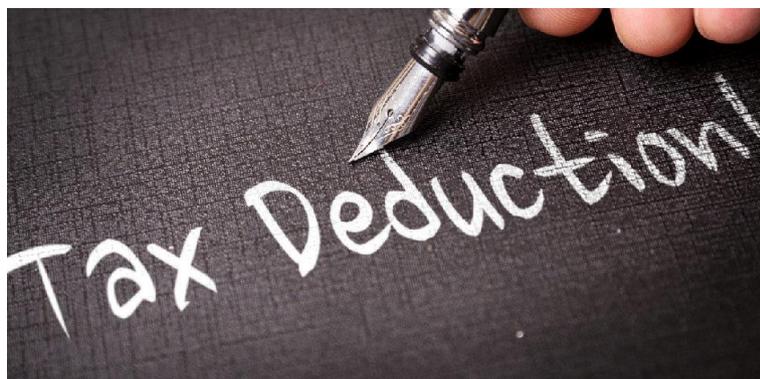


## TAX DEDUCTIBLE SUPERANNUATION



One way to boost your superannuation savings while paying less tax is to make a tax deductible contribution into your superannuation.

How does it work?

By making a personal contribution and claiming a tax deduction for it, you are reducing your taxable income and therefore paying tax on a reduced amount.

For Example:

If you have an annual salary of \$100,000 and you claim a deduction for \$10,000 for a personal contributions you will receive an additional tax refund of \$3,450 being \$10,000 multiplied by your marginal tax rate (34.5%).

Your Super Fund will be liable for \$1,500 in contributions tax so overall you will be \$1,950 better off in this example.

If your marginal rate is higher, then the percentage savings will also be higher.

The deductible amount can be one lump sum or smaller more regular contributions.

While we have used a nice round number in the example above, you can contribute a smaller amount and still benefit from a reduction in tax.

It is important to be aware of the annual contribution caps to avoid any penalties for exceeding annual limits. Currently the maximum annual concessional contribution is

\$27,500 which includes what your employer has contributed. It may be possible in certain circumstances to exceed this amount but advice should be sought in this case.

Once a contribution is made into superannuation, this must remain within the super environment until a condition of release is met. This will generally be retirement.

To claim a deduction on personal contributions, a "Notice of Intention to Claim a Tax Deduction" form must be lodged with the Super Fund and an acknowledgement from the fund must be received back before a deduction can be claimed.

While the tax savings can be significant, it is important to seek advice with regard to the underlying investments and superannuation products from a licensed financial adviser.

This article provides general tax information and it is important to seek advice for your specific circumstances.

For more information on the tax consequences of personal concessional contributions please contact our office on 03) 5331 2322.