



EXPAND

31 May 2024

Expand Superannuation recontribution guide

The purpose of this guide is to outline the process and specific requirements needed to complete a withdrawal and recontribution within the Expand Essential and Expand Extra products. This document is not intended as financial or tax advice.

What is a recontribution?

A recontribution is a commonly used industry term to describe a withdrawal from your client's super followed by an immediate contribution back into super. It forms part of a strategy aimed at maximising the tax-free components, by converting part or all of the taxable portion of a superannuation benefit into a tax-free component.

A recontribution can only be implemented if a client has met a condition of release to access their super benefits and is eligible to make a contribution back into super.

There may be other considerations including (but not limited to) possible CGT implications that may apply and the non concessional contribution caps.

How to process a withdrawal and recontribution

The withdrawal out of super can be implemented via either:

- A cash withdrawal, or
- An in specie transfer of managed investments or listed investments

Once withdrawn from super or pension, the cash and investments are then recontributed back into the existing super or a new super or pension account as non-concessional contributions.

Cash withdrawal out of super

You can request a cash withdrawal be paid to the client's personal bank account.

Documentation required for a cash withdrawal and recontribution

Document	Description
1. <u>Withdrawal form – Super & Pension (paper or online)</u>	To authorise the partial withdrawal or closure to your client's personal bank account. For partial withdrawal you can also submit this request online.
2. <u>Super or Pension application form (If recontributing to a new account) Submitted online</u>	Only required if you are recontributing to a new account. Application can be submitted online for straight through processing.
3. <u>Direct Debit Request</u>	To authorise us to debit your client's personal bank account and recontribute the funds back into a existing Super or new Super/ Pension account. Please ensure you allow sufficient time for funds to clear in the client's bank account when entering the preferred date for us to process the debit.

For withdrawals up to 70% of the account balance, if the client has a nominated bank account online and you have adviser transaction authority, you can do a partial withdrawal online.

For withdrawals of more than 70% or a full withdrawal with an account closure, please complete and send a withdrawal form.

In specie transfer out of super

You can request an in specie transfer of managed investments or listed investments out of super into an IDPS account held by your client within the same product suite. Eg. Expand Extra Super to Expand Extra Investment.

Please note, an in specie withdrawal of assets from Super/ Pension into an IDPS account is a change in beneficial ownership and may result in CGT implications on the Super account.

Before deciding which option is right for your client, please consider that we may not be able to action your clients full withdrawal or in-specie transfer until any pending buys, sells, income or active corporate actions have completed.

Please call us if you need to confirm the details of any potential delays that may occur, or if the request needs to be complete before EOFY.

In specie withdrawal and recontribution

Please also refer to the [Expand Recontribution & Pension Refresh Guide](#) which details how you can use Expand Online to execute the strategy.

What assets can be included

Managed investments and listed investments can be included in an in specie withdrawal out of super. They must be transferred to an IDPS account in the same product suite. Prior to commencing a recontribution, please ensure that the asset can be transferred into the new product by checking the IDPS product's investment menu or by contacting us.

SMA's and Managed Discretionary Accounts (MDAs)¹ cannot be included as part of an in specie withdrawal request from super.

1 Please note MDAs are not available in Expand Essential.

However, you may include the underlying assets of the model once you have unlinked these assets from the model.

If you hold an SMA Model Portfolio (SMA) within Expand Essential you will be required to sell down your SMA to cash or transfer that SMA to Expand Extra should you wish to include it in any recontribution instructions.

Term deposits and annuities cannot be included in recontribution strategies by in specie transfer.

Documentation required to facilitate a recontribution by in specie transfer

Please refer to the [Expand Recontribution & Pension Refresh Guide](#) which has checklists and step by step guides for Expand Online.

