



End of Financial Year Strategies

June 30 is fast approaching but there's still time to consider the strategies available to you to build your wealth. Below are simple tips that could help maximise what you've got this financial year.

Pay interest in advance

Borrowing to invest may be a tax-effective means of wealth accumulation. This type of strategy lets you purchase property, shares, or any other asset that generates assessable income, bring forward next year's interest cost, and claim a tax deduction for those costs *this* financial year.

Make a concessional contribution to super

Effective 1 July 2017, the 10% maximum earnings condition was removed for the 2017-18 and future financial years. This means most people under 75 years old can claim an income tax deduction of a maximum of \$25,000 for personal super contributions (including those aged 65 to 74 who meet the work test)

Government co-contribution

If you earn less than \$36,813 and make after tax contributions to super of \$1,000, you could be eligible for the maximum co-contribution of \$500. This amount reduces by 3.333 cents for every dollar of income over \$36,814 and phases out completely once you earn \$51,812

Protect your income and save on tax

Income protection insurance can pay a monthly benefit of up to 75 per cent of your salary if you are unable to work due to illness or injury, with the premiums being

tax deductible. Paying premiums in advance enables you to bring forward the following financial year's premiums to claim a tax deduction this financial year.

After July 1, consider the following: Have your key financial goals changed?

Our lives are not constant and our goals can change greatly from year to year. Major life events such as serious illness, the birth of a child, or the death of a parent or spouse can all result in significant changes to our wealth management goals

1. Prioritise your goals

It's important to be realistic about how soon you can accomplish your financial objectives. For example, reducing credit card debt is likely to be a short-term goal, whereas saving for a home deposit would often be a medium-term. Paying off your mortgage and providing for retirement are long-term goals.

2. Be investment savvy

Make sure that your investments support your appetite for risk and your objectives. A tailored analysis will address your individual risk preferences. Regular portfolio reviews with your adviser are essential to determine any sell-downs or top-ups that would benefit you.

3. Do you need to change your financial strategy?

Licensed advisers have the tools and knowledge to create projections that take into account changes to your goals, risk level, and the timeframes for achieving them. These projections will help you to see where your plans for savings, assets or investment contributions may need updating.

The Government superannuation reforms have become law and commenced from 1 July 2017. Some of the other key changes that you need to be aware of are:

- The Non-Concessional Contribution cap has reduced to \$100,000 per year, down from \$180,000 each year.
- If your total super balance exceeds \$1.6 million, you will not be able to make any non-concessional contributions.

- Previous earnings on Transition to Retirement Income schemes were tax-free. From 1 July 2017, Investment earnings will be taxed at 15 per cent.

Despite these changes, it must be remembered that

superannuation still remains a highly tax-effective saving system. That's why it's important you are aware of the changes that are being made and can make

informed decisions on how they fit in with your retirement plans.

Speak to your Elders financial adviser to discuss your strategies and plan ahead for the next financial year.

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