

PKF New England North West

SMSF Checklist

For the end of financial year



Self-managed Super Funds (SMSF) Checklist for End of Financial Year: Key Considerations for Trustees

As the end of the financial year approaches, SMSF trustees must ensure they have checked off important items on their checklist. Stay compliant and maximise your SMSF's potential this financial year.

□ Ensure your minimum pension payments have been made

The government has halved the minimum amount members must withdraw from their super fund as a pension for the 2019/20, 2020/21, 2021/22 & 2022/23 financial years. The 2023 financial year is the final year of the reduction. Minimum pension requirements will be returning to the normal percentages for the 2024 financial year. It is important for Trustees to plan for this change and to ensure that their SMSF has enough cash to cover its increased minimum pension requirements.

The minimum pension amounts for the 2023 financial year must be withdrawn by 30 June 2023. It is a good idea to leave plenty of time for financial institutions to process these payments, so best not to leave it until the last day.

If you are unsure of your minimum annual pension or whether you have met it for the 2023 financial year, please contact your SMSF Accountant as soon as possible.

□ Timing of contributions

If you are making a contribution for the 2023 financial year, the money must hit the super fund's bank account by the close of business on 30 June 2023. Be careful when making contributions through clearing houses as they can often hold on to these contributions for 7-30 days before presenting them to the individual's superannuation fund. It is when the fund receives the payment that the contribution is counted.

□ Contribution caps and changes to the work test

The government has once again changed the contribution work test rules. From 1 July 2022 if you are under 75 years old, you no longer need to meet the work test to make or receive non-concessional super contributions and salary sacrifice contributions. This provides a previously unavailable opportunity for those who can't pass the work test and are aged 67 to 74 to increase their super balances with further contributions. You will still need to pass the work test if you want to make personal concessional contributions and are aged 67 to 74 years old.

The 2023 concessional contribution cap is \$27,500 and includes Employer Super Guarantee contributions, Salary Sacrifice and personal deductible contributions. The 2023 non-concessional contribution cap is \$110,000 with some people being able to contribute up to 3 times this amount (\$330,000) using the 3 year bring forward non-concessional contributions provision. There are no changes to these caps in the 2024 financial year.

It is prudent for all trustees to review their year to date contributions to ensure that they do not exceed the contribution caps. If you need us to help you review your year to date contributions, please contact your SMSF Accountant.

□ Review your 'Carry forward' concessional contribution cap

The carry forward rule allows individuals to make additional concessional contributions in a financial year by utilising unused concessional contribution cap amounts from up to five previous financial years (first available year being 2019). If your total superannuation balance was less than \$500,000 at 1 July 2022 and you have not contributed the maximum concessional contribution each year since 2019, you can make "catch up" contributions prior to 30 June 2023.

□ Asset valuations

Regulations require assets to be valued at market-value each year, including real estate and collectibles. Valuations or market appraisals need to be obtained annually.

For property; depending on the property type and use, you may wish to either obtain a market appraisal from a licenced real estate agent or opt for a full valuation report from a licenced property valuer. Alternatively, you may perform a trustee's valuation which references recent comparable sales of like property to ascertain a reasonable value estimate.

For collectibles; for artworks, you would need to obtain a market appraisal from either an art dealer/appraiser, licenced second hand goods dealer with specific expertise in your asset category, appraisal from an auction house or if your collectible is a little more rare or specialised, obtaining a market appraisal from an expert in that particular area.

If you have any queries surrounding valuations or which type of valuation to obtain for your particular SMSF assets, please contact your SMSF Accountant who can assist you with further information.

□ Investment Strategy

The trustees of SMSF's are required to have a current investment strategy for their self-managed super fund. The regulations require the trustees to make, carry out and document decisions about investing the fund's assets and to carefully monitor the performance of the fund. The start of the new financial year is a good time to review your Funds investment goals and whether the current strategy still reflects these.

□ Insurance

If your SMSF is required to hold insurance for its members, ensure the insurance is at an adequate level of coverage and the premiums are paid. Don't forget that your insurance policy via the fund needs to be held in the name of the Trustee/s of the fund.

