



## Div 296: when does the new tax on large super balances matter?

A new tax called Division 296 is being introduced for people with large super balances. It is designed to apply an extra 15% tax on earnings linked to superannuation balances above \$3 million, which means it will only affect a relatively small group of higher-balance members.

If your total super balance is below \$3 million at the relevant test date, Division 296 does not apply to you at this stage. However, if your balance is close to the \$3 million threshold, or already above it, there may be planning opportunities worth considering so you are not caught off guard in future years.

Division 296 looks at your total super balance across all super accounts in your name, including SMSFs and other funds, and compares the change in your balance over the year. This means the tax can take into account unrealised gains, not just income actually received, which may cause your additional tax to move around from year to year.

For those nearing \$3 million in super, it is sensible to monitor your balance and think carefully about the timing and amount of future contributions. In some cases, it may be more effective to direct new investments outside super once you are close to, or above, the threshold, especially if the tax saving inside super is reduced by Division 296.

If your super is already above \$3 million, the new rules may influence how you structure your retirement savings. Options can include reviewing how much you hold in accumulation versus pension phase, considering whether to share super balances more evenly between spouses where possible, and reassessing the mix of investments held inside and outside the super system.

While Division 296 will not affect most people today, it is a timely reminder for those with larger balances to review their overall retirement strategy. If your super is approaching or above \$3 million and you would like to understand what this change could mean for you, **contact the Count Gold Coast Wealth Management Team to discuss your options and potential planning strategies: 1300667897.**

