Crest FINANCIAL SERVICES

June 2015 - Winter Newsletter

Welcome to the latest edition of our newsletter,

Our articles cover a range of topics which we hope you will find interesting. We aim to keep you informed of changes as they happen, but we also want to provide ideas to help you live the life you want – now and in the future.

In this edition we discuss tips for your end of financial year preparation, some superannuation terms you should definitely be aware of, and how to give your kids money smarts.

If you would like to discuss any of the issues raised in this newsletter, please don't hesitate to contact us.

In the meantime stay warm and we hope you enjoy the read.

All the best,

Crest Financial Services

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Ten tips for end of financial year

Make sure you know what you can claim and how to boost your super

Is it that time of the year already? The end of the financial year is fast approaching and that means getting all your paperwork ready for your 2014-15 tax return.

5 tax deductions you might not be aware of

You're probably well aware you can claim a tax deduction for general work-related expenses. But did you know you may be able to claim if:

Tip 1: **You undertake a course or study.**

You may be able to claim a portion of self-education expenses if it's related to your ability to earn an income

Tip 2: **You travel to inspect your investment property.**

You may be able to claim for expenses like pest control fees, body corporate, rates, utility bills, advertising and marketing costs.

Tip 3: **You belong to a union.**

You may be able to claim your union fees as a deduction.

Tip 4: **You wear a uniform for work.**

You may be able to claim for buying and cleaning a uniform that you need to wear for work.

Tip 5: **You work from home.**

You may be able to claim for running costs such as heating, cooling, lighting and cleaning, and even interest on any loans for work equipment, like a home computer. But you must keep detailed records — check out the ATO's guide to home office expenses.

Working out your tax deductions can be complex. Your tax accountant can help you work out what you can and cannot claim.

5 ways to boost your super at tax time

There are plenty of ways to benefit from super's favourable tax treatment, regardless of how much you earn and how old you are.

Tip 6: **You can claim...**

up to $500 in government co-contributions if you're a low to middle income earner and you make after-tax contributions of up to $1,000 to your super.

Tip 7: **You can receive...**

a tax offset of up to $540 if your spouse is a low income earner and you contribute up to $3,000 in after-tax contributions towards their super.

Tip 8: **You can contribute...**

up to $30,000 in before-tax contributions to your super at the 'concessional' tax rate of 15%[i]—or $35,000 if you're aged 50 or over.

Tip 9: **You can contribute...**

up to $180,000 a year (or $540,000 over three years) in after tax-contributions. Since this is from your after-tax income the full contribution reaches your super account, and no tax is deducted when the contribution reaches your super fund.

Tip 10: **You can start...**

a transition to retirement strategy once you've reached your super preservation age (the age at which you can access your super)—this can allow you to draw up to 10% of your super as a pension.

So as the end of financial year approaches, now's the time to make sure you're taking full advantage of the tax benefits of investing in super. We can help you with strategies to make your money work harder.

i Or 30% tax if you earn more than $300,000 pa.

Six super terms that should be on your radar

Confused by industry jargon? We help you make sense of it all...

We want to empower you to take control of your finances and own your tomorrow. But we know it's not always easy. The language of finance can be complex and confusing.

Here we explain superannuation terms in everyday language.

Superannuation guarantee (SG)

The payments your employer makes into your super. All Australian employers are required to pay at least 9.5% into their employees' super accounts. The SG rate is frozen until 30 June 2021, after which it is set to increase gradually to 12% by 1 July 2025.

Concessional contributions

Any payments into your super by your employer from your pre-tax salary (including super guarantee and salary sacrifice) up to $30,000 (or $35,000 if you're over 49) that are only taxed at 15%, which is lower than most people's marginal tax rate —unless you earn over $300,000, in which case you're taxed at 30%.

Non-concessional contributions

You can pay up to $180,000 a year into your super with after-tax funds—or $540,000 spread over three years. Although your payments won't allow you to receive a tax deduction, non-concessional contributions can still be a tax-effective way of saving for retirement. Any earnings are only taxed at up to 15% and any withdrawals are tax-free once you can access your super.

Co-contributions

Depending on how much you earn, if you top up your super using after-tax contributions, you may receive up to $500 from the government.

