



**FINANCIAL LIFETIME SOLUTIONS Pty Ltd**  
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**1300951915**

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## **2014 Federal Budget summary**

**14 May 2014 ( SUMMARY)**

**Dubbed the tough budget, it has lived up to its name.**

### **Highlights of the changes proposed to taxation, social security**

**Note:** These measures are proposals only and may or may not be made law.

- 1) A Temporary Budget Repair Levy of 2% will apply to those earning over \$180,000 for the new three financial years. This could make concessional contributions to superannuation attractive for these types of clients. For those on \$180,000 to \$300,000 the difference between the personal tax rate and the rate on concessional before tax superannuation contributions will be 34%.
- 2) Changes to the HELP System ( Students that borrow money to study courses at University) will increase the payments and payments will now start at lower income levels.
- 3) The income thresholds for determining the Private Health Insurance rebate and Medicare Levy Surcharge will not be indexed for 3 years starting in 2015, as peoples income rises they will be pushed through the thresholds this will result in a lower rebate or higher surcharge amount.
- 4) The dependant spouse and mature workers tax offset will be abolished from 1<sup>st</sup> July 2014
- 5) People that have contributed too much to superannuation and therefore exceed the contribution caps can withdrawl the excess amounts and earnings. Please note the government is going to consult further with the financial industry before implementing this.
- 6) The timeframe for the 12% superannuation will be amended, and will not be brought in until 2022. The Superannuation Guarantee payment will stay at 9.50% until 2018, then ratchet up from there.
- 7) The Aged Pension age of entitlement will gradually increase to age 70, this was being increased to age 67 as part of the previous governments planning. This is the pension age, not the superannuation retirement age. If you are self funded you can still retire before this, you just won't get the aged pension until you meet the age requirement and assuming you meet the income and asset tests.
- 8) Changes to Family Tax Benefit Part A and B. More stringent income eligibility , lower entitlements
- 9) Commonwealth Seniors Health Care Card thresholds will be indexed from 20<sup>th</sup> September 2014
- 10) Deeming rate thresholds. If clients are assessed for the pension under the income test, the thresholds are being lowered and therefore some financial assets will be subject to a higher deeming rate. Currently the thresholds are \$77,400 for a couple, this is being lowered to \$50,000.

These are what we feel are the most important points in the budget. We are here for you to discuss any of the measures and how this may affect your financial planning goals and objectives.

**ADVICE TO LAST A LIFE TIME**



## **Any questions?**

If you have any questions, please speak to us on **1300951915** between 9am and 5pm (AEST), Monday to Friday.

Parts of the budget update information has been sourced from the following

MLC Technical 2014 Federal Budget Analysis ( MLC Limited ABN 90000000402 AFSL 2306964)

BT Federal Budget Update 2014. That information has been prepared by BT Funds management Ltd ABN 63002916458.

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