

MEDIA RELEASE

SMSFs and Accountants At Risk of Sinking Under “Second Wave” of Super Reforms

Thursday, 31 August 2017 – The volume of reporting by SMSFs under the incoming TBAR system could be dramatically larger than expected according to a new analysis by Class in its latest SMSF Benchmark Report.

Reportable events could rise by 340%, driven by a surge in pension commutations.

Class CEO Kevin Bungard said SMSFs and their advisers could be sunk by the second wave from the recent Super Reforms. The Reforms introduced a \$1.6 million cap on the amount that can be transferred to pension phase, which the TBAR (transfer balance account reporting) system will police.

“The volume of reporting that will be required is much bigger than you might think and people will be sunk without the right technology in place,” Mr Bungard said.

“The industry and the ATO are discussing how the impact on SMSF administrators will be managed but TBAR reporting will not go away because it’s vital to the integrity of the new Super Reform pension caps.

“It is absolutely essential that SMSF accountants and administrators have highly efficient reporting and administration in place to be able to promptly and accurately report this information to the ATO.”

TBAR requires commutations and establishments of super pensions to be reported in the month and quarter after they occur. This is a dramatic tightening of the current rules, where pension transactions are often reported nearly two years after the SMSF annual return is lodged.

The major reason for the higher volume of reporting is that over 50% of SMSF pensioners draw more than their required minimum per year. Many of those are likely to perform additional commutations to maintain room under the \$1.6 million cap for extra contributions.

Financial planner and SMSF specialist Liam Shorte said this commutation strategy would be “very popular”, and any amount of \$5,000 or above overdrawn from a pension was likely to be commuted.

“Advisers will recommend this move to ensure maximum availability of remaining pension caps just in case they are needed later,” he said.

Pension establishments will also contribute significantly to the reporting requirements because many pensioners have multiple pensions. Reportable events could also be increased by two-member SMSFs shifting funds between members to keep under the pension caps.

Click [here](#) to get the full details by requesting your complimentary copy of the SMSF Benchmark Report for the June 2017 quarter.

SMSF Benchmark Report Webinar – Surviving the Super Reforms

Class will be conducting special webinars on the analysis in the Benchmark Report at 11am today (AEST) and at 2pm on 5 September. Click [here](#) to register.

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About Class

Class was established in 2005 to develop and deliver industry strength software solutions for the Australian self-managed superannuation industry. Class Super is Australia's leading cloud SMSF administration software. Class Portfolio is a powerful administration and reporting solution for companies, trusts and individuals.

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