

## 2016 TAX PLANNING

### TAX MINIMISATION STRATEGIES - TO SAVE YOU TAX

**Personal Superannuation** – if you choose to contribute to super and cash flow allows it, you can claim a deduction for personal superannuation contributions (either via your business entity or if via your personal name as long as your wages income is less than 10% of your total income). A key point to remember is that the super contribution must be received by the super fund by 30 June (so make sure you transfer the funds a good few days beforehand).

**Super Contribution caps** – the 2016 super tax deductible contribution cap is \$30,000 for people 49 years old and under, and \$35,000 for people 50 and over. If paying a super lump sum before 30 June, don't forget any wages super guarantee that may have already been paid on your behalf by any employers you work for outside your business, that have made up part of your super limits.

### Different income levels – 2016 v 2017

If you know that your income levels are going to significantly change between this year and next year (either up or down), you may have the opportunity to bring forward or delay some income or expenses, so they can be more effective. As personal tax rates vary at different levels (ie taxable income \$37k to \$80k: tax at 34.5%; income \$80k to \$180k: tax at 39%; income over \$180k – tax at 49%), moving a tax deduction into a higher earning year, or shifting income to a lower income year, can help save you tax.

**Re-structure?** – Review your Business Structure Should your business structure be adjusted to help reduce tax via a company or family trust structure? This may help delay tax to later years, or help share profits amongst family members. It may also offer you better asset protection, to safeguard assets like your home in your own name.

### SUPER CAPS

### 2015-16

### 2016/17

SUPER CAPS	2015-16	2016/17
General Concessional Cap - 49 & Under	\$30,000	\$30,000
Concessional Cap - aged 50	\$35,000	\$35,000
Non Concessional Cap	\$180,000**	\$180,000**
3 year Concessional Cap	\$540,000**	**



2017 FREE SEMINAR

## RECENT SUPERANNUATION REFORMS

Join us for an informative and interactive evening where we will discuss all the recent Super reforms for 2017 and any updates for 2018

Super is the largest asset most people will ever own, after the family home. It's your money, and there is a lot you can do in the coming years to make sure you achieve the best possible retirement.

### COVERING KEY TOPICS SUCH AS:

- \$1.6m Transfer Balance Cap
- Changes to Personal Contribution Rules
- Income Streams and Taxation
- Impact & Changes on High Income earners
- Lower Contributions Caps

### GUEST PRESENTER:

**Hennie Swart** Chartered Accountant: SMSF Manager

**Wednesday 17th May Time:** 6pm

**Where:** 66 Grant Street, Bacchus Marsh VIC

**Phone for Bookings:** 5366 1000

Account(able) Financial Planners Pty Ltd



## INCOME PROTECTION

Who will look after your finances if you can't work due to sickness or injury? Health insurance may cover a proportion of your medical bills, but it won't cover your rent or mortgage and living costs.

### It doesn't make sense

The majority of Australians have no trouble insuring their home and contents from fire, theft and weather damage. It makes a lot of sense to take out insurance on your home.

*It's your biggest asset, right?*

### Wrong...

The average Australian could earn around two and a half million dollars<sup>1</sup> in their lifetime, much more than the value of the average home. And yet the majority of income earners don't insure their largest asset – their income earning capacity.

Your home, car, food, clothing, children's education – all depend on your income. That's why for many the loss of income resulting from the inability to work due to sickness or injury can cause serious financial hardship.

When you think of how your lifestyle could be affected, it simply doesn't make sense to overlook this important cover.

### What is income protection?

Income protection insurance (also known as salary continuance) is designed to provide a regular income in the event that you are unable to work due to sickness or injury. Generally, income protection insurance provides a regular income during a period

of disablement for up to a pre-determined and agreed benefit period. The benefit amount payable is up to 75 per cent of your income.

Factors to consider:

- The shorter the waiting period and the longer the benefit payment period, the more the insurance will cost.
- Income protection insurance is important when borrowing to invest (gearing), as it can help meet interest payments if you are unable to work due to illness or injury.
- Your insurance cover should be adequate for your needs. Under-insurance can present a serious problem.

### What about worker's compensation?

Workers' compensation will only cover you for accidents or injuries that occur during working hours or for an illness that is a direct result of your employment. And, if your illness or injury is covered by workers' compensation, be aware that the benefit is capped under the different state regulations. It's not just the bills

When it comes to protecting your income, it's easy to forget that you're protecting more than your ability to meet mortgage repayments and put food on the table. Your income isn't just about the bills – it's about your future – and how much you enjoy it.

While your medical expenses might be covered by other insurance policies, income protection insurance can be used towards expenses like your mortgage or car payments. Income protection

insurance makes sure you and your family don't have to lose your belongings or your home while you recover and try to get back to work.