□ Record Keeping

Ensure the super fund's records are up to date to save on additional compliance fees. Examples of the records that we need include:

- Bank statements;
- Current investment valuations for property/collectibles/other assets;
- Current leases/rental statements;
- Purchase and sales contracts for any new or sold investments;
- Insurance policies; &
- Year end Income/Distribution Statements and Annual Tax statements (Managed Funds, Trusts or other entire Investment Portfolios);
- Financial Year Share Portfolio Tax Statements – these usually include dividend history, trading transaction history as well as a portfolio valuation for investments held at the end of the financial year.

For more information on self managed super funds, please contact Megan Mann from your PKF Superannuation team.

Contact us

Tamworth

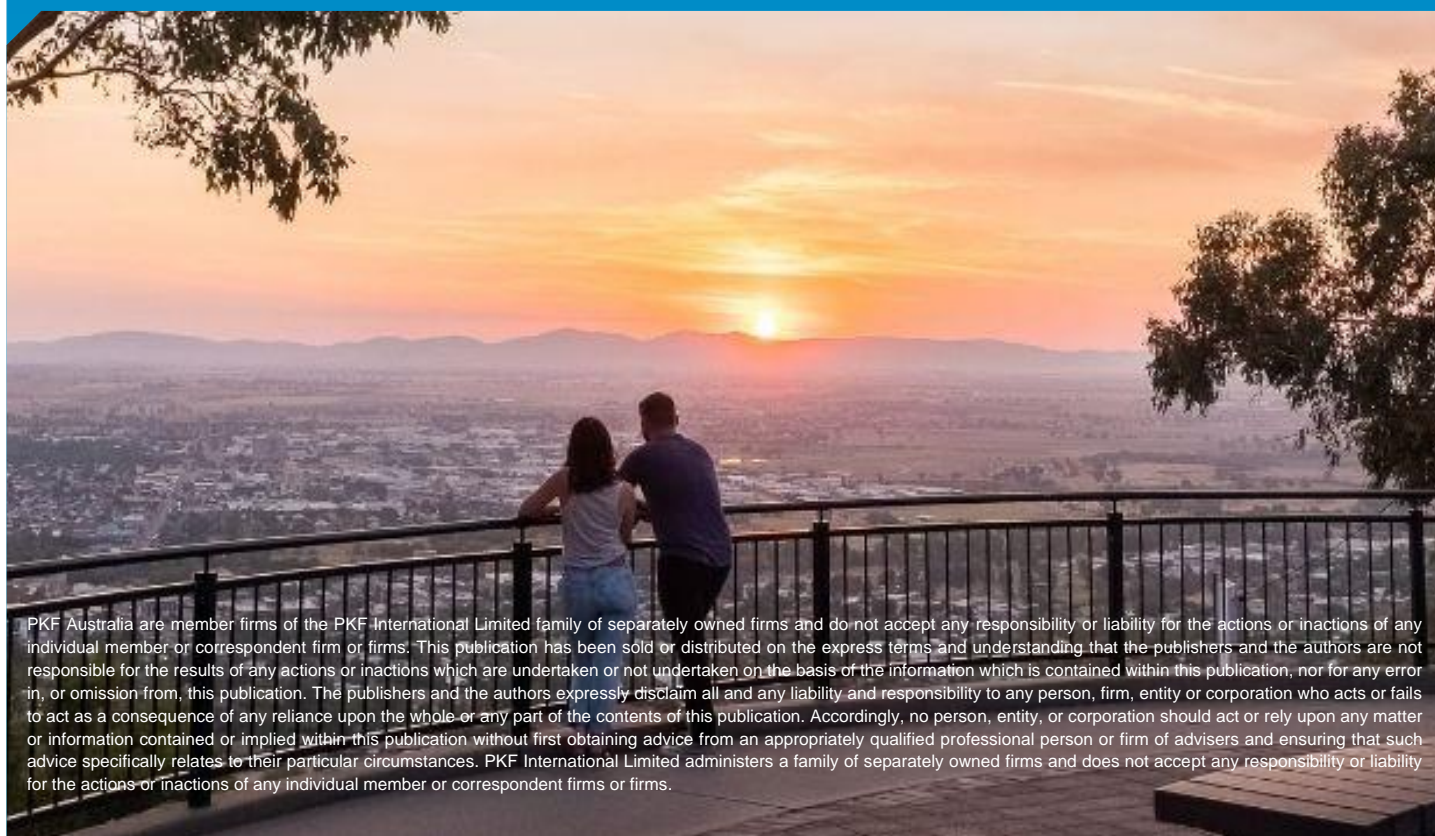
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