Smart End of Financial Year strategies 2015/16

Another challenging financial year. Bringing you new opportunities.

With the end of the financial year approaching, it is a great time to make smart decisions about your finances. Taking action before 30 June can open up more opportunities for you. We know that there is not a one-size-fits-all solution to wealth management. So we've outlined 12 tax-effective strategies that you could benefit from. We can help you find what strategies are right for you, so you can benefit now and also save for your retirement.

Super Strategies[1]	If you…	You may want to…	So you may be able to…
1. Get more from your salary or bonus	are an employee	sacrifice your pre-tax salary or bonus into super rather than receive it as cash	▪ reduce tax on your salary or bonus by up to 36% ▪ take advantage of the contribution cap that applies in this financial year
2. Make tax deductible super contributions	earn less than 10% of your income[2] from eligible employment (e.g. you are self-employed or not employed)	invest in super and claim your contribution as a tax deduction	▪ use the deduction to offset taxable income and save on tax ▪ take advantage of the contribution cap that applies in this financial year
3. Pay less tax on investment earnings	have an investment in your own name	cash out the investment and use the money to make a personal after-tax super contribution	▪ reduce tax on investment earnings by up to 36% ▪ increase your retirement savings
4. Use super to manage Capital Gains Tax	make a capital gain on the sale of an asset this financial year and earn less than 10% of your income[2] from eligible employment	invest the sale proceeds in super and claim a portion of the contribution as a tax deduction	▪ use the deduction to offset your taxable capital gain and save on tax ▪ increase your retirement savings
5. Get a super top up from the Government	Earn less than $50,455[2] pa, of which at least 10% is from employment or a business	make a personal after-tax super contribution	▪ qualify for a Government co-contribution of up to $500 ▪ increase your retirement savings
6. Boost your partner's super and reduce your tax	have a spouse who earns less than $13,800[2] pa	make an after-tax super contribution on their behalf	▪ receive a tax offset of up to $540 ▪ increase your spouse's retirement savings
Insurance strategies	**If you…**	**You may want to…**	**So you may be able to…**
7. Buy insurance in super tax-effectively	▪ are eligible to make salary sacrifice super contributions, or ▪ are eligible to receive Government co-contributions, or ▪ have a spouse who earns less than $13,800[2] pa, or ▪ earn less than 10% of your income[2] from eligible employment	purchase life and total and permanent disability insurance in a super fund	▪ benefit from tax concessions ▪ make premiums more affordable
8. Pre-pay income-protection premiums and reduce this year's tax	▪ are employed or self-employed	pre-pay 12 months' income protection insurance premiums	▪ bring forward your tax deduction ▪ pay less income tax this financial year

Note: To use strategies 1 to 7, you generally need to be eligible to make super contributions. Furthermore, you won't be able to access your super until you satisfy a condition of release. Contact our office for more information.

[1] Super strategies should be in consideration of concessional and non-concessional caps, and the 2016 Federal Budget proposed changes.

[2] Includes assessable income, reportable fringe benefits and reportable employer super contributions. Other eligibility conditions apply.

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It pays to be tax smart. It really does.

No matter what your situation, age or income, just a little bit of End of Financial Year planning can go a long way. It can help you:

- boost your retirement savings
- maximise your Government entitlements, and
- minimise your tax liabilities.

Collins Mellody can sit down with you and review which strategies would suit you best. Visit our website, www.colmel.com.au for further information on our financial planning services and how we can help you make better financial decisions.

Investment strategies	If you…	You may want to…	So you may be able to…
9. Gain from a capital loss	have received capital gains from your investments	trigger a capital loss by selling a poorly performing investment that no longer suits your circumstances	▪ use the capital loss to offset your taxable capital gain and save tax ▪ free up money for more suitable investment opportunities
10. Defer asset sales to save tax	are thinking of selling a profitable asset this financial year	defer the sale until a future financial year	▪ defer paying Capital Gains Tax (CGT) ▪ reduce your CGT liability
11. Pre-pay investment loan interest and reduce this year's tax	have (or are considering establishing) a geared investment portfolio	pre-pay 12 months' interest on your investment loan	▪ bring forward your tax deduction ▪ pay less income tax this financial year
12. Make better use of your tax refund	receive a tax refund	Use your refund to: ▪ pay off non-deductible debt first ▪ pay off your home loan and then borrow to invest ▪ fund your daily living expenses and contribute your pre-tax salary into super	▪ save on interest ▪ invest your refund outside of super ▪ boost your super tax effectively

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