

The Count Report

Your financial year checklist

Understanding your super and pension statements

Facts & figures

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Count 



Welcome

Welcome to the Winter edition
of The Count Report.

When the months get cooler and the days are shorter, many of us experience the 'winter slump', finding it hard to get motivated. We may also delay those activities that require some extra effort – like preparing a tax return.

So with 30 June approaching, we have compiled 'Your financial year checklist' to take some of the headache out of preparing for tax time.

'Understanding your super and pension statements' also provides a breakdown

of your statement – without the finance speak – so you can better understand how and where your money is invested.

And finally, we have included some 'Facts & figures' on the health benefits of regular exercise, with some tips on how to get started – perfect for that extra motivation during winter!

We hope you enjoy this edition of The Count Report.



Your financial year checklist

Who doesn't love the end of the financial year? Okay, so maybe sorting through a shoebox full of receipts isn't your idea of fun, but don't worry. With our handy checklist, you can take some of the headache out of tax time. You might even find ways to give your finances a boost.

The end of financial year has a way of creeping up and catching us unprepared. But this time you can be ready, with a to-do list of tasks that you can tick off as you go.

Plus, this year may be the perfect time to put a bit extra into your super before 1 July. New rules around super contributions are about to take effect on 1 July, so now is your last chance to make the most of the current contributions caps.

And if you're a business owner, we've also got some useful tips to help you manage your financial obligations and plan for the year ahead.

So as the countdown to 30 June begins, here's our checklist to start you on your way.

Getting ready for the tax man

Confirm if you need to lodge a tax return

If you received an income through employment or investments during the financial year, chances are you'll have to lodge a tax return after 30 June. If you're not sure whether you need to do one, you can find out by using the Australian Tax Office's online tool – 'Do I need to lodge a tax return?'

Organise your documents

Your tax return needs to show everything you earned between 1 July 2016 and 30 June 2017. As the first step, gather your payment summaries from your employer, invoices for any self-employed work you've done, and bank statements that verify your income.

Identify your investment earnings

Your tax return also needs to indicate any income you've earned from non-work activities during the financial year. This includes dividends from shares and rental income from investment properties, as well as assessable capital gains from the sale of investment assets. Make sure you have a clear record of all your investment earnings for the year, with documentary evidence to back it up.

Collect receipts for donations or gifts

You may be able to claim a tax deduction for donations or gifts you've made during the financial year to charitable organisations or other eligible 'deductible gift recipients'. You'll need to find all your receipts for these – monetary gifts must be over \$2 and different rules apply for gifts of money or property, so ask your accountant which ones you can claim.



Work out your deductions

Depending on your employment situation, you may be able to claim a tax deduction for money you've spent on things like your car or other transport, work uniform, tools, home office equipment or education and training expenses. You may also be able to claim deductions on costs you incur in earning investment income (such as interest payments) and super contributions, so talk to your accountant to find out what you're eligible for.

Calculate child support payments

If you're making child support payments or providing any related benefits, calculate the total you'll be paying during this financial year. Depending on your circumstances, these costs may be deducted from your adjusted taxable income.

Sorting out your super

Make an after-tax contribution

From 1 July, the annual cap for after-tax or 'non-concessional' super contributions will reduce from \$180,000 to \$100,000. The 'bring-forward' rule, which allows you to make three years' worth of contributions at any time during a three-year period, will also be reduced from \$540,000 to \$300,000. Also from 1 July, if your total superannuation balance is \$1.6 million or more, your annual cap reduces to nil, while your bring-forward cap will reduce once your total superannuation balance is \$1.4 million or more. So if you're thinking of giving your super a boost, now could be a good time. Ask your financial adviser how you can make the most of the current caps before they change.

Start salary sacrificing

The annual caps for pre-tax or 'concessional' contributions will also reduce on 1 July. At the moment, you can contribute up to \$30,000 a year – or \$35,000 if you're 50 or over any time during a financial year – but under the new rule, everyone's cap will be \$25,000. One way to take advantage of the cap is by salary sacrificing part of your income into super. But even if you don't reach your cap before 30 June, salary sacrificing might be a strategy worth considering for next financial year.

