

# Smart End of Year Strategies 2013/14

12 Tax-effective strategies to help you save for retirement



## Super strategies

	If you ...
1. Get more from your salary or bonus	are an employee
2. Make tax deductible super contributions	earn less than 10% of your income <sup>1</sup> from eligible employment (eg you are self-employed or not employed)
3. Pay less tax on investment earnings	have an investment in your own name
4. Use super to manage Capital Gains Tax	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
5. Get a super top up from the Government	earn less than \$48,516 <sup>1</sup> pa, of which at least 10% is from employment or a business
6. Boost your partner's super and reduce your tax	have a spouse who earns less than \$13,800 <sup>1</sup> pa

## Insurance strategies

	If you ...
7. Buy insurance in super tax-effectively	<ul style="list-style-type: none"><li>• are eligible to make salary sacrifice super contributions, or</li><li>• are eligible to receive Government co-contributions, or</li><li>• have a spouse who earns less than \$13,800<sup>1</sup> pa, or</li><li>• earn less than 10% of your income<sup>1</sup> from eligible employment</li></ul>
8. Pre-pay income protection premiums and reduce this year's tax	are employed or self-employed

## Investing strategies

	If you ...
9. Gain from a capital loss	have received capital gains from your investments
10. Defer asset sales to save tax	are thinking of selling a profitable asset this financial year
11. Pre-pay investment loan interest and reduce this year's tax	have (or are considering establishing) a geared investment portfolio
12. Make better use of your tax refund	receive a tax refund

**Note:** To use strategies 1 to 7, 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.

MLC is not a registered tax agent. If you wish to rely on this letter to determine your personal tax obligations, you should consult with a Registered Tax Agent.

You may want to ...	So you can ...
sacrifice your pre-tax salary or bonus into super rather than receive it as cash	<ul style="list-style-type: none"> <li>• reduce tax on your salary or bonus by up to 31.5%</li> <li>• take advantage of the contribution cap that applies in this financial year</li> </ul>
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>• take advantage of the contribution cap that applies in this financial year</li> </ul>
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>
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>
make a personal after-tax super contribution	<ul style="list-style-type: none"> <li>• qualify for a Government co-contribution of up to \$500</li> <li>• increase your retirement savings</li> </ul>
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>

You may want to ...	So you can ...
purchase life and total and permanent disability insurance in a super fund	<ul style="list-style-type: none"> <li>• benefit from tax concessions</li> <li>• make premiums more affordable</li> </ul>
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>

You may want to ...	So you can ...
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>
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>
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>
Use your refund to: <ul style="list-style-type: none"> <li>• pay off non-deductible debts first</li> <li>• pay off your home loan and then borrow to invest</li> <li>• fund your daily living expenses and contribute your pre-tax salary into super</li> </ul>	<ul style="list-style-type: none"> <li>• save on interest</li> <li>• invest your refund outside of super</li> <li>• boost your super tax effectively</li> </ul>

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



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