Also, if your disability will permanently stop you from engaging in your line of work, some income protection insurance policies will continue to pay out until retirement age. (Note: How long an insurance company will pay out depends on your individual policy. Some only pay for a year or so after the medical condition arises, so carefully compare income protection insurance policies before applying.)

Even though income protection insurance might not pay the equivalent of your salary, it might pay enough that it will save your partner from having to take on another job to make ends meet. Either that or it might be enough to enable them to stay home to help you through your recovery to get things back to normal as quickly as possible.

#### **Valuable features of income protection insurance**

- Your premiums are generally tax deductible – making income protection insurance cheaper.
- You can choose the waiting period that suits your needs. If you have money in the bank and manageable expenses you can reduce your premiums by choosing a long waiting period before benefit payments commence. However if you have large debts and couldn't easily cope with loss of income you can choose a shorter waiting period.

- You can choose a benefit period that suits your needs. You can cover your income right up until retirement age. Or only as long as you need to get past the years where you may accumulate the biggest debt.
- You can choose from a whole range of other benefit options, including the ability to increase your cover in line with inflation.

#### **How much is enough?**

To understand your needs, a financial adviser will ask you to consider the following questions about your future:

- What does the future look like for you and your family?
- What plans are you making together that you don't want to have to break due to finances?
- Do you have plans to put your children through university, take holidays or buy an investment property?
- How much does your family's lifestyle cost you each month – bills, mortgage payments, kids activities?
- Do you have savings that you could easily access if you needed them?

Once you've started painting the picture of your family's future and the costs involved in raising a family and reaching your goals, you'll start to get an idea of how important insurance is to cover those needs!

To hear more about how important income protection is, speak to one of our Financial Planners



## FIND OUT WHY MORE AUSTRALIANS ARE USING MORTGAGE BROKERS



### KEEP CALM USE A MORTGAGE BROKER

#### **When should you see a broker and what should you expect?**

You can see a broker at any stage in your financial journey. You might still be saving for your first home, wishing to use the equity in your current one, or wondering if you're getting the right possible deal with your existing lender.

A broker will ask about your financial circumstances and objectives to find out what's important to you in a home loan. For example, flexibility might be important because you plan to start a family or you may want ready access to equity for a rental property or renovations. Whatever your plans, your broker will research the market and recommend the right home loan to suit your needs. A broker always looks for the right loan for you, not the lender. Once you have agreed on a loan, your broker will manage the application and make sure everything is in order for the approval process.

#### **Buying a home - is one of the most important decisions you'll make**

And can be exciting and daunting at the same time. A broker can ensure you're armed with the all the information you need to help you on your way to owning your home.

A broker will do the leg-work for you. They have access to hundreds of loans from a wide variety of lenders and will work with you to find the loan that suits your individual circumstances.

#### **Refinancing your home loan**

As time marches on, situations change. Perhaps you've changed jobs? Or there's a new addition to the family? Maybe you would just like a better rate? Maybe it's the advent of school fees, or perhaps the kids have flown the coop? Or maybe that leaking shower or tired kitchen has just reached the end of

its life. A shift in circumstances may mean it is time to revisit your home finances.

For many, the idea of refinancing a mortgage can be daunting. Fees, fixed versus variable interest rates and monthly charges all need to be considered. The right refinanced loan could help you pay off your mortgage faster and for less, clear unhealthy debt or help you upgrade and add value to your home, all of which are steps in the right direction.

#### **Investing in property**

Recent share market slides, tight rental markets in most capital cities and a whiff of increase in property prices are seeing many mum and dad investors retreat to bricks and mortar.

Generally, property in Australia is still considered to be a sound investment due to steady and consistent increases over time.

But it's not a quick win. Property usually has a seven to ten year cycle, with highs, lows and steady stints in between.

Fortunately, an ongoing housing shortage in Australia and a tax system that allows negative gearing on property (where any investment losses can be claimed as tax deductions) continue to favour housing as a solid, long-term investment. But credit has tightened in the wake of the Global Financial Crisis so lenders are more cautious about who borrows and for what. Your broker is your best ally in finding the right lender and loan for your circumstances in this new environment. They can also wade through the many investment loan options on offer, leaving you more time to find the ideal property.

#### **Commercial & equipment finance**

Are you looking to set up your own business? Or perhaps you would like to access equipment finance to help your endeavours grow?

Whatever your situation, your broker has a suite of commercial finance solutions to suit your needs. We can provide professional advice on a full range of commercial and business finance options that includes equipment finance, business loans, debtor finance, commercial property finance and property development.

To stay one step ahead, we are also continually sourcing new lenders, whether they are mainstream, non-bank or private lenders. This is part of our commitment to providing the best choice and service possible to you.