Don't exceed your caps

If there's a possibility you've already gone above your concessional or non-concessional contributions caps, work out how much you've put into super so far this financial year. If you've put

in too much, your financial adviser can help you take the excess out of super, so you can avoid paying a penalty.

Find other ways to contribute

If you're a low income earner, you might be eligible for other types of contributions or government payments – for instance, a split contribution from your spouse, a government co-contribution or the Low Income Super Contribution (LISC). If you're not sure what you're entitled to, ask your financial adviser now so you don't miss out before 30 June.

Taking care of business

Organise your paperwork

If you're a business owner, the type of tax return you need to lodge will depend on the structure of your business. Your accountant will likely want to see your profit and loss statement for the financial year, plus your balance sheet, general ledger report and bank reconciliation report, so it's best to get these ready in advance.

Reconcile your payroll

If you employ staff, you'll need to give them each a payment summary by 14 July so they can lodge their own tax returns. You can also use this opportunity to check that your staff members' salaries

are in line with award rates and you've paid them the required amount of super.

Update your financial records

As with each monthly or quarterly Business Activity Statement (BAS) you lodge, make sure you have all the financial documents ready that you'll need. The Australian Taxation Office website has a full list – and yours may include bank statements, a PAYG payment summary, receipts and invoices, and records of fuel tax and GST.

Check your depreciating assets

Until 30 June 2017¹, businesses with a turnover of less than \$10 million per year can now deduct the full cost of any depreciating assets under \$20,000 (purchased before 1 July 2017) – and a portion of the cost of assets over \$20,000. If you've made a purchase for your business in the past year, check with your accountant to see if you can claim a deduction.

Work out your deductions

Tax time is also when you should review your stock and see if you may be able to claim deductions on anything your business makes, buys or sells. You may even be able to claim a deduction for things like interest on business loans and overdrafts.

Plan your spending

As many of your business expenses may probably qualify for a tax deduction, it's worth thinking strategically about when to pay them. There may be costs you want to pay now so you may claim a deduction for this financial year – and on the other hand, you may want to put off some payments so you can save the deduction for next financial year.

¹ The Federal Budget has proposed extending the \$20,000 immediate deductibility threshold for the purchase of depreciating assets to assets used or held ready for use by 30 June 2018. At the time of writing, this proposal had not been legislated.

Your financial adviser can help

It's always a good idea to speak to your financial adviser when you're sorting out your finances for the year. They can help make sure you have the right financial arrangements in place for your personal circumstances and lifestyle goals, so you can start off next financial year on the right foot.





Understanding your super and pension statements

Confused by what all the facts and figures mean on your super or pension statements?
Don't despair – here's how to translate them.

We're not all financial experts, but sometimes it feels like we're expected to be – especially when each super or pension statement arrives. So if you'd like to understand yours better, here's how to make sense of all the finance-speak.

Your super statement

Here's a breakdown of what your statement may look like if you're in a typical accumulation-style super fund. But if your super is set up differently – for example, if your money is in a defined-benefits scheme or a wrap account – your statement may show different types of information. So if you have any questions about your super statement, speak to your financial adviser.

Balance and transaction summary

The first thing most people look for when they get their statement is their super balance. This shows how much money you have in your account and whether it's grown since your last statement. You'll also see a breakdown of all the amounts that have been added to your account (credits) and taken out (debits) during the statement period.

Your credits include Super Guarantee payments from your employer plus any amounts you've salary sacrificed or rolled over from another fund. Credits also include any after-tax contributions you've made, along with things like government payments or contributions from your spouse, as well as the earnings on your investments.

Your debits consist of any lump sum withdrawals you've made, plus any amounts taken out by your super fund for account fees and insurance premiums, or negative returns on your investments. They also include any tax your fund has paid on your behalf (usually 15% of your contributions).

How and where your money is invested

Your statement indicates how much of your money is invested in different asset classes such as cash, fixed interest, property and shares. This is shown as either a percentage of your total balance or as a dollar value. Your individual rate of return says how much your investments have earned overall since your last statement.

Your statement may also summarise the expected annual return rates on these investments over a longer period – for instance 3, 5 or 10 years. Remember that these aren't your actual returns; they're provided so you can formulate a long-term investment strategy.

