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Super and the kids

Subject only to the contribution cap, self managed superannuation funds can accept non-concessional contributions from anyone. Even from a deceased estate pursuant to a will.

Money and property in superannuation funds is protected from creditors in the event of bankruptcy. Even after the funds come out of a superannuation fund, if the member is a bankrupt, they are still protected from creditors. There are no upper limits to the amount protected. The only clawback is for contributions made in the face of bankruptcy.

In some families it makes sense for parents and/or grandparents to leave money to their children or grandchildren in superannuation funds in their wills. This can be done for children of any age from birth onwards.

The non concessional cap on gifts still applies so that the maximum gift (for those under age 65) is \$450,000 in any one year, so that there needs to be flexibility to divert the gift elsewhere if the beneficiary has other super contributions in the year of death.

Given the tax concessional treatment of superannuation funds, and asset protection advantages, in appropriate cases this may be a good way of preserving family wealth for the long term benefit of family members.

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