



### Your planning before 30 June

The end of the financial year is now just over a month away. We want to remind you to take action now to maximise your opportunities. E.g: Government Super Co-Contribution, Spouse Super Contributions, Salary Packaging, etc. You must act **before 30 June 2007**



### Simplified Super System

How does it impact you?

### Are you 55 years or older and still working?

You should consider starting a Non-Commutable income stream. Your superannuation will be in a tax **FREE** environment and you could get a higher Centrelink pension when you retire



### Financial Planning Strategies

At our recent seminar we discussed various strategies that can improve your financial position

### Economic News

The Australian and Global Economic Outlook.

For the second quarter in a row, Australian inflation numbers have surprised expectations on the downside

*Economic  
News*



### Paintings by ferngallery

Take some time to smell ... view the roses

**DON'T  
MISS OUT**

### Rule changes!

30th June. Opportunity to make larger contributions to superannuation

30th June. Small business tax concessions

1st July. Changes to superannuation pensions

**20th September**. New Centrelink rules for your age pension now and to qualify in the future

### The sooner you start planning the better

It's never too late or too early to start planning for your financial future. You just have to start!



### Term Allocated Pensions

Are you older than 58 and have less than \$1 Million in assets, excluding your home?

You must act **before 20 September 2007**



### Investment markets

Returns on Property, Australian shares, International shares, Fixed interest and Cash

## **BOOSTING YOUR WEALTH**



FREE Financial Health Check

Super Co-Contribution

Super Spouse Contribution

Borrow money to make a contribution to superannuation

Withdrawing money from your super before age 55

Other Financial Planning News

## [Your planning before 30 June](#)

Here are 17 financial planning tips for you to consider:

1. [Review salary packaging arrangement](#)
2. [Government superannuation Co-Contribution](#)
3. [Minimise Capital Gains Tax](#)
4. [Protect what you have](#)
5. [Tax deductions for personal superannuation contributions](#)
6. [Imputation credits](#)
7. [Start a wealth creation investment portfolio](#)
8. [Borrow money to make a contribution to superannuation](#)
9. [Spouse superannuation contributions](#)
10. [Superannuation splitting](#)
11. [Prepay interest on loans for investment properties, shares and other investments](#)
12. [Minimise your risk](#)
13. [Invest what you save](#)
14. [Getting money from your superannuation before age 55](#)
15. [Make sure you are fully informed before you act](#)
16. [Get your paper work in order](#)
17. [Claim your net medical expenses over \\$1,500.00](#)

### [Government superannuation Co-Contribution](#)

The superannuation Government Co-contribution is a payment made by the Federal Government into your superannuation account to encourage you to save for your retirement. The government contributes \$1.50 for each \$1 you contribute, up to a maximum of \$1,500 p.a, if your assessable income + reportable fringe benefits is less than \$28,000. The superannuation Government Co-contribution reduces for incomes over this amount and phases out to zero at \$58,000.

### [Are you 55 years or older and still working?](#)

**Right now, the step between your 'working life' and your 'retirement life' has become a great time to boost your superannuation savings. This is thanks to the Federal Government's 'transition to retirement' initiative.**

In a nutshell, if you're over 55 and your employer allows it, you can **salary package** a portion of your employment income and **simultaneously draw down on your superannuation**. This is done by using a **Non-Commutable Allocated Pension (NCAP)**.

There is a **window of opportunity** to take advantage of the new rules and to find out how major changes to super could affect your plans.

### [Super changes: what you need to know](#)

Before 30 June 2007 there is a **window of opportunity** to make an undeducted contribution to super up to \$1 million. After 1 July 2007, super fund members under age 65 will be able to make contributions of \$150,000 per year or \$450,000 in a single year but foregoing the ability to make extra contributions in the following years. While people aged 65 to 74 can make contributions up to \$150,000 each year provided they meet a work test.

From 1 July 2007, both lump sum and pension benefits paid to retirees aged 60 and over from taxed super funds will be **exempt from tax**. Tax will still be payable on benefits paid to someone under age 60, although simpler rules will apply. As a result, super becomes far more attractive for taxpayers.

