LCG 2016/D12 - Superannuation reform: total superannuation balance

Australian Government
Australian Taxation Office

Draft Law Companion Guideline

LCG 2016/D12

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Superannuation reform: total superannuation balance

Relying on this draft Guideline

This draft Guideline describes how the Commissioner will apply the law in the Treasury Laws Amendment (Fair and Sustainable Superannuation) Act 2016 (the Act).

If you rely on this draft Guideline in good faith, you will not have to pay any underpaid tax, penalties or interest in respect of matters covered by the draft Guideline if it does not correctly state how a relevant provision applies to you.

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What this draft Guideline is about

1. The *Treasury Laws Amendment (Fair and Sustainable Superannuation) Act 2016* introduces the concept of an individual's total superannuation balance, which is a method for valuing an individual's total superannuation interests.

2. This draft Guideline provides guidance on how your total superannuation balance is calculated from 30 June 2017 and is relevant for determining your:

- eligibility for unused concessional contributions cap carry forward – if your total superannuation balance is less than $500,000 just before the start of the financial year you may be able to increase your concessional contributions cap. To do so you must also have unused concessional contributions cap for one or more of the previous 5 years.[1]
- eligibility for the non-concessional contributions cap and for the bring forward of your non-concessional contributions cap – if immediately before the start of the financial year your total superannuation balance is below the general transfer balance cap you will be eligible for a non-concessional contributions cap of four times your concessional contributions cap (not taking into account increases under the concessional cap carry forward measure) for the year.[2]

  You may also be eligible to bring forward your non-concessional contributions cap of two or three times the annual non-concessional cap depending on your total superannuation balance.[3]
- eligibility for the government co-contribution – in addition to the existing eligibility requirements, you will be eligible for the government co-contribution in an income year if:
  - (i) your non-concessional contributions for the financial year corresponding to the income year do not exceed your non-concessional contributions cap for the financial year, and
  - (ii) immediately before the start of that financial year, your total superannuation balance is less than the general transfer balance cap for that financial year.[4]
- eligibility for the tax offset for spouse contributions – in addition to the existing eligibility requirements, you will be entitled to the tax offset if:
  - (i) your spouse's non-concessional contributions for the financial year that corresponds to the income year do not exceed their non-concessional contributions cap for the financial year, or
  - (ii) immediately before the start of the financial year, your spouse's total superannuation balance is less than the general transfer balance cap for the financial year.[5]

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[1] Paragraph 291-20(3)(c).
[2] Paragraph 292-85(2)(a).
[3] Subsections 292-85(3) to 292-85(7).
[4] Paragraphs 6(1)(da) and 6(1)(db) of the *Superannuation (Government Co-contribution for Low Income Earners) Act 2003.*
[5] Subsection 290-230(4A).

3. Your total superannuation balance is also relevant to self-managed superannuation funds (SMSFs) and complying superannuation funds with less than 5 members (small APRA funds) for determining their eligibility to use the segregated assets method to determine their exempt current pension income (ECPI) – SMSFs and small APRA funds will not be able to use the segregated assets method for an income year if:

- at a time during the income year there is at least one superannuation interest in the fund that is in retirement phase
- just before the start of the income year a member of the fund has a total superannuation balance that exceeds $1.6 million and they are a retirement phase recipient of a superannuation income stream. However, they do not have to be receiving a superannuation income stream from their SMSF/small APRA fund as it can be from another superannuation income stream provider, and
- at a time during the income year this member has a superannuation interest (in accumulation or in retirement phase) in the fund.[6]

4. The eligibility requirements discussed in paragraph 2 of this draft Guideline use the terms ‘immediately before’ (eligibility for non-concessional contributions cap) and ‘just before’ the start of the financial year’ (eligibility for unused concessional contributions cap carry forward) as the relevant time for calculating your total superannuation balance. The Commissioner’s view is that both refer to the same point in time, which is at the end of 30 June of the previous financial year.

