



Issue 2 | May 2017

GROWING YOUR SUPER NEST EGG

To retire comfortably your employer's 9.5% contributions to your super may not be enough. By making extra contributions, you will boost the amount of super you have when you stop working. The key though is to start now so you can relax later.

Why grow your super?

There are lots of good reasons why you should grow your super as much as possible:

- * You might live to be 100 so your money needs to last
- * cost of living increases over time
- * the age pension alone will not be enough for a comfortable lifestyle
- * tax benefits of super make it a good way to invest
- * you might be eligible for bonus contributions from the government

Besides the 9.5% your employer contributes there are many ways to boost your nest egg.contd



LENDING TO SMSF'S

Changes to super laws in 2007 provided SMSFs the opportunity to borrow for the purpose of acquiring a single asset (such as a commercial or residential property) through their SMSF.

If the SMSF has a deposit that meets the lenders requirements the lender will provide the balance of the purchase price.

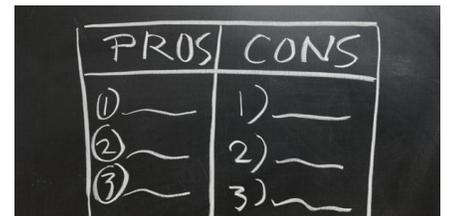
Legislation requires that the loan must be a Limited Recourse Borrowing Arrangement (LRBA). This allows the lender to hold the property as security however any other assets held by the SMSF **cannot** be used for additional security. Subsequently the lender may insist that the members provide personal guarantees.contd

SMSF TRUSTEES - CORPORATE VS INDIVIDUAL ??

In Australia, around 77% of SMSFs currently have individual trustees.

However the case for using a corporate trustee is growing stronger and we are now seeing an annual shift away from individual trustees.

In this issue we investigate some of the reasons why this is the case.contd



KEY DATES

May 15th: 2016 Tax Returns

Final deadline for lodgements of returns for the 2016 financial year

June 6th: Reserve Bank Meeting

Will the RBA continue to leave rates on hold ??

June 30th: \$20K Immediate Write Down Expires

Are you prepared ??

July 1st: Super Contributions

Non-concessional contributions cap reduces from \$180,000 to \$100,000

GROWING YOUR SUPER NEST EGG

Salary Sacrifice - is where you contribute more of your salary into super. This can be tax effective if you earn over \$37000 pa.

Make after-tax Contributions - simply deposit your personal money into super.

Government Co-contributions - If you earn less than \$51021pa (gross) & make after-tax contributions, you are eligible for matching contributions from the government. The co-contribution amount from the government reduces as your earnings increase.

Low Income Super Contribution - if you earn up to \$37000pa you may also qualify for a 'low income super contribution' of up to \$500 from the government.

Self-employed Super Contributions - most self-employed can contribute up to \$30,000pa and the tax benefit is similar to an employee salary sacrificing. If you're over 49 you can contribute up to \$35,000pa. ##

Contribute for your spouse - you may be able to claim an 18% tax offset on super contributions up to \$3000 made on behalf of your spouse if they have no or low income. You can also split your employer super contributions with your spouse.

note these amounts will change as at 1/7/17 to \$25000pa across the board

For further information about any of the above, please contact us on 07 3883 8999 so a superannuation and/or tax professional can go through the options with you.

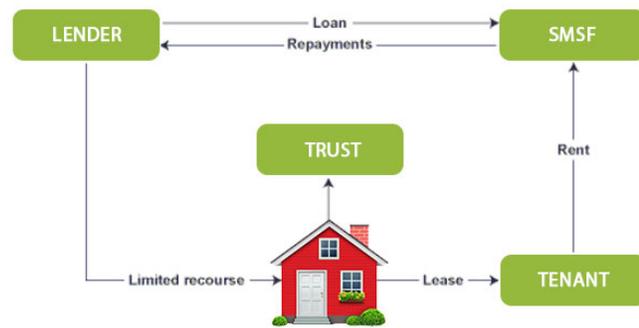


07 3883 8999
reception@accountplan.com.au
58 Klingner Rd Redcliffe Qld 4020
www.accountplan.com.au



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LENDING TO SMSF'S



Structure - property acquired via borrowed funds must be held by a bare trust - the SMSF being the beneficiary of the trust. The bare trust is simply the registered holder of the property until the loan is repaid. The SMSF receives all rental income from the lessee and also pays the interest to the lender.

If and when the loan is repaid the legal ownership of the property reverts to the SMSF.

The trustee of the SMSF cannot be the same as the trustee of the bare trust also some lenders will insist on a corporate trustee for each trust

If you are interested in finding out more about SMSF lending, or any type of finance, please contact Mick on 0437 645 255 and he would be happy help

SMSF TRUSTEES - CORP VS INDIVIDUAL

Asset Protection

- companies have limited liability giving greater protection against law suits
- if individual trustees suffer a liability, their personal assets are also exposed

Succession Planning

- companies provide much more certain control on death or incapacity of a member or company director
- if an individual trustee dies the SMSF must change the title on all assets held

Membership Changes

- the title to all assets remains in the Company's name thus company trustees see considerably less paperwork and cost upon cessation of membership or changes to the directorship of the trustee company.
- if a member joins or leaves a fund, that person must become, or cease to be, an individual Trustee. As trust assets must be held in all Trustees names, the title to all assets must be transferred to the new Trustee or Trustees

Estate Planning

- companies offer offers greater flexibility for estate planning, as the trustee does not change as a result of the death of a member
- a member's death gives rise to considerable administrative work and costs

Sole Member Funds

- SMSFs can have one individual as both the sole member and sole director
- sole member SMSFs must still have two individual Trustees

Our experienced Accounting team is here to guide you through every aspect of SMSFs. Just call us on 07 3883 8999