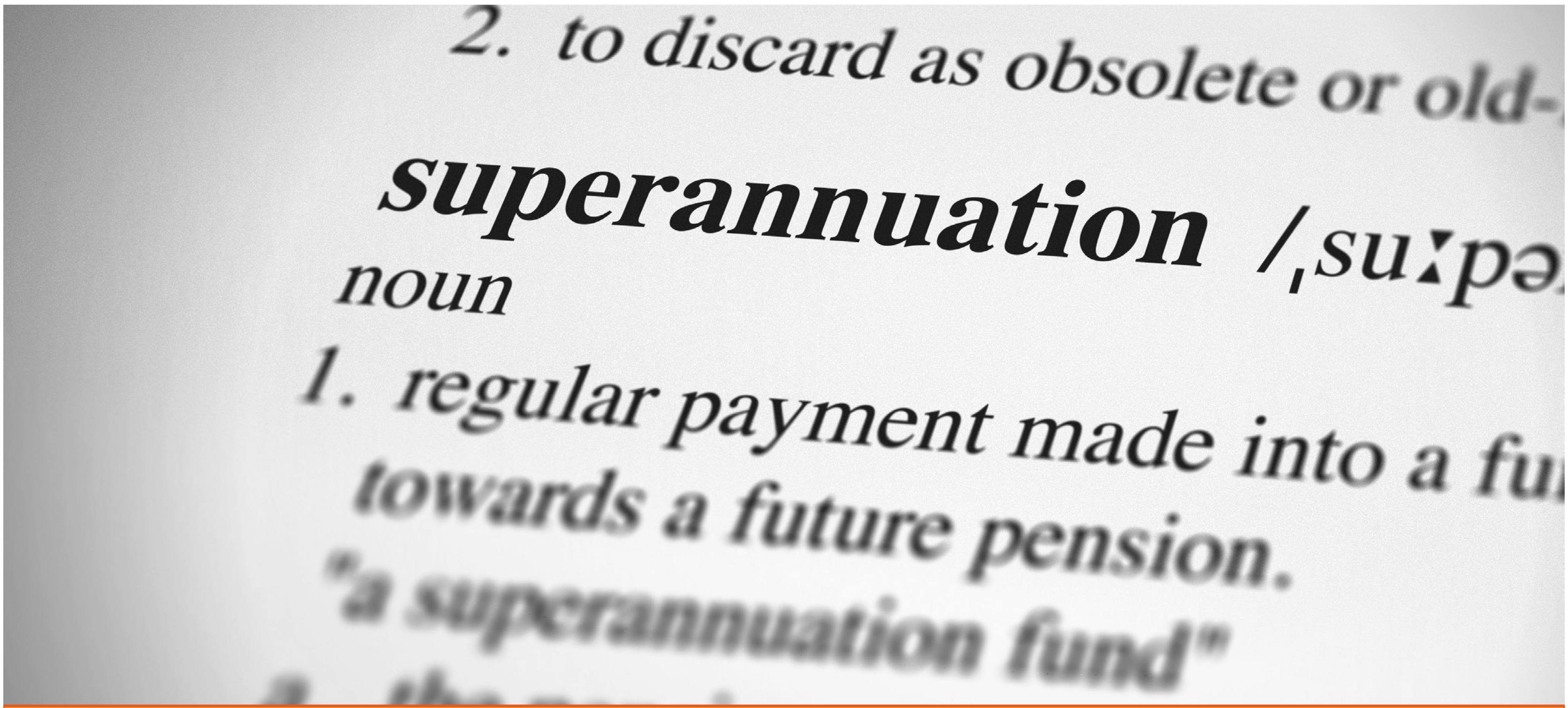
Beneficiaries

The people you want to receive your super savings in the event of your death. It's important to remember that your will doesn't cover your super. So if you don't name your beneficiaries, your super fund may decide who gets your money after your death.

There are two types of beneficiaries binding and non-binding. Having a non-binding beneficiary will give the trustee an indication of how you would like your super distributed, however making a binding nomination is the only way to make sure your super savings will go to the right people at the right time because your super fund is legally obliged to follow your instructions.

It's important to note binding nominations are only valid for three years so you need to keep them up to date.

Contact us we can help you make tax-effective contributions to your super and keep your beneficiaries up to date.



Give your kids money smarts

Children learn a lot from their parents when it comes to money—arm yours for financial success.

When it comes to money, your own behaviour and attitudes can strongly influence your kids. Help your kids to be money smart by demonstrating positive money habits and teaching them valuable lessons as they grow older.

Teaching money smarts

Money management has always been important for children to learn about, especially as they grow into young adults and face the big wide world out there! It's even more the case today, in an ever-growing digital world—kids are trained to become consumers from a young age.

What's more, it can be hard for kids to understand what they can't see. And shopping online—where there's no exchange of physical cash—makes it easy for kids to miss learning about the real value of money.

The good news is the desire to buy things does provide an opportunity to encourage healthy financial habits though, like saving, budgeting and working to earn their money. The best principles to teach kids just vary at different ages.

Here are some tips for building money smarts no matter what age your kids are.

Young children

Making money tangible for young children can be helpful. Your child may benefit from seeing money visibly accumulate in a jar. You can convey the way money works by playing games that show your child how many coins are needed to buy particular items—and how spending reduces the quantity of money in the jar.

Primary school kids

When children reach school age, introduce more practical examples by connecting household jobs they do with money as the reward. It can be a good time to set up a savings account for your child[i] and to learn basic goal setting and budgeting.

Teens

As your child gets older, a weekend or holiday job can help them appreciate that working leads to earning money. It's also a good stage to help your child start setting goals, say to buy a new mobile phone, while meeting short-term expenses like buying snacks, clothes and going out.

Young adults

Once children are earning money on a regular basis, if they're still living at home, then it's time to discuss living expenses, including board and chipping in for food and utilities. It's also an idea to develop their interest in building wealth for the future. Be sure also to cultivate an understanding and interest in their superannuation and how starting early can make a big difference.

Talking digital

Money lessons need to be adapted for digital spending. To do this it's a good idea to involve kids in the digital purchasing process when you're doing it yourself. Walk them through how it works and tell them the actual price so you can take this out of their pocket money, for example. It's also a good idea to take them to the ATM with you and explain that the money coming from the machine is reducing the amount the family has in savings.

It's never too late (or early)…

Investing from an early age can help build substantial wealth over time. So share our budget planner and speak with your kids about planning for financial success. Integrating money into your children's lives can be a positive experience—along the way they'll benefit from your knowledge and may even want to celebrate their achievements.

Our practice can create a budget and savings plan that could help.

Call us today.

i A parent/guardian can open an account in a child's name who is under 13 years of age, as long as they are a signatory. If the child is over 13 years of age, the parent/guardian must still open the account, but the child can be a signatory as long as the standard account opening requirements are met. Visa Debit, PayTag & AMPwave technology is only available to customers over 18.