5. All legislative references are to the *Income Tax Assessment Act 1997* unless otherwise stated.

Total superannuation balance

6. Your total superannuation balance at a particular time[7], is the sum of:

- the **accumulation phase value** of your superannuation interests that are not in the retirement phase. This is explained further at paragraph 7 of this draft Guideline
- if you have a transfer balance account, **your transfer balance or your modified transfer balance** (but not less than nil). If you are the recipient of certain account-based income streams in the retirement phase[8] and/or have made any structured settlement contributions, your transfer balance is subject to modifications for the purpose of calculating your total superannuation balance. This is explained further in paragraph 14 of this draft Guideline, and
- the amount of any **roll-over superannuation benefit**[9] not already reflected in your accumulation phase value of your superannuation interests or your transfer balance. This is explained further at paragraph 26 of this draft Guideline,

reduced by the sum of any **structured settlement contributions**.

[6] Section 295-387.
[7] Section 307-230.
[8] Subsection 307-230(4).
[9] Subsection 995-1(1) provides that a roll-over superannuation benefit has the meaning given by section 306-10.

Accumulation phase value

7. The first component of your total superannuation balance is the accumulation phase value of your superannuation interests that are not in the retirement phase.

8. A superannuation interest will be in retirement phase if it supports a superannuation income stream where a superannuation income stream benefit is currently payable from it and it is not excluded from the retirement phase by operation of the law.[10]

9. A deferred superannuation income stream[11] that has not yet become payable and has not met a relevant condition of release, is included in the accumulation phase value. For example if you purchase a deferred superannuation income stream before meeting a relevant condition of release (such as retirement, terminal medical condition, permanent incapacity, or attaining age 65) it will form part of the accumulation phase value until you meet a condition of release.[12] Once you have met a relevant condition of release, the deferred superannuation income stream is included in your transfer balance as it is in the retirement phase.

10. Your accumulation phase value will also include transition to retirement income streams, non-commutable allocated annuities and non-commutable allocated pensions.[13]

11. Superannuation income streams that stop being in the retirement phase will also be included in the accumulation phase.[14]

12. The accumulation phase value[15] of your superannuation interest, at a particular time when the interest is not in the retirement phase, is:

- if the regulations specify that value or a method for determining that value – that value, or
- otherwise – the total amount of the superannuation benefits that would become payable if you voluntarily cause the interest to cease at that time.

13. The time that a contribution is made to your superannuation provider may be relevant for calculating your total superannuation balance. An example is when you initiate a transfer of funds on the 29 June 2018 to your superannuation provider to make a contribution which is received by your superannuation provider on 1 July 2018. As the contribution is received by your superannuation provider in the 2018-19 financial year, this contribution is made in the 2018-19 financial year and is not included in your total superannuation balance at the end of 30 June 2018.[16]

Transfer balance or modified transfer balance

14. The second component of your total superannuation balance is, if you have a transfer balance account, your transfer balance (but not less than nil).[17] Law Companion Guideline LCG 2016/D9 *Superannuation reform: transfer balance cap* provides guidance on how to calculate your transfer balance.

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[10] Subsection 307-80(1), (3) and (4).
[11] Has the meaning given by the *Superannuation Industry (Supervision) Regulations 1994.*
[12] Paragraph 307-80(2)(c).
[13] Subsection 307-80(3).
[14] Such as when an income stream stops being in the retirement phase under subsection 307-80(4) or when a superannuation income stream ceases to be a superannuation income stream because it has failed to comply with the rules or standards under which it is provided. See paragraphs 18 to 20 and paragraphs 96 to 102 of Taxation Ruling TR 2013/5 *Income tax: when a superannuation stream commences and ceases*.
[15] Subsection 307-205(2).
[16] Refer to Taxation Ruling TR 2010/1 *Income tax: superannuation contributions* and Taxation Determination TD 2013/22 *Income tax: 'concessional contributions– allocation of a superannuation contribution with effect from a day in the financial year in which the contribution was made* for further information.
[17] Paragraph 307-230(1)(b).

