

End of Financial Year Reminder 2021/22

Things to consider as the end of the financial year approaches

Salary Sacrificing Bonus

Awarded a bonus at work? Depending on circumstances, it may be worth salary sacrificing the bonus into superannuation. This can increase retirement savings & lower taxable income. The benefit depends on the difference between the 15% tax on super contributions and your marginal tax rate. Also be aware of the concessional contributions cap of \$27.5k.

Lump Sum Contributions & Carry Forward Cap

If you haven't used your concessional contribution limit of \$27.5k and have money available to contribute, this is the opportunity. Further, if you have a larger sum of money available to contribute and your balance was under \$500k at the start of the financial year, the carry forward cap is also an option. **For example**, there is now \$102.5k of space across four years since 2019 (3 x \$25k & 1 x \$27.5k), if your superannuation account received concessional contributions amounting to \$50k across the four years, there is \$52.5k of unused concessional contribution space available.

Co-contributions

If you earn below \$56,112, there is the opportunity to make a super contribution and receive a co-contribution from the government. The table below shows the potential scaling options.

Income	\$1000 contribution	\$800 contribution	\$500 contribution	\$200 contribution
Under \$41,112	\$500	\$400	\$250	\$100
\$44,112	\$400	\$400	\$250	\$100
\$47,112	\$300	\$300	\$250	\$100
\$50,112	\$200	\$200	\$250	\$100
\$53,112	\$100	\$100	\$100	\$100
Above \$56,112	\$0	\$0	\$0	\$0

Spousal Contributions

You can contribute to your spouse's superannuation and receive a 18% tax offset on up to \$3,000 when filing your return. The maximum tax offset is \$540, on a minimum contribution of \$3,000 and your spouse's income needs to be under \$37k. Above \$37k there is a partial offset, but over \$40k there is no eligibility.

Capital Gains/Losses

If you have losses on stocks or worse: crypto, now's the time to sell. The end of the financial year is always a good time to deal with losses. Realising losses is especially beneficial if you have gains elsewhere you want to offset. Just be aware, the ATO doesn't like wash trades where you sell and immediately buy back the next day. There needs to be a 30 day break before you buy back the same asset and still claim the loss.

As always, discuss all strategy options with your adviser.



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Annual Super Pensions Withdrawal Minimums

Superannuation minimum pension withdrawals were extended at the last budget for the coming 2022/23 financial year. These were first halved due to COVID market volatility and have been with us since.

Annual payments are calculated on the account balance at July 1.

Age	Minimum pension withdrawal	
	Temporary 2022/23	Standard
Under 65	2%	4%
65 - 74	2.5%	5%
75 - 79	3%	6%
80 - 84	3.5%	7%
85 - 89	4.5%	9%
90 - 94	5.5%	11%
95+	7%	14%

SMSF Pension Payment(s)

SMSFs may work on a single annual pension payment instead of multiple payments through the year and are often done manually. If this is the case, it's important to ensure the payment or even the final payment is made before June 30 and that it reaches the minimum threshold for your age bracket above.

Bringing Forward Expenses

There is always the opportunity to bring forward tax deductible expenses from the coming financial year, into this financial year. These include pre-paying investment loan interest, income protection policies and private health insurance and any work related subscriptions or memberships.

Timing of Payments

If you are making superannuation contributions, don't wait until June 30 to take action. Super funds are telling investors to make Bpay payments by June 27 to ensure they make the cut off.

Final Things to Check at End of Financial Year

- Are your beneficiary nominations current?
- Have you reviewed your pension payments and are they adequate?
- Have you collected your receipts for your tax return?
- Do you understand what deductions you can claim?
- Are you under or over your super contributions caps?

As always, discuss all strategy options with your adviser.