SMA's and MDAs within Expand Extra

Where your client holds an SMA/MDA within Expand Extra and you wish to include this in a recontribution via in specie transfer, you will need to complete the steps below:

Document	Description
Note: You will need to unlink the SMA and/or MDA prior to submitting the forms and relink the SMA and/or MDA once the recontribution is complete in the target account².	
1. IDPS application form Submitted online	Used to set up the IDPS account. Initial deposit must show details of the transfer from the existing super account. The new IDPS account number will be available once you have generated this application.
2. A signed covering letter Uploaded online	Used to confirm the details of the accounts to be used in your recontribution. For partial transfers you can specify which assets are to be included in your recontribution instruction and to outline any other specific instructions you may have. Please refer to the sample cover template below. To be submitted with the IDPS application form online
3. Super or Pension application form (if recontribution to new account) Submitted online	Used to set up the new target account. Initial deposit must show details of the transfer from the IDPS account created in the previous step with confirmation of contribution type. The new account number will be available once you have generated the application.

SMA's within Expand Essential

Where your client holds an SMA within Expand Essential and you wish to include this in a recontribution via in specie transfer, you will need to complete the steps below:

Document	Description
Note: You need to transfer the Expand Essential Super/Pension account to Expand Extra Super/Pension.	
1. Expand Extra Super application form Submitted online	Transfer the holdings (including SMA) that you wish to recontribute from your existing Expand Essential Super or Expand Essential Pension account to Expand Extra Super.
Note: You then need to unlink the SMA in Expand Extra prior to submitting the following forms².	
2. Expand Extra IDPS application form Uploaded online	Used to set up the IDPS account. Initial deposit must show details of the transfer from the existing Expand Extra super account. The new IDPS account number will be available once you have generated the application.
3. A signed covering letter Uploaded online	To confirm the details of the accounts to be used in your recontribution request. To be submitted with the IDPS application form online. We will utilise your existing Expand Extra Super account for the in specie transfer from Expand Extra Investment.
Note: Once the recontribution is complete in the Expand Extra Super account you need to relink to the SMA and then transfer to Expand Essential Super or Pension account².	
4. Expand Essential Super or Pension application form Submitted online	Transfer the holdings (including SMA) from the existing Expand Extra Super into your new Expand Essential Super or Pension account.

2 Please refer to the [Expand Recontribution & Pension Refresh Guide](#) on how to unlink/relink from or to an SMA.

Recontribution timeframes

We generally aim to process the in specie out of super and the in specie recontribution back into super on the same day. The process will commence once we have received and verified all the required documentation. If you intend to keep part of the investments in IDPS or are expecting income, different timeframes will apply.

For full super/pension account transfers, we may need to wait for any pending buys, sells, income or active corporate actions to clear before initiating your recontribution request.

Where you intend on keeping the IDPS account open with any balance from the recontribution, the timeframes may vary and the usual in specie transfer time frames of 4 weeks per transfer may apply.

Unlinking/relinking of SMAs can add an average of 5 business days* each time you link or unlink, to the existing timeframes.

* Note: This may take longer if income distributions are expected or if there are any delays with the fund manager.

Recontribution processed near End of Financial Year

Please note that as we approach the end of financial year there may be processing cut off dates and times that apply to recontribution strategies. Please contact us to confirm the processing deadlines that may apply at this time of year.

Other considerations

Administration fees

Impacts to the Administration fees that are paid on different accounts and/or products when completing a recontribution should be considered. For example:

Keeping the IDPS Account open. When transferring from Super to IDPS and the IDPS is opened and closed on the same day, no fees will apply. However, if the IDPS account is kept open for more than a day, for example to enable transfers across the financial year, administration fees will apply.

Transferring an Expand Essential account to an Expand Extra account. Where an Expand Extra account is opened to enable an in-specie transfer from an Expand Essential account with SMAs, higher administration fees and costs will apply for the time the investments have been held within Expand Extra. Please refer to the relevant product PDS for more information.

SMA relinking

Once recontribution is complete, you can action the transfer back into the SMA Model Portfolio. Under the Investments tab you will have the option to transfer current portfolio holdings into the SMA.

Note: You must transfer 100% of the holding value.

CGT implications

An in specie withdrawal of assets from Super/Pension into an IDPS account is a change in beneficial ownership and may result in CGT implications on the Super account. As a result, cost base may reset in the target account.