15. However, for the purpose of calculating your total superannuation balance, your transfer balance is modified if you have an account-based income stream in the retirement phase and/or you have made a structured settlement contribution to:

- reflect the current value of account-based superannuation interests in the retirement phase[18], and
- to disregard the effect of any debits to the transfer balance account that have arisen from a structured settlement contribution.[19]

16. The requirement that the transfer balance cannot be less than nil is applied after both the modifications discussed in paragraph 16 and 21 of this draft Guideline (where applicable) have been made.

Modifications for account-based income streams

17. For the purpose of calculating your total superannuation balance, your transfer balance is modified if a credit has arisen in your transfer balance account in regards to the following account-based income streams:

- allocated annuities
- allocated pensions
- account-based annuities
- account-based pensions
- market linked annuities
- market linked pensions.[20]

18. Your transfer balance is modified by disregarding certain debits and credits that have arisen in your transfer balance account in respect of a superannuation interest that support an account-based income stream. In practice, disregarding certain credits and debits means that the credits are subtracted from, and the debits are added back to your transfer balance.

19. The following credits and debits that have arisen in your transfer balance account are disregarded:

Credits that have arisen from

- you becoming a retirement phase recipient of a superannuation income stream.[21]

Debits that have arisen from

- a commutation of a superannuation income stream in the retirement phase[22]
- an event that results in your superannuation interest being reduced (fraud or dishonesty; bankruptcy)[23]
- a payment split (divorce or relationship breakdown)[24]
- superannuation income streams that fail to comply with the standards[25]

[18] Subsection 307-230(3).
[19] Subparagraph 307-230(2)(b)(i).
[20] Subsection 307-230(4).
[21] Items and 2 of the table in subsection 294-25(1).
[22] Item 1 of the table in subsection 294-80(1).
[23] Item 3 of the table in subsection 294-80(1).
[24] Item 4 of the table in subsection 294-80(1).

- a superannuation income stream provider failing to comply with a commutation authority.[26]

20. However, the following credit and debits that have arisen in your transfer balance account are not disregarded:

Credits that have arisen from

- excess transfer balance earnings.[27]

Debits that have arisen from

- structured settlement contributions[28] (a further modification to your transfer balance is required in regards to structured settlement contributions. This is explained further in paragraphs 22 and in Examples 5 and 7 of this draft Guideline).
- a notice issued under section 136-70 of Schedule 1 to the *Taxation Administration Act 1953* of non-commutable excess transfer balance.[29]

21. Your transfer balance is then increased by the total amount of superannuation benefits that would become payable if you had the right to and you voluntarily caused the superannuation interest that supports an account-based income stream to cease at that time.[30] This would equate to the superannuation lump sum that you could be paid at that time.

Modifications for structured settlement contributions

22. If you have made a structured settlement contribution,[31] a further modification is made to your transfer balance by disregarding the debit that has arisen in your transfer balance account in respect of the structured settlement contribution[32]. This modification applies to both account-based and non-account-based income streams.

23. The effect of this is that the structured settlement contribution debit is added back to the transfer balance. For account-based income streams, this will have the effect of negating the requirement discussed in paragraph 20 of this draft Guideline, where debits that have arisen because of structured settlement contributions relevant to account-based income streams are not initially disregarded. Refer to Example 4 of this draft Guideline.

Transitional arrangements for calculating your transfer balance just before 1 July 2017

24. There are some instances when you may need to determine your total superannuation balance just before 1 July 2017. For example you will need to determine your total superannuation balance just before 1 July 2017 if you are determining your eligibility to access your bring forward non-concessional contributions cap in the 2017-18 financial year.

25. The transitional provisions apply so that your transfer balance just before 1 July 2017 is taken to be equal to the sum of your transfer balance credits in your transfer balance account just after 1 July 2017, less the sum of any transfer balance debits in your

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[25] Item 5 of the table in subsection 294-80(1).
[26] Item 6 of the table in subsection 294-80(1).
[27] Item 3 of the table in subsection 294-25(1) .
[28] Item 2 of the table in subsection 297-80(1).
[29] Item 7 of the table in subsection 294-80(1) .
[30] Paragraph 307-205(3)(b).
[31] Subsection 995-1(1) and 294-80(2).
[32] Subparagraph 307-230(2)(b)(i).

transfer balance account arising from a payment split (subject to the applicable modification rules).[33] Refer to Examples 6 and 7 of this draft Guideline.

