



## It pays to be tax smart

No matter what your situation, age or income, your financial adviser has the expertise and experience to help you build wealth and reduce your tax bill.

And in the current economic climate, it can be even more important to be tax smart. Just a little bit of year-end planning can help boost your retirement savings, maximise your Government entitlements and reduce your tax payments.

You should speak to a financial adviser and/or taxation professional before you use any of these strategies; they can assess which year-end strategies suit you best.

**Note:** The information and strategies contained in this booklet:

- are based on our interpretation of relevant superannuation, social security and taxation laws as at 1 March 2010 and may be subject to change.
- can be powerful, however you should never make an investment decision purely for tax purposes. If your investment performs poorly, your loss may outweigh any reduction in your tax bill.
- are used in general practice and are presented here for information purposes only. MLC is not a tax adviser or promoter of any sort.



## Don't miss out

# Smart year-end strategies 2010

With the end of the financial year fast approaching, it's a great time to build and protect your wealth in a tax-effective manner.

But you'll have to take action before 30 June to benefit from the opportunities available this year.

This flyer outlines 12 strategies with tax advantages for this financial year and beyond. Each of these strategies has the potential to make a significant difference to your financial situation now and in the future.

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## Super strategies

	If you...	You may want to...	So you can...
1	Are likely to receive a bonus from your employer	Salary sacrifice your bonus into super rather than receive it as cash	<ul style="list-style-type: none"> <li>Reduce tax on your bonus by up to 31.5%</li> <li>Make a larger after-tax investment</li> </ul>
2	Earn less than 10% of your income <sup>1</sup> from eligible employment (eg you are self-employed or not employed)	Invest in super and claim your contribution as a tax deduction	<ul style="list-style-type: none"> <li>Use the deduction to offset taxable income and save on tax</li> <li>Build and protect wealth outside your business (if applicable)</li> </ul>
3	Earn less than \$61,920 <sup>1</sup> pa, of which at least 10% is from employment or a business	Make a personal after-tax super contribution	<ul style="list-style-type: none"> <li>Qualify for a Government co-contribution of up to \$1,000 in 2009/10</li> <li>Increase your retirement savings</li> </ul>
4	Have a spouse who earns less than \$13,800 <sup>1</sup> pa	Make an after-tax super contribution on their behalf	<ul style="list-style-type: none"> <li>Receive a tax offset of up to \$540</li> <li>Increase your spouse's retirement savings</li> </ul>
5	Have an investment in your own name	Cash out the investment and use the money to make a personal after-tax super contribution	<ul style="list-style-type: none"> <li>Reduce tax on investment earnings by up to 31.5%</li> <li>Increase your retirement savings</li> </ul>

	If you...	You may want to...	So you can...
6	Make a capital gain on the sale of an asset this financial year and earn less than 10% of your income <sup>1</sup> from eligible employment	Invest the sale proceeds in super and claim a portion of the contribution as a tax deduction	<ul style="list-style-type: none"> <li>Use the deduction to offset your taxable capital gain and save on tax</li> <li>Increase your retirement savings</li> </ul>
7	<ul style="list-style-type: none"> <li>Are eligible to make salary sacrifice super contributions</li> <li>Are eligible to receive co-contributions</li> <li>Have a spouse who earns less than \$13,800<sup>1</sup> pa</li> <li>Earn less than 10% of your income<sup>1</sup> from eligible employment</li> </ul>	Purchase life and total and permanent disability insurance in a super fund	<ul style="list-style-type: none"> <li>Save on premiums</li> <li>Purchase more insurance cover</li> </ul>
8	Are under age 60 and want to cash out some of your super	Delay the withdrawal until you reach an older age bracket (eg 60 or over)	<ul style="list-style-type: none"> <li>Save lump sum tax</li> <li>Make a larger after-tax investment</li> </ul>

**Note:** To use strategies 1 to 8, 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. See a financial adviser for more information.

## Tax strategies

	If you...	You may want to...	So you can...
9	Have received capital gains from your investments	Trigger a capital loss by selling a poorly performing investment that no longer suits your circumstances	<ul style="list-style-type: none"> <li>Use the capital loss to offset your taxable capital gain and save tax</li> <li>Free up money for more suitable investment opportunities</li> </ul>
10	Are thinking of selling a profitable asset this financial year	Defer the sale until a future financial year	<ul style="list-style-type: none"> <li>Defer paying Capital Gains Tax (CGT)</li> <li>Reduce your CGT liability</li> </ul>
11	Have (or are considering establishing) a geared investment portfolio	Pre-pay 12 months' interest on your investment loan	<ul style="list-style-type: none"> <li>Bring forward your tax deduction</li> <li>Pay less income tax this financial year</li> </ul>
12	Are employed or self-employed	Pre-pay 12 months' income protection insurance premiums	<ul style="list-style-type: none"> <li>Bring forward your tax deduction</li> <li>Pay less income tax this financial year</li> </ul>

<sup>1</sup> Includes assessable income, reportable fringe benefits and reportable employer super contributions. Other eligibility conditions apply.

**Take action before 30 June to make the most of this financial year.**

### Important information

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