

Snippets

Salary sacrifice to super

Super is one of the most tax-effective ways to boost your savings for the future.

When you sacrifice part of your salary to super, you reduce your taxable income by the amount you've sacrificed. Your sacrificed amount goes into your super with a concessional rate of 15% contributions tax taken out. So you're effectively investing more money than if you'd taken your full salary, paid tax at your marginal rate and then invested a similar after-tax amount.¹

You need to negotiate salary sacrifice arrangements with your employer and make sure the amount you're sacrificing won't reduce what your employer would otherwise contribute. Legally, salary-sacrifice contributions are 'employer contributions' which your employer may be entitled to count as part of the 'super guarantee' compulsory contribution. Unless you agree otherwise, your employer may be entitled to reduce their usual contribution by the total amount you salary sacrifice or pay a lower contribution based on your 'reduced' salary.

You also need to be aware of your concessional contributions cap because you'll pay tax at the highest marginal tax rate plus the Medicare levy on any excess contributions. Generally the cap is \$25,000, but if you're 50 or older the cap is \$50,000 until 30 June 2012.

¹ Figures only applicable for those whose Marginal Tax Rate is greater than 15%.



Lost super

A quick look at some of the websites that help Australians find their 'lost' super tells us that there could be up to three times as many super accounts as there are workers. So chances are you are one of those people with more than one super fund.

The problem with having more than one super fund is that you're paying more than one set of fees. And if you've stopped contributing to a fund, fees tend to eat away your investment in it.

You can check for your missing super for free using the Australian Tax Office (ATO) SuperSeeker facility. The quickest way is to search online, but you can also phone or fill out a form and mail it to the ATO.

If your lost super fund contains less than \$200 you can opt to receive the money in cash. If the amount is more than \$200, you'll have to arrange to transfer it to your 'active' super account.

Budgeting

Credit is still relatively easy to come by, which could tempt you to spend beyond your means. If you spent up big over the recent holiday period, now's the time to rein in your spending.

A good way to do this is to use a budgeting tool. There's a variety of budget planners available on the internet. Check out the planner on the government website www.understandingmoney.gov.au.

By recording your expenses over a few weeks it's easy to see where you might be able to cut back.

When you're out shopping, stop and think before you buy. Will the pleasure you get from buying a particular item be short-lived? If that's the case, save the money and reward yourself further down the track with something that will really make you happy!