Roll-over superannuation benefits

26. The third component, if applicable, is the sum of any roll-over superannuation benefits that are not reflected in your accumulation phase value or your transfer balance.[34]

27. A roll-over superannuation benefit is included in your total superannuation balance at a particular time if it is:

- paid at or before that time, and
- received after that time by:
  - the complying superannuation plan, or
  - the entity from which the superannuation annuity is being purchased, and
- not reflected in your accumulation phase value or your transfer balance.

28. As explained in paragraph 2 of this draft Guideline, your total superannuation balance at the end of 30 June of a financial year is relevant for a number of eligibility requirements. This component of your total superannuation balance ensures that roll-overs that occur just before the end of a financial year are included in your total superannuation balance calculated at the end of 30 June of that financial year. Refer to Example 4 of this draft Guideline.

Reduce by structured settlement contributions

29. The last component of calculating your total superannuation balance is to reduce the sum of the accumulation phase value of your superannuation interests, your transfer balance or your modified transfer balance and any roll-over superannuation benefits by the sum of any structured settlement contributions.[35]

30. The effect of this is to exclude structured settlement contributions from counting towards your total superannuation balance.

Example 1: Account-based pension and defined benefit lifetime pension

31. *Shane commenced both an account-based pension ($500,000) and a defined benefit lifetime pension ($500,000) on 1 December 2017. He has no remaining superannuation interests in accumulation phase. Shane's transfer balance account commenced on 1 December 2017.*

32. *At the end of 30 June 2018, the amount that would be paid to Shane if he voluntarily ceased the account-based pension is $400,000.*

33. *Shane's total superannuation balance at the end of 30 June 2018 is the sum of:*

***Step 1** – Accumulation phase value = zero*

***Step 2** – Modified transfer balance*

Shane's transfer balance at the end of 30 June 2018 is $1,000,000:

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[33] Section 307-230 of the *Income Tax (Transitional Provisions) Act 1997.*
[34] Subsection 995-1(1) rollover-superannuation benefit has the meaning given by section 306-10.
[35] Paragraphs 307-230(2)(a) and 307-230(2)(b).

		Credit	Balance
1 Dec 2017	*Account-based pension*	*$500,000*	*$500,000*
1 Dec 2017	*Defined benefit lifetime pension*	*$500,000*	*$1,000,000*

(a) *Disregard the amount of the credit that has arisen in respect of the account-based pension ($500,000).*

(b) *Increase the balance by the amount that would become payable if the account-based pension was voluntarily ceased at the end of 30 June 2018. ($400,000).*

Credits and debits to Shane's transfer balance account that are relevant to his defined benefit lifetime pension are not disregarded.

Modified transfer balance is $1,000,000 – $500,000 + $400,000 = $900,000.

***Step 3** – Rollover superannuation benefits = zero*

***Step 4** – Structured settlement contributions = zero*

34. *Shane's total superannuation balance at the end of 30 June 2018 is $900,000 (Steps 1, 2, 3 and 4).*

Example 2: Partial commutation of account-based annuity

35. *Kathleen commenced an account-based annuity on 1 August 2018 with a value of $650,000.*

36. *On 1 March 2021 Kathleen partially commuted her annuity. The account balance of her annuity at the time was $500,000. She received a superannuation lump sum of $100,000 which she took out of the superannuation system as a cash payment.*

37. *The amount that would be paid to Kathleen if she voluntarily ceased the account-based annuity at the end of 30 June 2022 is $320,000.*

38. *Kathleen also has a superannuation interest in accumulation phase. The amount that would be payable to Kathleen from her accumulation phase interest if she were to voluntarily cease the interest at the end of 30 June 2022 is $20,000.*

39. *Kathleen's total superannuation balance at the end of 30 June 2022 is the sum of:*

***Step 1** – Accumulation phase value*

Value of Kathleen's superannuation interest not in retirement phase = $20,000.

***Step 2** – Modified transfer balance*

Kathleen's transfer balance at the end of 30 June 2022 is $550,000.

