WELCOME TO OUR AUTUMN EDITION OF FFP NEWS

Welcome to Future Financial Planning News Autumn edition.

Inside this edition we take a look at the how's and why's of salary sacrificing into super, and we also explain how government co-contributions work, and how to find out if you're eligible to receive a co-contribution into your super.

Please also note that our office will be closed on the following days due to public holidays:
Monday, 11th March 2019 - Labour Day
Friday, 19th Arpil 2019 - Good Friday
Monday, 22nd April 2019 - Easter Monday
Thursday, 25th April 2019 - Anzac Day

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We look forward to continuing to assist you with your financial goals throughout 2019 and with Easter just around the corner, we hope you all enjoy a safe and happy Easter break.

Kind regards,
Rhys, Michelle and Michelle

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The how and why of salary sacrificing into super

When you make a sacrifice, you're usually giving up something with the expectation of future gain.

Salaray sacrificing into your super is no different - you're giving up money that would otherwise be in your take-home pay. But in return, you're boosting the amount you have in retirement and saving on tax.

How does it work?

Under the current rules, you can arrange to put extra cash into your super from your before-tax salary and it will only be taxed at 15%,[1] which is a considerable tax saving for most people on their usual marginal tax rate. You can contribute up to a limit (or cap) of $25,000 per year.

Remember, the before-tax contributions that count towards this cap typically also include:

- compulsory contributions paid by your current employer, such as the super guarantee
- contributions from any previous or other jobs you may have held in the same financial year
- contributions you are claiming as an income tax deduction
- notional taxed contributions if you are a member of a defined benefit fund.

[1] Or 30% if you earn $250,000 a year or more.

Salary sacrifice checklist

If you decide that you want to go ahead with salary sacrificing into your super, here's a handy checklist to ensure you've ticked all the boxes.

1. Make sure you can salary sacrifice. Does your employer allow salary sacrifice? If not, you may be able to achieve the same benefits by making personal tax-deductible super contributions instead.
2. Decide how much and how often. Will you salary sacrifice on an ongoing basis or as a one-off contribution?
3. Plan ahead. You can't salary sacrifice income you've already earned, so plan ahead particularly if you want to salary sacrifice future bonus or leave entitlements.
4. Notify your employer. If you can salary sacrifice, contact your employer's payroll team to find out what information they need.
5. Get the agreement in writing. Make sure you know when your contributions are going to be paid, such as monthly or fortnightly. Get the agreement in writing from your employer and check your contributions are being received.
6. Ensure you don't exceed the $25,000 before-tax contributions cap. If you super's with AMP you can easily view your super balance and contributions by registering or logging in to My AMP. You can also download the AMP app to set up notifications which will alert you to when super contributions have been made and when you are nearing the cap.

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See how you can cash in on government co-contributions

If you've made an after-tax contribution to your super fund, you might be eligible for a co-contribution of up to $500 from the government.

Did you know the government may add up to $500 to your super fund, if you're a low to middle-income earner who has made an after-tax contribution to your super?

If you'd like to know more, we explain how government co-contributions work, how to find out if you're eligible and what you need to do to receive your co-contribution.

What is a co-contribution?

The Superannuation Co-Contribution Scheme is a government initiative that aims to assist low to middle-income earners save for their retirement.

What this means is depending on the amount of income you earn each year, the government may add to your super balance when you make a voluntary after-tax contribution.

Am I eligible for a co-contribution?

To be eligible for government co-contributions, generally you must:

- make a personal after-tax contribution to your super fund
- lodge a tax return
- have a total income that's less than $52,697 for the 2018-19 financial year
- receive 10% or more of your income from eligible employment and/or running a business
- be under age 71 at the end of the financial year that you're making the contribution
- have a super balance less than $1.6 million as at 30 June 2018
- not have exceeded the $100,000 annual after-tax super contributions limit
- not have held a temporary visa at any time during the financial year (unless you are a New Zealand citizen, or it was a prescribed visa).

What do I need to do to get it?

You don't need to apply for the super co-contribution, but you will need to ensure that you have provided your tax file number to your super fund.

Your super fund cannot accept after-tax contributions, or receive co-contributions on your behalf, if you have not provided your tax file number.

You will also need to lodge an income tax return. The Australian Taxation Office (ATO) will then use the information provided in your tax return and the contribution information from your super fund to work out your eligibility.

If you are eligible, the ATO will automatically calculate the appropriate amount that's owing to you and will typically deposit this into the super fund which you have made the contribution.

Also, remember if you're aged 65 or over at the time of making a personal after-tax contribution, you must first satisfy a work test, whereby you must've been gainfully employed during the financial year for at least 40 hours over a period of no more than 30 consecutive days.

Meanwhile, if you've recently retired and have closed your super account, it may be possible to have your co-contribution paid directly to you.

How much will the co-contribution be?

If your total income is equal to or less than $37,697 and you make personal after-tax contributions of $1,000 to your super fund, you'll receive the maximum co-contribution of $500.

If your total income is between $37,697 and $52,697, your maximum entitlement will reduce progressively as your income rises.

Your total income for this purpose includes your assessable income, reportable employer super contributions and any reportable fringe benefits (which typically includes non-cash benefits provided to you by your employer, such as a company car or lease vehicle), less any amounts you are entitled to claim as a tax deduction because of carrying on a business.

If your income is equal to or greater than the higher income threshold ($52,697), you will not receive any co-contribution.

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Also note, the income thresholds mentioned above are indexed each year in line with increases in average weekly earnings and may change in future financial years.

Meanwhile, if you have claimed a tax deduction for a personal super contribution, this contribution will not entitle you to a co-contribution.

Where can I go for help?

When it comes to whether you're eligible for a co-contribution, working out your exact total income may be a bit tricky depending on your circumstances,. If you would like more information or have any queries regarding government co-contributions, please give us a call on 03 5622 3005.

Do you know someone that needs our help?

Do you have any family, friends, colleagues who are time poor or concerned about the future security of their families and don't understand many of the financial aspects of their lives?

If you answered yes, and believe these family/friends could benefit from a no obligation meeting with our planner, Rhys Fairlie, we would greatly appreciate your referral.

Maybe they have more than one super account, are wondering about personal/income protection insurance or maybe they are nearing retirement age. Whatever their age or situation we are happy to discuss their financial plan or answer any questions they may have.

We would love the opportunity to work with them to put in place a plan that provides focus and clarity and that keeps them informed over time of the things they need to do to reach their financial goals.

We enjoy working with all our clients and invite you to tell your family and friends about us, and allow us to help them too.

Are your contact details up to date?

Here at Future Financial Planning, keeping our client's contact details up to date is a continual process.

We believe it is important that we hold your most up to date contact information, so we can ensure all relevant correspondence reaches you. Moving house or changing email addresses without notifying us, can result in important information such as superannuation statements, legislation changes and updates and annual insurance premium notices, not making it to your mailbox.

Our office is also constantly looking at ways to provide our correspondence in a more environmentally friendly manner. If you are receiving this newsletter via post, then we **do not** have a current email address for you on our records.

So if your contact details have recently changed or a change occurs in the future, or if you would like to receive this newsletter electronically, please call our Office on **03 5622 3005** or email **michellek@futurefinancial.net.au** and let us know.

We can then update your details within our Office, with AMP and/or any other organisation relevant to your business with our Office, on your behalf.