Product update

1 June 2017

1. Removal of minimums currently required to invest in the Balanced option

Prior to 1 July 2017, customers invested in the Balanced option were required to maintain a total account balance of $5,000 or have a regular contribution plan. If this minimum was not adhered to, their balance may have been transferred to the eligible rollover fund (ERF) and the account to be closed.

From 1 July 2017, the above requirement no longer applies and customers do not need to maintain a minimum account balance in order to invest in the Balanced option.

What does this mean for you?

To invest in the Balanced option, you no longer need to make regular contributions nor maintain a minimum total account balance of $5,000 in order to invest in this investment option.

2. Update to Operational Risk Financial Requirement (ORFR) Fee definition

The wording in the Fees section of the Product Disclosure Statement and the Product Guide has been updated to clarify that the fee is funding the ORFR and any administrative costs incurred by the Trustee to maintain the ORFR.

What does this mean for you?

There is no change to you as the amount of the fee is not changing (estimated to be between 0.03-0.14% p.a.). The ORFR fee as defined in the Significant Event Notice dated 21st April 2017 described it as being used to fund the ORFR. This wording has now been updated to reflect that the fee will be used to fund the ORFR and **any associated administration costs**.

3. Automatic closure of Share Trading accounts

From 1 July 2017, we may close your share trading account if you do not hold any Direct Shares and/or Exchange Traded Products within your investment portfolio and have not traded within the last 60 days.

What does this mean for you?

If you have a share trading account open, do not currently hold any Direct Shares and/or Exchange Traded Products within your investment portfolio and have not traded within the last 60 days we may close your account. If you wish to reopen a share trading account in the future it will take up to 2 business days.

4. Changes to the concessional and non-concessional caps

Effective from 1 July 2017 the concessional cap is decreasing to $25,000 for individuals of all ages. The non-concessional cap will also be decreasing from $180,000 p.a. to $100,000 p.a.

If you are under the age of 65 you may be eligible to 'bring forward' up to 3 years of non-concessional contributions. However, this will be limited to:

- 2 years of non-concessional contributions if your total super balance is $1.4 to less than $1.5 million
- 1 year of non-concessional contributions if your total super balance is between $1.5 to less than $1.6 million.
- No non-concessional contributions if your super balance is $1.6 million or more.

If your account balance is greater than $1.5 million you will not be eligible for the 'bring forward' rule.

What does this mean for you?

The value of contributions that you can make into your super account before exceeding your caps has increased. If you exceed the contribution caps excess contributions tax may still apply.

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5. New Transfer Balance Cap

The Transfer Balance cap measure is a limit imposed on the total amount that a member can transfer into a tax-free pension phase account from 1 July 2017.

The general transfer balance cap is $1.6 million for the 2017/18 financial year and will be indexed in line with CPI, rounded down to the nearest $100,000.

All ING DIRECT Living Super customers who hold a pension account on 1 July 2017 will have a personal balance cap of $1.6 million established at that time. Members who open an account on or after 1 July 2017 will have the balance cap imposed at the time the account is opened.

Individuals who exceed their personal transfer balance cap will be required to have their superannuation income streams commuted (in full or part) back into accumulation phase or withdraw the excess amount. Notional earnings on the excess amounts will be subject to an excess transfer balance tax.

What does this mean for you?

If you have a pension balance of $1.6 million or greater on 30 June 2017 you will be required to commute your income stream back into the accumulation phase or withdraw the excess amount. Notional earnings on any excess amounts will be subject to an excess transfer balance tax.

6. Removal of concessional tax treatment on income earned on Transition to Retirement accounts

From 1 July 2017, the earnings on a Transition to Retirement account will no longer be tax exempt.

What does this mean for you?

If you currently hold a Transition to Retirement account, the earnings will be taxed the same as an accumulation account (generally 15%). If you have already met a full condition of release please contact us to convert your Transition to Retirement account to a Pension account.

7. Increase to income threshold for tax offset for super contributions on behalf of your spouse

From 1 July 2017, if you earn less than $40,000 per year (previously $13,800 per year) your spouse may be eligible for a tax offset of up to $540 if your spouse makes an after-tax contribution to your account.

What does this mean for you?

Your spouse may be eligible for a tax offset if you earn less than $40,000 a year and your spouse makes an after tax contribution to your superannuation account.

8. Changes to the Low Income Super Contribution

From 1 July 2017, the Low Income Super Contribution (LISC) will now be renamed to the Low Income Superannuation Tax Offset. It will now continue into the 2017/18 financial year.

If you earn less than $37,000 a year (conditions apply), and your employer makes concessional (before-tax) superannuation contributions on your behalf, then you may be eligible for a refund of the contributions tax deducted from your superannuation account, paid directly to your superannuation account by the Government.

What does this mean for you?

If you earn less than $37,000 a year you may be eligible for a refund of the contributions tax deducted from your superannuation account.

9. High Income Earner Contributions Tax

From 1 July 2017, anyone earning more than $250,000 (conditions apply) may be subject to an additional 15% tax contributions tax on non-excessive concessional contributions.

What does this mean for you?

If you earn more than $250,000 in a Financial Year 17/18 onwards, you may be subject to an additional 15% contributions tax on non-excessive concessional contributions.

10. Tax deduction for personal superannuation contributions

From 1 July 2017 all individuals up to the age of 75 will be able to claim a tax deduction for personal superannuation contributions. The requirement that you derive less than 10% of your income from employment sources has also been abolished and regardless of your employment arrangement you may be able to claim a tax deduction. Those aged between 65 to 74 will still need to meet a work test in order to be eligible to make a contribution and claim a deduction.

What does this mean for you?

A greater number of people will now be eligible to claim a tax deduction on their personal contributions. For the full eligibility criteria, please refer to Section 7 of the ING DIRECT Living Super Product Guide.

11. Abolishment of Anti-detriment payments

From 1 July 2017, a superannuation fund will not be able to pay a refund of a member's lifetime superannuation contributions tax payments into a deceased estate, and likewise the super fund will not be able to claim a tax deduction for this payment.

What does this mean for you?

The government has removed the ability for anti-detriments payments to be deductible for deaths arising on or after 1 July 2017 or payments from 1 July 2019 for deaths arising prior to 1 July 2017.

12. Removal of election to treat income stream payments as lump sums

From 1 July 2017, individuals will not be able to treat certain superannuation income stream payments as lump sums for tax purposes (which are currently tax free up to the low rate cap of $195,000).

What does this mean for you?

If you receive pension payments you will no longer be able to treat these as lump sums for tax purposes.

13. Carry forward of unused concessional contributions

From 1 July 2018, you may be able to carry forward unused concessional contributions cap on a rolling basis for 5 years (conditions apply). Amounts carried forward that have not been used after 5 years will expire.

What does this mean for you?

If you are eligible to make concessional contributions and have not exceeded the cap you may be eligible to make contributions in excess of the annual concessional cap.

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