		Credit	Debit	Balance
01 Aug 2018	*Account-based annuity*	*$650,000*		*$650,000*
01 Mar 2021	*Partial commutation*		*$100,000*	*$550,000*

(a) *Disregard the amount of the credit that has arisen in respect of the account-based annuity ($650,000).*

(b) *Disregard the debit that has arisen from the partial commutation of the account-based annuity ($100,000).*

(c) *Increase the balance by the amount that would become payable if the account-based annuity was voluntarily ceased at the end of 30 June 2022 ($320,000).*

Modified transfer balance is $550,000 – $650,000 + $100,000 + 320,000 = $320,000.

***Step 3** – Rollover superannuation benefits = zero*

***Step 4** – Structured settlement contributions = zero*

40. *Kathleen's total superannuation balance at the end of 30 June 2022 is $340,000 (Steps 1, 2, 3 and 4).*

Example 3: Excess transfer balance credit

41. *On 1 April 2018 Erin commences an account-based pension. The value of the superannuation interest at the commencement of the pension was $2,000,000. The balance of her transfer balance account on 1 April 2018 is $2,000,000. Her transfer balance cap is $1,600,000. She has an excess transfer balance of $400,000.*

42. *On 1 May 2018, having realised her mistake, Erin partially commutes the pension to remove the excess and as a result receives a superannuation lump sum of $500,000.*

43. *For the 30 days that Erin's transfer balance account was in excess she accrued excess transfer balance earnings of $3,036 (assuming an earnings rate of 9.2%).*

44. *The amount that would be paid to Kathleen if she voluntarily ceased the account-based pension at the end of 30 June 2018 is $1,460,000. She has no other superannuation interests.*

45. *Erin's total superannuation balance at the end of 30 June 2018 is the sum of:*

***Step 1** – Accumulation phase value = zero*

***Step 2** – Modified transfer balance*

Erin's transfer balance account at the end of 30 June 2019 is $1,503,036.

		Credit	*Debit*	*Balance*
1 Apr 2018	*Account-based pension*	*$2,000,000*		*$2,000,000*
*2 Apr – 1 May 2018**	*Excess transfer balance earnings*	*$3,036*		*$2,003,036*
1 May 2018	*Partial commutation*		*$500,000*	*$1,503,036*

* Credits for excess transfer balance earnings arise on the start of the day after they have accrued.

(a) *Disregard the credit that has arisen in respect of the account-based pension ($2,000,000).*

(b) *The credit arising from the excess transfer balance earnings is not disregarded.*

(c) *Disregard the debit that has arisen from the partial commutation of the account-based pension ($500,000).*

(d) *Increase the balance by the amount that would become payable if the account-based pension was voluntarily ceased at the end of 30 June 2018 ($1,460,000).*

Modified transfer balance is:$1,503,036 – $2,000,000 +$500,000+$1,460,000 = $1,463,036.

***Step 3** – Rollover superannuation benefits = zero*

***Step 4** – Structured settlement contributions = zero*

46. *Erin's total superannuation balance at the end of 30 June 2022 is $1,463,036 (Steps 1, 2, 3 and 4).*

Example 4: Roll-over superannuation benefit

47. *Mai Lin has $200,000 in the accumulation phase in her superannuation fund. Mai Lin requests Fund A to roll-over $10,000 from Fund A to Fund B on 29 June 2019. It is received by Fund B on 1 July 2019.*

48. *Mai-Lin's total superannuation balance at the end of 30 June 2019 is the sum of:*

***Step 1** – Accumulation phase value*

Mai-Lin's roll-over superannuation benefit is not included in the accumulation phase value of her superannuation interests in Fund A or Fund B at the end of 30 June 2019.

Value of Mai-Lin's superannuation interest not in retirement phase = $190,000.

***Step 2** – Transfer balance = zero*

***Step 3** – Rollover superannuation benefits*

Roll-over superannuation benefit not reflected in accumulation phase value or transfer balance = $10,000.

