

## The Beginners' Guide

# What is the Bring-Forward Arrangement and how does it work?



**Are you looking for a way to add a large sum of money into your SMSF without any tax implications? Well, taking advantage of the Bring-Forward Arrangement might be your golden ticket.**

To understand how the Bring-Forward Arrangement works, you firstly need to understand what a non-concessional contribution is and how the non-concessional contribution cap works. So, before we dive into the nitty gritty, let's first go back to basics.

## What is a non-concessional contribution?

Generally speaking, a non-concessional contribution is after tax income that is contributed into your super. The money is not taxed again, however if you exceed the annual 'non-concessional contributions cap' then you may have to pay extra tax.

## What is the non-concessional contribution cap?

It is a limit on the amount of non-concessional contributions (i.e. after tax money) you can put into your superannuation each year without incurring a tax penalty. For the 2023/24 financial year, the non-concessional contribution cap is \$110,000. However, there is a catch; if at the end of the previous financial year your Total Super Balance is equal to or more than the General Transfer Balance Cap<sup>1</sup> (\$1.9 million for 2023/24), then your non-concessional contributions cap is \$0 for the given financial year.

There is a trick to getting around the annual non-concessional contribution cap, and that is where the 'Bring-Forward Arrangement' comes into play.

## What is the 'Bring-Forward' Arrangement?

The Bring-Forward Arrangement allows you to make up to three years' worth of non-concessional contributions in one financial year. In other words, you are 'bringing forward' two years' worth of future non-concessional contribution caps and potentially using all three years' worth within one year. Any amount of the Bring-Forward cap that is unused in the first year can be used in the remaining one or two years.

Eligibility for the Bring-Forward Arrangement depends on your age and Total Super Balance. From 2022/23, individuals under the age of 75 are eligible to use the Bring-Forward Arrangement. Your Total Super Balance will determine how many non-concessional contribution caps you can 'bring forward'.

Bring-Forward cap first year (applying to 2023/24)		
Total Super Balance on 30 June 2023	Non-concessional cap for first year	Bring-Forward Period
Less than \$1.68 million	\$330,000	3 years
\$1.68 million to less than \$1.79 million	\$220,000	2 years
\$1.79 million to less than \$1.9 million	\$110,000	No bring-forward period, general non-concessional contribution cap applies
\$1.9 million or more	\$0	N/A

### Disclaimer

The information in this document is provided by Act2 Solutions Pty Limited ABN (Act2 Solutions). It is factual information only and is not intended to be financial product advice, tax advice or legal advice and should not be relied upon as such. The information is general in nature and may omit detail that could be significant to your particular circumstances. While all care has been taken to ensure the information is correct at the time of publishing, superannuation and tax legislation can change from time to time and Act2 Solutions is not liable for any loss arising from reliance on this information, including reliance on information that is no longer current. Tax is only one consideration when making a financial decision. We recommend that you seek appropriate professional advice before making any financial decisions.

For example, in the table above, if your Total Super Balance on 30 June 2023 June was less than \$1.68 million then you could contribute up to 3 times the annual non-concessional contribution over three years. If you were to contribute \$330,000 in 2023/24 then your non-concessional contribution cap would be \$0 for the next two years. Alternatively, if you were to contribute \$220,000 in 2023/24 then your non-concessional contribution cap would be \$110,000 for the next two years.

From 2017/18 and onwards, the remaining non-concessional contribution cap for the second or third year of a bring-forward arrangement will be \$0 if your Total Super Balance is greater than or equal to the General Transfer Balance cap at the end of 30 June of the previous financial year. To see what the General Transfer Balance cap is for a given financial year [click here](#).

Once you trigger the Bring-Forward Arrangement, any change to the non-concessional contribution cap in future years will not apply to you. For example, if in the second year of the Bring-Forward period the non-concessional contribution cap increases to \$120,000 due to indexation, your Bring-Forward non-concessional cap will remain at \$330,000 (\$110,000 x 3).

**Techspert Tip: The Bring-Forward Arrangement is automatically triggered when you exceed your non-concessional contribution cap. To see if you have already triggered the Bring-Forward Arrangement, log onto your ATO account and select 'Super,' then 'Information', then 'Bring-forward arrangement'.**



<sup>1</sup>General transfer balance cap is a limit on the amount of funds that can be transferred into 'retirement phase'.

Rebecca Oakes B.Bus, Adv Dip FP, SSA<sup>TM</sup>  
 Head of Technical Services  
 1800 230 737 rebecca@act2.com.au

