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Act Now

Amongst all the doom and gloom there are sometimes some good opportunities. We believe one such opportunity exists, however this will only be available until 30th June this year as rule changes are set to commence in the new financial year.

Family Tax benefits have been available for some years however increasing numbers of families have lost eligibility because their increased joint income meant they exceeded the relevant threshold.

Eligibility for Family Tax Benefit Part A also meant eligibility for the Federal Government's December stimulus package and possibly other benefits.

Reducing your taxable income has been the key to accessing these benefits and various investment strategies have succeeded in the past. One of the few items left is Forestry Investment which can attract a 100% tax deduction thereby potentially reducing taxable income to below the relevant threshold.

Please look at our example on the following page.

Super Co-Contribution

Now is the time to make your personal after tax contribution to your super fund. See page 4.

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1. This example is a perfect scenario and many people may not be in this position, however many more people will be in a position to claim partial benefits.
 2. The window of eligibility closes this financial year

A “Perfect” Case Study

Michael and Jenny have two children aged 8 & 14. Michael works full time and earns a salary of \$90,000 per annum while Jenny works part time earning \$25,000 per year.

Michael and Jenny have heard about the recent Government Household Stimulus package. They heard that you can qualify for entitlements if you are able to access family tax benefits however because of their current income they are not able to access family tax benefits as their combined income of \$115,000 exceeds the threshold for FTB Part A of \$106,507.

Michael and Jenny decide to invest \$12,500 in a Forestry Investment that is 100% tax deductible. They purchase this investment in Michael’s name as he is the higher income earner of the two. The investment is paid for by drawing down on their mortgage.

By reducing their combined taxable income to below the FTB Part A threshold Michael and Jenny are able to generate **\$12,536.50** in tax savings and entitlements . This is payable to them once they lodge their tax return and will be contributed back to their mortgage.

In effect they now have a **\$12,500** investment which has cost them nothing.

	Current Position	Proposed Position
Salary (Jenny)	\$25,000	\$25,000
Tax on income	\$3,225	\$3,225
Salary (Michael)	\$90,000	\$90,000
Tax deduction from Forestry Investment		(\$12,500)
Total Taxable income	\$115,000	\$102,500
Tax on income	\$26,574	\$21,637
TAX SAVING		\$4,937
FTB Part A entitlement		\$2,574.50
Back to school bonus		\$1,900
December stimulus package		\$2,000
Education tax refund		\$1,125
Total Bonus Payments		\$7,599.50
Add Tax Saving		\$4,937.00
Total Benefits & Tax Saving		\$12,536.50
Net investment cost**		+\$36.50

* Includes supplement payment

** Assumes GST is claimed back in full

Arriving at your optimum position can be *tricky* as there are a number of variables to consider.

Let us help you—simply contact us via phone or email.

Government Co-Contribution

The Co-Contribution system means individuals who contribute to Superannuation (after tax) may be eligible for a government contribution to their Super. To see if you are eligible for the Federal Government Superannuation Co-Contribution please refer to the table below.

Lower income threshold	Higher income threshold	What will I receive for every \$1 of personal super contributions?	What is my maximum entitlement?
\$30,342	\$60,342	\$1.50 for every \$1 up to a maximum co-contribution of \$1,500 a year	Your maximum amount is \$1,500. However, this is reduce by 5c for every dollar you earn over \$30,342 up to \$60,342.

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