***Step 4** – Structured settlement contributions = zero*

49. *Mai-Lin's total superannuation balance at the end of 30 June 2019 is $200,000 (Steps 1, 2, 3 and 4).*

Example 5: Structured settlement contribution

50. *On 12 October 2018 Jack is awarded a structured settlement of $1,800,000. He contributes this payment to his existing accumulation phase interest ($200,000) in his superannuation fund which brings his superannuation balance to $2,000,000.*

51. *On 30 November 2018 Jack commences an account-based pension of $1,800,000.*

52. *At the end of 30 June 2019, the amount that would be paid to Jack if he voluntarily ceased his account-based pension is $1,650,000.*

53. *At the end of 30 June 2019 the amount that would be payable to Jack from his accumulation phase interest if he were to voluntarily cease the interest is $250,000 (increased as a result of earnings).*

54. *Jack's total superannuation balance at the end of 30 June 2019 is the sum of:*

***Step 1** – Accumulation phase value*

Value of Jack's superannuation interest that is not in retirement phase = $250,000

***Step 2** – Modified transfer balance*

Jack's transfer balance account at the end of 30 June 2019 is zero.

		Credit	*Debit*	*Balance*
30 Nov 2018	*Account-based pension*	*$1,800,000,*		*$1,800,000,*
30 Nov 2018	*Structured settlement contributions*		*$1,800,000,*	*$0*

(a) *Disregard the amount of the credit that has arisen in respect of the account-based pension ($1,800,000).*

(b) *The debit arising from the structured settlement contribution is not disregarded.*

(c) *Increase the balance by the amount that would become payable if the account-based pension voluntarily ceased at the end of 30 June 2019 ($1,650,000).*

Transfer balance (modified for account-based pension) is $0 -$1,800,000 + $1,650,000= -$150,000.

Further modification of transfer balance for structured settlement

(d) *Disregard debit arising from the structured settlement contribution*

Modified transfer balance is -$150,000+$1,800,000 = $1,650,000

***Step 3** – Rollover superannuation benefits = zero*

***Step 4** – Structured settlement contributions = $1,800,000*

55. *Jack's total superannuation balance at the end of 30 June 2019 is $100,000 (Steps 1, 2, 3 and 4).*

Example 6: Transitional arrangements for total superannuation balance at the end of 30 June 2017 – account-based pension

56. *Tatsuya commenced an account-based pension on 16 November 2016 for $500,000. The value of the superannuation interest that supports the pension at the end of 30 June 2017 is $470,000. Accordingly, the value of the superannuation interest that supports the account-based pension just after the start of 1 July 2017 is also $470,000.*

57. *Tatsuya's total superannuation balance at the end of 30 June 2017 is the sum of:*

***Step 1** – Accumulation phase value = zero*

***Step 2** – Modified transfer balance*

The earliest that Tatsuya can commence to have a transfer balance account is 1 July 2017. The transitional arrangements apply so that his transfer balance at the end of 30 June 2017 is equal to the sum of his transfer balance credits just after the start of 1 July 2017.

On 1 July 2017 a credit arises in Tatsuya's transfer balance account equal to the value of the superannuation interest that supports the account-based pension at the end of 30 June 2017.

Tatsuya's transfer balance just after the start of 1 July 2017 is $470,000.

		Credit	*Debit*	*Balance*
1 Jul 2017	*Account-based pension*	*$470,000*		*$470,000*

(a) *Disregard the amount of the credit that has arisen in respect of the account-based pension just after the start of 1 July 2017 ($470,000).*

(b) *Increase the balance by the amount that would become payable if the account-based pension voluntarily ceased just after the start of 1 July 2017 ($470,000).*

Transitional modified transfer balance at 30 June 2017 = $470,000-$470,000+$470,000 = $470,000

Step 3 *– Roll-over superannuation benefits = zero*

Step 4 *– Structured settlement contributions = zero*

58. *Tatsuya's total superannuation balance at the end of 30 June 2018 is $470,000 (Steps 1, 2, 3 and 4).*

Example 7: Transitional arrangement for total superannuation balance at end of 30 June 2017 – structured settlement contribution and payment split

59. *On 12 October 2015 Cameron is awarded a structured settlement of $1,200,000. He contributes this payment to superannuation to commence an account-based pension.*