The above changes **make super the most tax effective investment vehicle**. However, with new limits on the maximum amount that can be put into super each year, there is a big incentive to make super contributions earlier in life.

For people already retired, a more tax-effective super system means more cash in your pocket to spend on the things you enjoy the most. The good news is it may also mean you won't have to complete an annual tax return – for couples with an income below \$41,360 per year or \$24,867 of income from non-

super sources for a single person. If you are not yet retired, a more attractive super system means extra incentive to contribute into super in the lead-up to retirement.

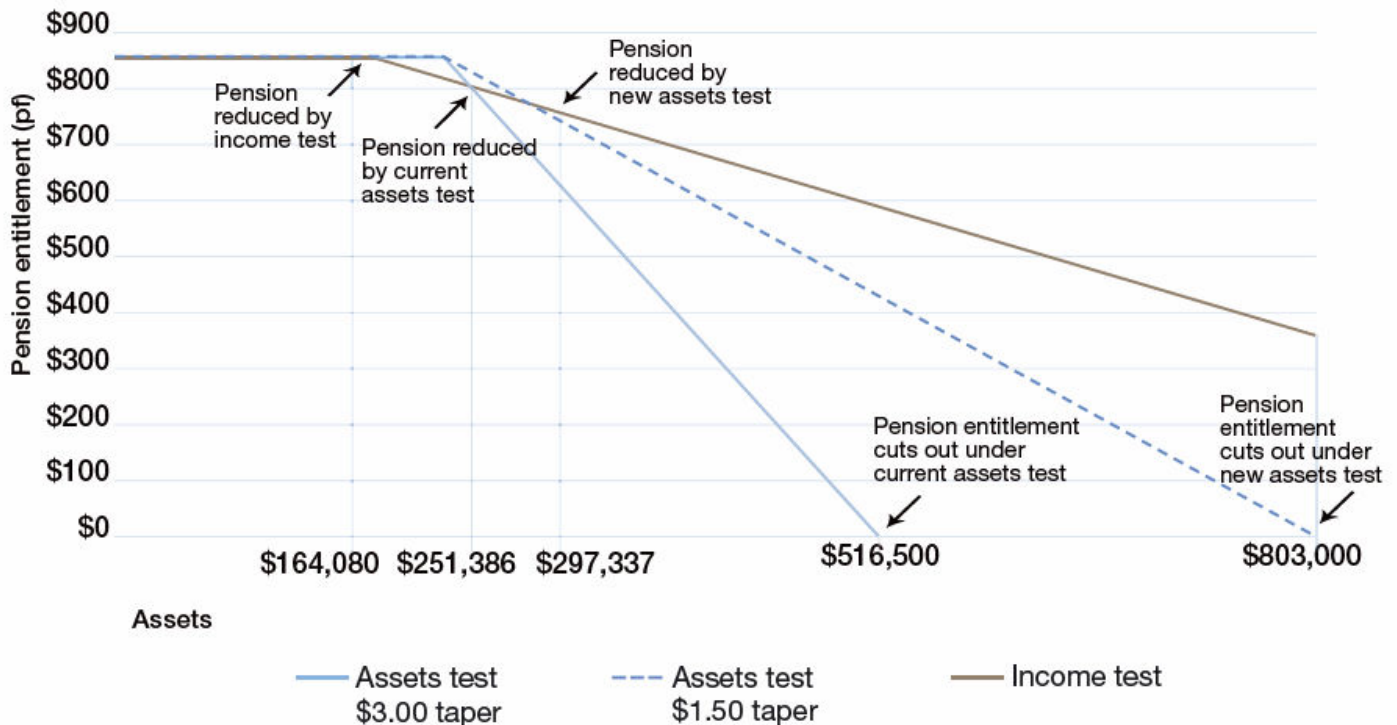
From 1 July 2007, the current age-based deduction limits will be abolished and replaced with a single limit. The first **\$50,000 pa** of employer and personal deductible contributions will be taxed at 15 per cent. Any amount above this will be taxed at the top marginal tax rate. As a transitional arrangement, people aged 50 and over will be able to contribute **\$100,000 pa** on a concessional tax basis until 2011/12.

