



***We enclose a Superannuation Summary for Individuals the year ending 30 June 2019
for the exclusive use of clients of
The Mischel & Co Group of Companies.***

Dear Client,

If you're hoping to retire comfortably, making contributions into your super can be a great way to try and boost the amount of money you have to live off after you finish working. What's more, the sooner you start, the greater the impact could be.

For the current year ending 30 June 2019 which is quickly approaching:

The planning for Income Tax is important, making use of your Self-Managed Superannuation Fund or Industry Fund and claiming the maximum deduction possible prior to the 30th June 2019 is vital.

A contribution should be made for you and your employee spouse into your Superannuation Fund prior to the end of the financial year.

Those clients that have Self-Managed Superannuation Funds need to ensure that they contribute to their superannuation fund the amount up to the maximum as detailed below. Please note that the maximum contribution calculation must include the Superannuation Guarantee Contribution (SGC) of 9.5% that may have been already paid for you on your personal salary and wages.

You are not compelled to make these contributions to the maximum amount, however you must remember that your superannuation fund will only pay tax at the rate of 15% whilst your business will pay company tax at the rate of 27.50% (Entities with aggregated annual turnover of less than \$25 million) or 30.00% (rest of the entities). The savings are significant and you should attempt to make contributions if at all possible.

It is also **vital** that any contributions must be received by the fund on or before **Friday 28th June 2019** (according to Taxation Ruling TR 2010/1). This effectively means that the last day to pay contributions using the funds transfer is **Wednesday, the 26th of June 2019**. If paying by cheque, allow several business days for the cheque to clear and it is strongly recommended that cheques are deposited into the super fund's bank account no later than **Friday, 21st of June 2019**.

The maximum tax-deductible contribution to a superannuation fund including the 9.5% is:

Income year	Maximum Contribution
2018/2019	\$25,000

Further consideration should be given to the type of superannuation fund you have and your age, accumulated benefit funds may need to be amended to take into consideration a Full Account Based Pension or even altering the type of fund to a Pension Fund.



What is salary sacrifice?

Salary sacrificing is a pre-tax contribution from your income to your super account, so you'll have more money to enjoy in retirement. The amount you choose comes out before you are paid, reducing your taxable income and giving an immediate tax benefit.

How does salary sacrificing work?

What are Pros and Cons of a super salary sacrifice?

The benefits of salary sacrificing some of your pre-tax salary into super include:

- The amount you salary sacrifice to super is generally taxed at a concessional rate.
- If you earn below \$37,000 there may be very limited advantage in a salary sacrifice arrangement, so a Government super co-contribution may be a more effective way to boost your super.
- you will boost your retirement savings
- Investment earnings in super are concessionally taxed.

However, be aware that:

- your money will be locked away until you reach preservation age and meet a condition of release
- there are limits on how much you can salary sacrifice into super.

How much can I salary sacrifice?

From 1 July 2018, the annual concessional contributions cap is \$25,000 for everyone. This includes, employer contributions, any contributions made under a salary sacrifice arrangement and personal contributions where you intend to claim a tax deduction.

However, if you have exceeded the concessional *contributions cap* (refer above) in a financial year, the contributions in excess of the cap will be taxed at individual's marginal tax rate. Effectively, the excess contributions will be added to individual's income in his or her income tax return. Interest charge will be applied due to the time lag between the lodgement of individual's tax return and reporting of contributions.

Due date for salary sacrifice

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Alternative – pay direct

In addition to salary sacrifice, you can now make **direct payments** into your super.

The option of contributing directly to your super comes into its own:

1. if your employer does not support salary sacrifice.
2. if you find it's too late to arrange for salary sacrifice with your employer but still you want to enjoy some tax benefit.

Paying direct saves you exactly the same amount of income tax as salary sacrifice but the benefit of paying direct is received at tax time, not immediately as is the case with salary sacrifice.

Remember: the tax benefit is only allowable on total contributions up to \$25,000 per year, including employer contributions salary sacrifice payments and any direct contributions where you plan to claim a tax deduction. You must notify your fund using the **ATO form** prior to the end of the financial year.

*The information supplied in this memorandum has been sourced from numerous publications available to
The Mischel & Co Group of Companies
including the Australian Taxation Office website and other superannuation specialist.*

*The content of this information memorandum is general information only and hasn't taken your circumstances into account.
It is important to consider your particular circumstance before deciding what is right for you as it does not reflect all the superannuation
legislation and announcements but simply highlights those points which we believe are most likely to affects our clients.*

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