60. *At the end of 30 June 2017 the value of the superannuation interest supporting Cameron's account-based pension is $1,000,000. Accordingly, the value of the superannuation interest that supports the account-based pension just after the start of 1 July 2017 is also $1,000,000.*

61. *On 1 January 2016 Cameron also commenced defined benefit lifetime pension. Under a payment split, Cameron is entitled to 40% of the superannuation income stream benefits payable from the defined benefit lifetime pension. At the end of 30 June 2017 the special value of the interest supporting Cameron's lifetime pension is $600,000.*

62. *Cameron's total superannuation balance at the end of 30 June 2017 is the sum of:*

Step 1 *– Accumulation phase value = zero*

Step 2 *– Modified transfer balance*

The earliest that Cameron can commence to have a transfer balance account is 1 July 2017.

The transitional arrangements apply so that his transfer balance at the end of 30 June 2017 is equal to the sum of his transfer balance credits just after the start of 1 July 2017 less the debit for his payment split that arose on 1 July 2017.

Cameron's transfer balance just after the start of 1 July 2017 $1,240,000.

		Credit	*Debit*	*Balance*
1 July 2017	*Defined benefit lifetime pension*	*$600,000*		*$600,000*
1 July 2017	*Payment split*		*$360,000*	*$240,000*
1 July 2017	*Account-based pension*	*$1,000,000*		*$1,240,000*

(a) *Disregard the amount of the credit that has arisen in respect of the account-based pension just after the start of 1 July 2017 ($1,000,000).*

(b) *Increase the balance by the amount that would become payable if the account-based pension voluntarily ceased just after the start of 1 July 2017 ($1,000,000).*

Transitional modified transfer balance at 30 June 2017 =
$1,240,000 -$1,000,000 + $1,000,000= $1,240,000

***Step 3** – Rollover superannuation benefits = zero*

***Step 4** – Reduce by structured settlement contributions = $1,200,000*

63. *Cameron's total superannuation balance at the end of 30 June 2017 is $40,000 (Steps 1, 2, 3 and 4).*

Your comments

64. You are invited to comment on this draft Guideline. Please forward your comments to the contact officer by the due date.

Due date:	**6 February 2017**
Contact officer:	**Grahame Hager**
Email address:	**SuperConsultation@ato.gov.au**
Telephone:	**(02) 9374 8762**

References

ATOlaw topic(s)	Superannuation ~~ Income tax - individuals (superannuation) ~~ Other
Legislative references	ITAA 1997 ITAA 1997 290-230(4A) ITAA 1997 291-20(3)(a) ITAA 1997 292-85(2)(a) ITAA 1997 292-85(3) ITAA 1997 292-85(4) ITAA 1997 292-85(5) ITAA 1997 292-85(6) ITAA 1997 292-85(7) ITAA 1997 294-25(1) ITAA 1997 294-80(1) ITAA 1997 294-80(2) ITAA 1997 295-387 ITAA 1997 297-80(1) ITAA 1997 306-10 ITAA 1997 307-80(1) ITAA 1997 307-80(2)(a) ITAA 1997 307-80(3) ITAA 1997 307-80(4) ITAA 1997 307-205(2) ITAA 1997 307-205(3)(b) ITAA 1997 307-230 ITAA 1997 307-230(1)(b) ITAA 1997 307-230(2)(a) ITAA 1997 307-230(2)(b) ITAA 1997 307-230(2)(b)(i) ITAA 1997 307-230(3) ITAA 1997 307-230(4) ITAA 1997 995-1(1) ITTPA 1997 307-230 TAA 1953 Sch 1 136-70 Treasury Laws Amendment (Fair and Sustainable Superannuation) Act 2016 Superannuation (Government Co-contribution for Low Income Earners) Act 2003 6(1)(da) Superannuation (Government Co-contribution for Low Income Earners) Act 2003 6(1)(db) Superannuation Industry (Supervision) Regulations 1994
Related Rulings/Determinations	TR 2010/1, TR 2013/5, TD 2013/22, LCG 2016/D9
BSL	TCN