### Term Allocated Pensions (TAP)

In addition to the significant changes to the superannuation system from 1 July 2007, there will also be two important changes to social security arrangements. The first of these changes is the halving of the pension assets taper rate from \$3 per fortnight to \$1.50 per fortnight for every \$1,000 of assets over the lower assets test threshold. This reduction in the assets test taper rate will come into effect on 20 September 2007, and will mean that assets tested pension clients receiving a part pension may automatically receive a higher rate of pension from 20 September 2007. However, if they want to further increase the amount of pension that they receive from 20 September 2007, they can consider acquiring a complying income stream before this date.

The second change involves the removal of the 50 per cent assets test exemption for purchased complying income streams that are acquired on or after 20 September 2007. Therefore it may be to your advantage to consider purchasing a TAP before 20 September 2007. A TAP is a pension paid from a superannuation fund that pays a regular pension draw down from the account, within certain legislated limits over a certain term (usually linked to your life expectancy). The pension continues until death or until the term ends. Only 50% of what you invest prior to 20 September 2007 will be counted towards the assets test, however you are unable to ever get access to your funds in the form of a lump sum.

The following chart illustrates the movement in the points at which the income test and the assets test will determine the pension entitlement of a homeowner couple, assuming that all assets are financial assets other than a car and household contents valued at \$20,000. Based on current pension rates, the point at which the assets test begins to influence pension entitlement has shifted from \$251,386 under the current \$3 assets test taper to \$297,337 under the new \$1.50 assets test taper, and as a result, the point at which pension entitlement cuts out will move from \$516,500 to \$803,000. As a result of these changes if you currently do not qualify for any payment due to the assets test, you may be able to qualify after 20 September 2007.



## Spouse superannuation contributions

A tax rebate of 18% is available to the contributor for the first \$3,000 (maximum rebate \$540) contributed per annum on behalf of the spouse. The maximum rebate is only available if the spouse's assessable income and reportable fringe benefits are below \$10,800 in the year the contribution is made (phased out at \$13,800).

## Borrow money to make a contribution to superannuation

The cut-off date of 30 June 2007 for people to make very large personal contributions of up to \$1 million may not necessarily be anything to get worked up about as from 1 July 2007, you will still be able to make personal contributions to super of \$150,000 each year. Or you can even bring forward three years' worth of contributions as a lump of up to \$450,000. For couples, that could total \$900,000.

You may have your funds tied up somewhere else (other investments or superannuation) and it may be inappropriate to sell just to get the money into superannuation before 30 June 2007. So, you should consider borrowing the funds until you have access to other funds to repay the loan with. You won't be able to claim the interest and borrowing expenses as a tax deduction, but this strategy can produce a good financial outcome. There are many things that need to be considered and you should seek professional financial advice before implementing this strategy.

## The sooner you start planning the better

*This year, I will manage my money better*

Sound familiar? Money matters are always a prominent resolution in a new year. If your good money intentions have started to slip, you may like to reinvigorate your goals and refine your strategies by considering the following ideas:

- Organising your paperwork – file your payment slips, bills, tax deductible receipts and credit card statements.
- Write down a budget – draw up a list of your income versus expenses.
- Make changes gradually – you won't pay off your debts by being budget-conscious for only one week. Consider saving a part of any windfall, such as your tax return or pay rises.
- Investigate salary sacrifice options and the government's co-contribution scheme - this can help grow your superannuation.
- Crystallise your savings goal – having a specific goal increases your chance of savings success.
- Examine your mortgage – speak to your financial adviser about paying more than the minimum repayments to help reduce your loan faster.
- Review your personal insurances – ask about new products and discounts.

The sooner you start the better. To determine which strategy will best suit your personal circumstances, speak with an Argentis financial adviser today.

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