LIGHTHOUSE
supersolutions

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2021-2022 Federal budget superannuation measures have passed both houses of Parliament.

In the 2021-2022 Federal Budget, the Treasurer announced several key superannuation measures. After a late night parliamentary session on 10th February 2022, *The Treasury Laws Amendment (Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest) Bill 2021* finally passed both Houses of Parliament, and is now awaiting Royal Assent.

- **Repealing the work test & extending the non-concessional contribution (NCC) bring-forward rule**

  From 1 July 2022, people aged 67 to 75[1] do not have to meet the work test to make, or receive, NCCs and salary sacrifice contributions.

  In addition, these people may access the NCC bring-forward rule. The bring-forward rule allows a member to make up to three years of non-concessional contributions in a single income year, if subject to the eligibility requirements outlined in our last newsletter. This means you can put in up to three times the annual cap of $110,000, which means you may be able to top up your super by $330,000 within the same financial year.

  However, people in this age group wishing to make personal deductible (concessional) contributions still need to meet the work test (gainfully employed for a period of no less than 40 hours in 30 consecutive days during the relevant financial year).

- **Extending access to downsizer contributions**

  From 1 July 2022, the minimum age for making a downsizer contribution reduces to age 60.

- **Removing the $450 per month threshold for Superannuation Guarantee (SG) eligibility**

  From 1 July 2022, the current $450 per month minimum income threshold, under which employers are not required to make SG payments for employees, no longer applies.

- **Increasing the maximum releasable amount under the First Home Super Saver Scheme (FHSSS)**

  From 1 July 2022, the maximum releasable amount of voluntary contributions made over multiple years under the FHSSS increases from $30,000 to $50,000.

- **Enabling trustees to choose their method of calculating exempt current pension income (ECPI)**

  From 1 July 2022, self-managed superannuation fund trustees may choose their preferred method of calculating ECPI when they have member interests in both accumulation and retirement phases for part, but not all, of the income year.

1. Within 28 days after the end of the month of turning 75.

IS IT A SCAM?

Naturally, people aspire to get the most out of their investments, especially if a great opportunity is presented by a 'trusted' organisation. However, investment scams occur more often than you may think, highlighting the risk both self-directed investors and SMSF trustees may potentially face when seeking new investment opportunities.

New data released from Scamwatch Australia has reinforced the sophistication and rapidly growing number of scams each year in Australia – which has caused a loss of over $851 million[2] in total in 2020 – $328 million of which related to investment scams. It is extremely important for you to remain vigilant and reach out to me, your trusted SMSF professional, before investing your retirement savings in a new product or service.

What does the data reported to Scamwatch Australia tell us?

During 2020, the average monetary value lost to scams has increased by 23%. Scammers have become more sophisticated in their approach, claiming to be from well-known investment organisations or government bodies, with the aim of extracting personal information from an individual.

Investment scams have caused the most financial harm to the Australian population throughout 2020 resulting in $328 million lost. Advancements in both technology and software design allow scammers to recreate websites to look identical to an actual organisation's site, meaning it is becoming increasingly difficult to identify what is a scam and what isn't.

Older Australians (65+) are often more at risk of being approached by scammers as they perceive this particular age group to have more accumulated wealth.

The top contact methods used by scammers include phone (47.7%), email (22%), text message (15%), internet (6.3%) and social networking (4.5%)[3]. Scammers will often inject a sense of urgency into their messaging, propose threats (particularly with tax scams), and request personal and banking information.

What should you do if you suspect a scam?

If someone attempts to scam you, there are several things you can do:

- Report the scam to Scamwatch Australia: scamwatch.gov.au/report-a-scam or ReportCyber: cyber.gov.au/acsc/report
- Do not provide any personal information that will allow a scammer to impersonate and retrieve your funds.
- Do not click on links you have received via text or email that have a substantial number of letters and numbers.
- If you have lost money to a scam, contact your financial institution immediately.
- If you have provided personal information and you are concerned your identity may be compromised, you can contact IDCARE for free support on 1800 595 160.
- Consider contacting the organisation the suspected scammer claims to work for – the organisation may be able to confirm your suspicions.

If you have been scammed or believe you have been scammed, you shouldn't feel embarrassed or ashamed. Financial scams are now crimes which are occurring regularly – many scams are very sophisticated and professional, and very experienced investors have lost money to scams. It is becoming increasingly important to discuss the risk of scams with family, friends, and peers.

If you need assistance with identifying whether you are being approached by a scammer or have been scammed, please feel free to contact us for a strictly confidential discussion.

WHAT HAPPENS IF I DIE WITHOUT A WILL?

If you were to pass away unexpectedly and did not have a valid Will in place, the law decides who is the beneficiary of your assets. This is what is known as 'dying intestate'. These rules apply to everyone and do not take into account an individual's wishes or specific situation (as a valid Will would).

If you were to die without a Will or a valid Will, then an application for a Grant of Letters of Administration will need to be made to the Supreme Court of your state or territory. In most instances, the grant is made to the next of kin of the deceased (eg. the spouse, domestic partner or a child of the deceased). The Supreme Court that you apply to will depend on the state/territory of your death, or where you lived or where the assets of your estate are located. For example, if you died in NSW and the majority of your assets are within NSW, you would apply to the NSW Supreme Court. If the assets however were situated in

2. ACCC Media Release, 7 June 2021
3. Scamwatch Australia Targeting Scams Report, 2020

Western Australia, the application would need to be made to the Western Australian Supreme Court.

There are specific rules regarding the distribution of a person's estate if a Will was not left. If the deceased was married, or in a de facto relationship at the time of their death, then the spouse will inherit the entire estate (after any liabilities have been discharged). Even when the deceased has children with their current spouse, the spouse still inherits the whole estate. However, if the deceased has a spouse and also children from another relationship, the spouse inherits the deceased's personal effects, a statutory legacy which is indexed each year, and 50% of the remaining estate. The remainder of the estate is distributed to the children.

If the deceased had no partner or children, the estate is generally bequeathed to (in cascading order or priority) is:

1. Parents;
2. Siblings;
3. Grandparents;
4. Uncles & Aunts;
5. Cousins;
6. NSW Government;

It should be noted that any property that was held by the deceased in *joint tenancy* will *automatically* transfer to the surviving party after their death.

Dying intestate in NSW means that someone else will decide who inherits your estate. The best way to ensure that your estate is left to the people you want to inherit it is to create a valid Will and seek advice from a suitably qualified legal professional.

Level 21/68 Pitt Street Sydney NSW 2000 • GPO Box 3581 Sydney NSW 2001 • ABN 12 357 968 859
T: 02 8224 8080 • F: 02 8224 8099 • E: info@lhsuper.com.au • W: www.lhsuper.com.au

Directors: D Grech • W Howson • A Crews