

Regulatory changes effective 1 July 2023

As you may be aware, there are changes to the superannuation rules which come into effect from 1 July 2023, and which may apply to you. The changes include the following:

Superannuation Guarantee Percentage

The Superannuation Guarantee rate (SG rate), which is the minimum amount of super your employer legally must pay to your super, will increase from 10.5% to 11%. You should not have to do anything as the increase should be automatically applied by your employer.

Period	General Super Guarantee (%)
1 July 2022 – 30 June 2023	10.5
1 July 2023 – 30 June 2024	11.0
1 July 2024 – 30 June 2025	11.5
1 July 2025 – 30 June 2026 and onwards	12.0

[ATO website – Super Guarantee](#)

Transfer Balance Cap

The general transfer balance cap (TBC) will increase from \$1.7 million to \$1.9 million. The TBC is the amount of money that you can transfer into a tax-free retirement account.

Individuals have their own TBC. If your transfer balance account (TBA) reached \$1.7m or more at any point before 1 July 2023, your TBC after 1 July 2023 will remain at \$1.7m. If the highest amount in your account was less than \$1.7m, then your cap is proportionally indexed based on the highest ever balance your TBA reached.

In calculating your adjusted TBC, the ATO will look at the highest amount your TBA has ever been, then apply indexation to the unused cap amount.

For example, if you started a retirement income stream valued at \$1,200,000 on 1 July 2022 and this was the highest point your account reached before 1 July 2023, then your unused cap is \$500,000 (\$1.7m less \$1.2m). This unused cap amount is used to work out your unused cap percentage ($\$500,000/\$1,700,000=29\%$). The unused cap percentage is then applied to the indexation increase ($\$200k*29\%=\$58,823$) to create your new TBC of \$1,758,823.

You can view your personal TBC, available cap space, and TBA transactions online through the ATO link in myGov.

[ATO website – Transfer Balance Cap](#)

Pension Minimum Drawdown Rates

During the COVID-19 pandemic the Federal Government temporarily reduced the minimum pension drawdown rates for pension members to allow for greater flexibility. This was first put in place for the 2019/20 financial year and was later extended to the end of 2022/23. This means from 1 July 2023, the reduction to minimum drawdowns will come to an end, and the standard default minimum drawdown rates will apply.

You will not have to do anything as your pension payments will automatically revert to the latest minimum levels (if applicable).

Age	2019–20 to 2022–23 income years (inclusive)	2023-24 income years and onwards
Preservation Age to 64	2%	4%
65 to 74	2.5%	5%
75 to 79	3%	6%
80 to 84	3.5%	7%
85 to 89	4.5%	9%
90 to 94	5.5%	11%
95 and over	7%	14%

[ATO website – Changes to minimum annual payments for super income streams](#)

For more information on any of these changes please contact us or speak to your financial adviser.