Where the IDPS account is being closed immediately after the recontribution, we aim to process the withdrawal and recontribution by in specie the same day in order to minimise any CGT implications in the IDPS account. If you intend on retaining any part of the investment within the IDPS account, then there may be CGT implications for the investments in the IDPS account.

Notice of intent to claim

Any personal contributions will be recorded as a non-concessional contribution unless you provide us with a **Notice of intent to claim or vary a deduction for personal super contributions** form. If your client intends on claiming a tax deduction on any personal contributions already made in their existing or new super account or wishes to make a claim on the new contribution prior to commencing their new pension, please provide us with the above form prior to processing the cash/in specie withdrawal request and prior to setting up a pension account.

Carrying forward concessional contribution caps

If the client wants to utilise any carry forward concessional contributions caps, we will need a screenshot of the client's myGov account to prove they can claim more than the standard concessional cap.

Downsizer contributions

A recontribution by cash or in specie can be designated as a downsizer contribution. We must receive the **Downsizer contribution** form along with the recontribution instructions at the same time to process your clients' Downsizer contribution request. Downsizer contributions can comprise of all or part cash and in specie assets.

Spouse contributions

For any spouse contributions, please ensure the IDPS account is set up in joint names.

Welcome pack

Where your client is required to establish an IDPS account to complete their recontribution request, they will receive a welcome pack with details of the IDPS account. The client will also receive a tax statement.

For more information, please speak to your Business Development Manager, Client Relationship Manager, or contact our ClientFirst Team or Adviser Services Team.

Issued by IOOF Investment Management Limited (IIML) ABN 53 006 695 021, AFSL 230524 as Trustee of the IOOF Portfolio Service Superannuation Fund ABN 70 815 369 818 and Navigator Australia Limited (NAL) ABN 45 006 302 987, AFSL 236466 as Service Operator of each IOOF Investor Directed Portfolio Services. IIML and NAL are part of the Insignia Financial group of companies, comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group). The information in this guide has been prepared based on information believed to be accurate and reliable at the time of publication. The information in this guide does not take into account your financial circumstances, needs and objectives and before making any decision based on this document, you should assess your own circumstances or seek advice from a financial adviser. You should obtain and consider a copy of the relevant Product Disclosure Statement available from your financial adviser, by contacting us or accessing our website myexpand.com.au, before you acquire a financial product.

Sample covering letter template

To: ClientFirst

I wish to make a withdrawal from my super account by in specie transfer to an Investor Directed Portfolio Service (IDPS) and make a re-contribution back to super

Withdrawal from super by in specie transfer

Account name: <<Client account name>>

In specie from: <<Super/Pension - account number>>

In specie to: <<IDPS - account number>>

Claiming a tax deduction: Yes/No

Full Withdrawal by In specie transfer from <<Super/Pension>> to IDPS

Please arrange a transfer by 'In specie' of all of my holdings in my existing <<Super/Pension>> account.

OR

Partial Withdrawal by In specie transfer from <<Super/Pension>> to IDPS

Please arrange a partial transfer by 'In specie' of the following holdings in my <<Super/Pension>> account.

Investment Code	Investment name	Units or Amount

Recontribution from IDPS to super or pension

In specie from: <<IDPS - account number>>

In specie to: <<Super/Pension - account number>>

Contribution type: <<Contribution type>> contribution.

Claiming a tax deduction: Yes/No

Full In specie transfer from IDPS to <<Super/Pension>>

Please then close my IDPS account and transfer all of my holdings via in specie transfer to my <<Super/Pension>> account

OR

Partial In specie from IDPS to <<Super/Pension>>

Please retain my IDPS account and transfer the following holdings from my IDPS account via 'In specie' transfer.

I understand this will incur administration fees and may have CGT implications for investments in my IDPS account.

Investment Code	Investment name	Units or Amount

<<Input any additional instructions here>>

Regards,

<<Client Name>>

<<Client signature>>