



Happy Holidays!! We wish you a restful and safe holiday.

Our note today is about your upcoming pay rise (in case you forgot!) As you know the August pay rise is the largest of the pay rises to be applied and given that you have a clear holiday mind we thought we'd take the opportunity to share some financial tips so that your hard earned salary is put to its best use.

Salary Packaged Superannuation Contributions

We have previously written about the tax benefits of salary packaging and cannot emphasize enough how beneficial this strategy is. The current concessional contribution cap for superannuation contributions is \$30,000 per annum for people aged 49 and under and \$35,000 per annum for people age 50 and over. As an example, as a Principal Range 3-4 your salary will increase from \$140,060 to \$148,200 from 1st August 2015. If you salary package your pay rise of \$8,140, after contribution tax of 15% being applied you will have net super contributions of \$6,919 in super at the end of the year. If you don't salary package your net take home pay will have increased by \$4,965 for the year. This is an additional \$1,953 in super on an annual basis. These calculations are based on the current marginal tax rate of 39% being applied to your salary compared to 15% contributions tax (24% tax savings by salary packaging to super!)

We hear you say 'I'm already contributing the maximum amount to super.' That is great! You should check that you won't contribute over the caps and can consider the following strategies:

Debt Repayment

If you have any non-deductible 'bad debt' such as a mortgage or personal credit cards this is a fantastic opportunity to increase repayments. Interest rates are at historical low

levels and you can significantly speed up your repayment of your loans with increased payments.

Personal contributions to super

If you've reached your concessional (salary packaged and SG) limit you could contribute to super with after tax 'personal funds' which are tax free contributions. The benefit of contributing to super with personal funds rather than investing personally is that superannuation earnings are only taxed at 15% rather than your personal marginal tax rate which is generally 39%. You can generally contribute a maximum of \$180,000 per annum or maximum of \$540,000 over a three year period.

We do at times meet new clients that have paid off their mortgage and are currently building their cash savings and super is a valuable structure to invest in.

Save for a goal

If you want to take a trip, purchase an item, gift to your grandchildren etc. you can start by writing down your goal so that you can visualise it. Then in August start a periodic payment so that the day after your pay is processed there is a payment out into your 'Goal Fund' account.

Automation is key

The holidays are great time to plan what your pay rise will be used for. The key to the strategies above is automation of your savings so that it happens without you having to think about it once it's been set up. I think we can all agree that time flies and what you won't want to occur is to look back next year and think 'where did that pay rise go??'

Health and Wellbeing

For our health and wellbeing tip this note, we have attached a link to an article by Eric Barker about getting better sleep. We particularly like the tip about turning off electronics 1 hour before bed.

http://www.bakadesuyo.com/2015/06/get-better-sleep/?utm_source=%22Barking+Up+The+Wrong+Tree%22+Weekly+Newsletter&utm_campaign=ad33b9d216-sleep_06_28_2015&utm_medium=email&utm_term=0_78d4c08a64-ad33b9d216-56343681

As always we love school holidays and can always fit in extra appointments, so if you would like to book an obligation free and free of charge financial planning consultation

please e-mail us at info@frontierfg.com.au or call us on Ph 9671 4550. Once again have fantastic holidays!

All the best,

The team at Frontier Financial Group