MyLife

MyLife Newsletter Winter 2013

With the end of financial year fast approaching, now is a great time to build and protect your wealth in a tax-effective manner. We outlined strategies you can use to create tax advantages this financial year and beyond!

Boost Your Super Savings Before The End Of The Financial Year

How you can benefit

Now is a great time to think about how you can boost your super savings before 30 June, and get your financial affairs in order. Did you know you can boost your retirement savings and achieve tax savings, by taking advantage of the government co-contribution scheme, or benefiting from spouse contributions and salary sacrificing? End of financial year planning opportunities are different for everyone as the strategies available to you depend on your life stage and personal circumstances.A financial adviser is the best person to work out which strategy best suits your personal circumstances. They will make sure you and your family don't miss out on any opportunities at the end of the financial year.

Pay less tax via salary sacrifice Salary sacrifice means putting part of your pre-tax income into your super and potentially paying less tax. This is compared to investing your after-tax money into super which may have been taxed at a marginal tax rate of up to 46.5% including the Medicare levy.Whether salary sacrifice is right for you will depend on your personal circumstances and level of income.

Claim a tax deduction on your super contributions

By making personal contributions to super, you may be able to claim a tax deduction to reduce your assessable income. The contribution claimed as a tax deduction is taxed at 15% instead of your marginal tax rate.To take advantage of this strategy, you must earn less than 10% of your assessable income (plus reportable fringe benefits and reportable employer super contributions) from an employer. This strategy is ideal for people running a business as a sole proprietor or in partnership, as well as some retired or unemployed people.

Take advantage of government concessions

If you are a low to middle income earner with income of $31,920 or less you may be eligible for the co-contribution scheme. The Government currently contributes up to 50 cents for each $1 of eligible personal after-tax contributions you make to your super up to $1,000. This could mean up to an extra $500 in your super account – a significant amount.

Boost your spouse's super savings

If you have a low income earning spouse, you can help to top up their retirement savings by contributing to their super and reduce your income tax at the same time. You receive a tax offset of up to $540 if you contribute to their super. You could also split your employer super contributions or personal deductible contributions with your spouse. This strategy may reduce your tax liability, and if you contribute more into the older spouse's super, it may mean accessing tax-free benefits sooner.

Protect your family

Under insurance is a major issue in Australia and this can be frightening for you or your family. You may get adequate life insurance cover and pay less for premiums by purchasing insurance through your super. This involves holding life insurance in your super account and using your contributions or account balance to pay for the premiums, rather than paying for the premiums from your after-tax money. The tax savings are one of the biggest advantages of this strategy, plus your premium is likely to be cheaper because the super fund is buying the insurance 'in bulk'. This strategy may not be for everyone so consult your financial adviser before purchasing insurance through super.

Act now so you don't miss out

There are many super strategies you can put into place to boost your retirement savings and achieve tax benefits before 30 June and beyond.

Source: OnePath

This material is current as at February 2013, but may be subject to change. It has been prepared without taking into account your objectives, financial situation or needs. Before making a decision based on this material, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

End Of Year Looms For Superannuation Tax Planning

Reduced concessional contributions cap

From 1 July 2012, the concessional contribution cap for individuals over 50 was reduced from $50,000 to $25,000. Where you are making salary sacrifice or personal deductible contributions to super, you should review what contributions have been made from all sources. You may need to take action before the end of the financial year to make sure the cap is not exceeded so you won't incur excess contributions tax.

Government co-contribution

For every dollar of non-concessional (after tax) superannuation contributions, the Government contributes 50 cents to your superannuation up to a maximum government co-contribution of $500.

The maximum government co-contribution is payable for individuals on incomes at or below $31,920 and reduces by 3.33 cents for each dollar above this. The payment will cut out completely once an individual's total income for the year exceeds $46,920.

If possible, you should take advantage of the Government co-contribution to boost your retirement savings by making a non-concessional (after tax) super contribution before the end of the financial year.

Claiming a tax deduction for your personal superannuation contributions

If you are intending to claim a tax deduction for your superannuation contributions make sure you are eligible to claim the tax deduction and pro-actively seek advice if unsure. Also ensure you keep all relevant paperwork to save stress when it is time to claim a benefit or a deduction.

Beware of excess contributions tax

Investors who want to make large superannuation contributions should exercise extreme care regarding the amount and type of contribution they make to avoid excess contributions penalties. For example, any type of contribution made during the two preceding financial years may impact on the contributions that can be made this financial year.

How can we help?

If you need assistance with any aspect of your end of year superannuation tax planning, please feel free to give us a call to arrange a time to meet so that we can discuss your particular requirements in more detail.

With the end of financial year fast approaching, now is a great time to build and protect your wealth in a tax-effective manner. Want to learn more? Please feel free to call our office on 03 9017 4114 or email admin@mylife.com.au.

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Smart End Of Financial Year Super Strategies

With the end of the financial year fast approaching, it is a great time to build and protect your wealth in a tax-effective manner. You'll have to take action before 30 June to benefit from some of the opportunities available this year. But there are a number of things you can do after 30 June too. We have outlined 9 super strategies to create tax advantages for this financial year and beyond.Each of these strategies has the potential to make a difference to your financial future.

1. Get more from your salary sacrifice bonus

If you are an employee
You may want to sacrifice your pre-tax salary or bonus into super rather than receive it as cash
So you can reduce tax on your salary or bonus by up to 31.5% and take advantage of the contribution cap that applies in this financial year

2. Make tax deductable super contributions

If you earn less than 10% of your income[1] from eligible employment (eg you are self-employed)
You may want to invest in super and claim your contribution as a tax deduction
So you can use the deduction to offset taxable income and save on tax and take advantage of the contribution cap that applies in this financial year

3. Make the most of an Employment Termination Payment (ETP)

If you are eligible for a redundancy or other termination payment on leaving your employer
You may want to make a contribution into superannuation
So you can build your retirement nest egg.

4. Get a super top up from the Government

If you earn up to $46,920pa
You may want to make a personal after-tax super contribution
So you can qualify for a Government co-contribution of up to $500 and increase your retirement savings

5. Boost your partner's super and reduce your tax

If you have a spouse who earns less than $13,8001[1]pa
You may want to make an after-tax super contribution on their behalf
So you can receive a tax offset of up to $54 and Increase your spouse's retirement savings

6. Pay less tax on investment earnings

If you have an investment in your own name
You may want to cash out the investment and use the money to make a personal after-tax super contribution
So you can reduce tax on investment earnings by up to 31.5% and ncrease your retirement savings

7. Use super to manage CGT

If you make a capital gain on the sale of an asset this financial year and earn less than 10% of your income[1] from eligible employment
You may want to invest the sale proceeds in super and claim a portion of the contribution as a tax deduction • Increase your retirement savings

8. Make insurance more affordable

If you

- Are eligible to make salary sacrifice super contributions
- Are eligible to receive Government co-contributions

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