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Boost your super savings before the end of the financial year

With the end of financial year just around the corner, there are many ways you can increase your retirement savings by implementing tax-effective super strategies.

How you can benefit

The end of financial year is a great time to think about how you can boost your super savings before 30 June and get your financial affairs in order.

There are many strategies you can implement before the end of financial year to boost your retirement savings and achieve tax savings, such as 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 because they 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 also make sure that 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 paying less tax because it is taxed at 15% (within certain limits). This is compared to putting your after-tax money into super which is taxed at a marginal tax rate of up to 46.5%.

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 taxable income. The contribution claimed as a tax deduction may be taxed at 15% instead of your marginal tax rate as well.

To take advantage of this strategy,

you must generally 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.

Protect your family



Underinsurance is a major issue in Australia and this can be frightening for you or your family if you were to get very sick, pass away or become disabled.

You can 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 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'.

Take advantage of government concessions

Many people can take advantage of the government concessions available to increase their super savings, such as the Federal Government co-contribution scheme.

If you are a low to middle income earner and eligible for the co-contribution scheme, the Government currently contributes up to \$1 for each \$1 of personal after-tax contributions you make to your super up to a maximum of \$1,000. This could mean up to an extra \$1,000 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. As a one-off amount, this may not sound like much, but if you put the tax saving back into super, over time, it can grow to a substantial saving.

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 when one of you turns 60 and retires.

Act now so you don't miss out

As you can see, there are many super strategies you can put into place to boost your retirement savings and achieve tax benefits before 30 June and thereafter.

Did you know?

A child can get a tax file number (TFN) at any age (there is no minimum age). If a child quotes their date of birth, they are entitled to a threshold of \$420 per income year on interest. If they don't quote their date of birth, the threshold is the same as the adult threshold of \$120 per income year.

Where the **total interest** earned during an income year is **\$420 or more**

- if the child **quotes a TFN**, the investment body **will not** withhold pay as you go (PAYG) tax, and
- if the child **does not quote a TFN**, the investment body **will** withhold PAYG tax at 46.5%.

We value your referrals.

Even though there is a special focus on utilising these opportunities before 30 June, these strategies can actually be used all year round to grow your retirement savings.

For more information on these super strategies and end of financial year planning, speak to your financial adviser.

Source | Mentor

Mum's the greatest. But what if she couldn't take care of the family?



Women spend on average 33.75 hours per week on housework, shopping and looking after children. If a nominal value of \$30 per hour was placed on this unpaid work around the home, a housekeeper employed to do the same amount of work would cost around \$1,020 for a seven day week or \$53,040 per annum. Yet only 50 per cent of female parents hold life insurance policies, more often than not through super. And only one in five full-time working mums has enough insurance to cover their income for three years or more, well short of recommended guidelines.

While death is something nobody likes to think about, the sad fact is around 4400 Australian parents with dependent kids die each year and

many more become sidelined as a result of illness or injury.

Unless you're independently wealthy, the only way to safeguard your family's financial wellbeing under these circumstances is by adequately insuring both parents.

Life's facts

It typically costs \$537,000 to raise two children from birth to age 21 years. One in four women will be diagnosed with cancer before the age of 75. In Australia, women over 40 years of age have a one in three chance of developing coronary heart disease. Life is full of surprises – good and bad. Insurance provides you with the ability to transfer the financial impact of some of the more drastic surprises that can happen. Insurance will never compensate for the loss of a loved one, or replace their role in the family, but it can help reduce the financial burden by providing the capital to ensure you and your family have choices.

It won't happen to me

Jenny, 37, and George, 41, had two young children and what seemed to be the perfect life. George earned \$100,000 a year and travelled interstate frequently on business. Jenny was a stay-at-home mum and planned to return to work when both kids reached school age.

The couple saw a financial adviser to find out how best to protect the family should anything happen to Jenny. Their adviser recommended that they insure Jenny's life for the value of the mortgage plus a lump sum to provide an income stream for childcare and school fees. They followed his advice, taking both Term Life insurance and some Trauma cover.

A year later, Jenny was diagnosed with cancer. When Jenny's condition

worsened, the couple used her Trauma benefits to pay off the mortgage and George decided to take a less demanding job to spend more time with Jenny and the children. Eight months later, Jenny died. George took three months unpaid leave to look after their children. He hired a nanny and part-time housekeeper, and has set up trust accounts for the children – all made possible by Jenny's Term Life insurance policy.

1. Do you have a mortgage?
2. Do you have any personal loans?
3. Do you have any credit card debt?
4. Do you have dependants?
5. Would your financial position be affected if you were to suffer from an illness or injury (remember you would need to have enough capital to fund medical expenses and the ability to take time off work to recover)?
6. Do you want to have enough capital to look after your dependants if you were unable to care for them for an extended period of time or perhaps indefinitely?



If you answered yes to any of the above questions, then you should seriously consider speaking to a licensed financial adviser about a personal risk management plan.

Source | Zurich Australia Limited

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