is less than $500,000, you will have the ability to carry forward any unused concessional contribution cap over a rolling five year period.

Up to 30 June 2017, if you earn over $300,000 per year (taxable income plus non-excessive concessional contributions), you are required to pay a total tax of 30% on concessional contributions. This income threshold will reduce to $250,000 from 1 July 2017 resulting in more high income earners being required to pay the 30% rate.

What are the PDS changes?

G. Refer

to A above.

H. Replace:

The following footnote under the section 'How super works' on pages 6 and 7 of the AIB:

'1 Individuals with income greater than $300,000 may have additional Division 293 tax applied to certain concessional contributions within the concessional cap. The rate of Division 293 tax is 15%. The individual's income is added to certain super contributions and assessed against the high income threshold of $300,000 pa. Division 293 tax is payable on the excess over the threshold or on the super contributions, whichever is less.'

With:

'1 Individuals with income greater than **$250,000** may have additional Division 293 tax applied to certain concessional contributions. The rate of Division 293 tax is 15%. The individual's income is added to certain super contributions and assessed against the high income threshold of **$250,000** pa. Division 293 tax is payable on the excess over the threshold or on the super contributions, whichever is less.'

I. Replace:

The following sentence under the section 'How super works', sub-heading 'Release authorities' on page 8 of the AIB:

'If your total income and certain concessional super contributions exceeds $300,000, you will be subject to an additional 15% tax on some or all of your concessional contributions.'

With:

'If your total income and certain concessional super contributions exceeds **$250,000**, you will be subject to an additional 15% tax on some or all of your concessional contributions.'

5. Restrictions lifted on who can claim super tax deduction – what has changed?

From 1 July 2017, there will be no employment restriction placed on who can claim a tax deduction for personal super contributions (known as concessional contributions). Prior to 1 July 2017, you can only claim a tax deduction for your personal contributions if you are self-employed or earn less than 10% of your total income from employment as an employee.

What are the PDS changes?

J. Replace:

The following paragraph in the 'Concessional contributions' table under the section 'How super works', sub-heading 'How much can be contributed to super' on page 7 of the AIB:

'If less than 10% of your assessable income plus reportable fringe benefits and reportable super contributions is attributable to work as an employee, you can generally claim a tax deduction for 100% of all contributions up to age 75. This will be relevant to many self-employed people. Other conditions apply.'

With:

'**From 1 July 2017, a tax deduction will be available for all personal contributions to super irrespective of employment status.**'

6. Super tax offset available for low income earners – what has changed?

A Low Income Super Tax Offset will apply from 1 July 2017 which will replace the existing Low Income Super Contribution which is to cease at this time.

This tax offset will be used to reduce the contributions tax on concessional contributions (up to $500) and is available if your adjusted taxable income is less than $37,000.

What are the PDS changes?

K. Replace:

The following paragraph under the section headed 'How super works', sub heading 'Low income super contribution' on page 8 of the AIB:

'The low income super contribution[3] is a government super payment of up to $500 per year to help low-income earners save for retirement. If you earn $37,000 or less a year, you may be eligible for the extra government contribution which is calculated on your employer or personal tax deductible contributions.

3 The low income super contribution will not be available after 30 June 2017.'

With:

'The low income super tax offset is a government super **offset** of up to $500 per year to help low-income earners save for retirement. If you earn $37,000 or less a year, you may be eligible for the **offset** which is calculated on your employer or personal tax deductible contributions.'

7. Additional death benefit payment abolished – what has changed?

From 1 July 2017, the additional payment sometimes available when a death benefit lump sum is received (known as the anti-detriment payment), will be abolished.

What are the PDS changes?

L. Replace:

The following paragraph under the section headed 'Benefits of investing with WealthSolutions', sub heading 'Anti-detriment payments' on page 15 of the AIB:

'As part of our claim process we will assess each account for anti-detriment. Where the death benefit is paid directly to the deceased member's estate we will approve an anti-detriment payment providing there is clear and precise evidence that the ultimate beneficiaries of the death benefit will be the spouse, former spouse or child of the deceased member.'

With:

'As part of our claim process we will assess each account for anti-detriment **where the member died before 1 July 2017**. Where the death benefit is paid directly to the deceased member's estate we will approve an anti-detriment payment providing there is clear and precise evidence that the ultimate beneficiaries of the death benefit will be the spouse, former spouse or child of the deceased member.

An anti-detriment payment will not be available if the member dies after 1 July 2017. If the date of death is before 1 July 2017 an anti-detriment payment may still be available provided the lump sum is received by 1 July 2019.'

M. Replace:

the following paragraph under the section headed 'Benefits of investing with WealthSolutions', sub heading 'What happens to my investments on death?' on page 16 of the AIB:

'If you die whilst still a member with us, someone will need to lodge a death claim on behalf of your estate. Your financial adviser can assist with this or they can contact us on **1800 023 549**. We will then send them a death claim form to complete. As part of this process, we will assess your account for any anti-detriment benefit and then a benefit will become payable comprising the balance of your member account (after the deduction of any fees and taxes due).'

With:

'If you die whilst still a member with us, someone will need to lodge a death claim on behalf of your estate. Your financial adviser can assist with this or they can contact us on **1800 023 549**. We will then send them a death claim form to complete. As part of this process, we will assess your account for any anti-detriment benefit **where the member died before 1 July 2017,** and then a benefit will become payable comprising the balance of your member account (after the deduction of any fees and taxes due).'

Need more information?

Please speak to your financial adviser or contact WealthSolutions Service and Support Centre on **1800 023 549**.

More information on these changes is also available at www.ato.gov.au/Individuals/Super/Super-changes

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