Wondering what the government might have in store for us over the next few years? Here’s a snapshot of some of the 2019/20 Federal Budget proposals that could affect your money, including your super.

Right now these are proposals only and are yet to be made law. If they go ahead, most of them would come into effect from 1 July 2020.

More super contribution options for people aged 65-66
The government will change contribution rules for older Australians to offer them more flexibility in saving for retirement.

From 1 July 2020 Australians aged 65 and 66 will be able to make both before and after-tax voluntary superannuation contributions, without meeting the ‘Work Test.’ This means the Work Test will align with the eligibility age for the Age Pension, which is scheduled to reach 67 from 1 July 2023.

The Work Test currently requires people aged 65-74 who want to make voluntary contributions to their super to work a minimum 40 hours in any 30 consecutive day period in the financial year the contributions are made.

The change also means people aged 65 and 66 will also be able to bring forward up to three years of non-concessional contributions (up to $300,000) without needing to meet the Work Test. An individual still can’t go over the current $1.6 million total super balance. Before these proposed changes, people aged 65 and over could not bring forward contributions.

Spouse contributions changes
From 1 July 2020 people up to and including age 74 will be able to receive spouse contributions and those aged 65 and 66 will no longer need to meet the Work Test. People aged 70 and over could not previously receive spouse contributions.

A receiving spouse will need to meet the Work Test from age 67.

More funding to respond to Royal Commission findings
The government has announced an additional $606.7 million over five years to support the response to the recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The package includes:

- creating an industry-funded compensations scheme for consumers and small business impacted by misconduct
- additional funding for the Australian Financial Complaints Authority to support a redress scheme for eligible complainants dating back to 1 January 2008
- more resources for regulators the Australian Securities and Investment Commission (ASIC) and the Australian Prudential Regulation Authority (APRA)
- establishing an independent authority to assess the ongoing effectiveness of ASIC and APRA.

Tax relief for low income earners
Taxpayers earning up to $126,000 per year will receive a tax cut.

Effective 2018-19, the maximum amount of the low-income tax offset will increase from $530 to $1,080 annually, and the base also increases from $200 to $255.

And for higher income earners
Taxpayers earning between $45,000 and $200,000 could have their tax rate reduced from 32.5 per cent to 30 per cent from 1 July 2024.

That means 94 per cent of taxpayers would pay a maximum of 30 cents in the dollar.

Centrelink pension income and Newstart recipients will receive a one-off tax free Energy Assistance Payment of $75 for singles and $125 for couples (combined) by 30 June 2019.

Want to know more?
You can find more about the Federal Budget 2019 announcements at budget.gov.au

Need advice?
Not sure what the proposed changes mean for you? Don’t feel you need to work it all out alone: our Advice Team is ready to help. Visit hesta.com.au/advice or call 1800 813 327.