Your financial adviser can help you understand the growth potential of different assets and tailor the right investment mix so you can meet your financial goals.

Insurance, premiums and beneficiaries

Many super funds offer their members personal insurance, which typically covers the insured member against death or total and permanent disablement. If you have this cover, you'll see the amount you're insured for and the amount that's been taken out of your super account to pay for the insurance premiums.

If you haven't told your super fund that you'd like a specific level of cover, you're probably getting their default cover. But be aware that this might not be enough for your needs, so check with your financial adviser. Some funds may also offer their members income protection insurance (also known as salary continuance insurance), and your financial adviser can help you work out if this type of cover is right for you.

The beneficiaries listed on your statement are the people who you've chosen to receive your super and insurance benefits if you pass away. If you haven't nominated any beneficiaries (or if you have but your nomination isn't a 'binding'

or 'non-lapsing' nomination), your super might not be distributed according to your wishes when you die. In this case, it's a good idea to speak to your financial adviser so they can guide you through the nomination process.

Your pension statement

If you have an account-based pension, the following information will likely be shown on your pension statement. Bear in mind that statements for other types of income streams might provide different information – so if you're unsure about anything on your statement, have a chat with your financial adviser.

Balance and transaction summary

Your account balance shows how much you have left in your pension account. Near this, you should see the value of each pension payment and the date the next one is due – or else, how often they're paid (for example, weekly or monthly).

Your statement may also explain how you can change your pension payments if needed. Otherwise, your financial adviser can also help with this.

The transaction summary is a list of all the money going in (credits) and coming out (debits) of your pension account. So, your credits would include any money you've rolled into your pension account, plus the earnings on your investments. Your debits would include fees and taxes, your regular pension payments, any lump sums you've taken out and any negative returns on your investments.

How and where your money is invested

Investment structures can be complicated, so different funds may choose to simplify this information in different ways. You should be able to easily see how and where your money is invested – for example, how much you have in defensive assets and growth assets.

If your statement provides more detail, it will probably indicate how much you have invested in each of the main asset classes: cash, fixed interest, property and shares. This may be expressed either as a percentage or a dollar amount.

If you have any questions about your investments, or think you'd like to alter the mix, talk to your financial adviser.

Other information

Depending on your fund, your statement may list other information such as your beneficiaries. If any of this information is incorrect, including any of your personal details, let your fund know straight away.

Need more guidance?

Remember that your financial adviser should be the first port of call if you're uncertain about any part of your statement. They can explain anything you don't understand, so you can take control of your finances and make your money work harder for you.

Asset Class	Value 1	Value 2	Value 3	Value 4	Value 5
Australian Equities	8.3	3.7	0.9	5.3	See note 2
Australian Socially Responsible Equities	4.1	0.4	2.9	See note 2	See note 3
International Equities	0.3	-12.3	See note 2	See note 3	See note 3
Property	-13.8	See note 3	See note 2	See note 2	See note 2
Australian Fixed Interest	-18.5	-17.8	See note 2	See note 2	See note 2
	-16.4	-14.6	See note 2	See note 2	See note 2
	9.1	6.2	See note 2	See note 2	See note 2
	5.7	6.0	See note 2	See note 2	See note 2
	4.6	5.4	5.4	5.2	5.0
					5.1

Facts and figures

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Source:

- 1 Lancet 2014
- 2 National Cancer Institute
- 3 National Heart Foundation
- 4 J Psychiatr Res. 2016 Jun; 77:42-51
- 5 National Sleep Foundation

CONTACT YOUR COUNT ADVISER AT:

Looking after your financial life

Why should I exercise?

These are just some of the health benefits when you do **30 minutes** of exercise, **5 times a week**, at a moderate intensity (working up a bit of a sweat and puff):

- improves thinking, and may prevent around **30%** of Alzheimer's cases¹
- **reduces your risk** of bowel and breast cancer²
- dramatically **reduces your risk** of heart disease³
- can be a powerful **antidepressant**⁴



Tips to get started

1 Exercise with a friend. Keep it social and you are more likely to keep going.



2 Have a goal and make it realistic. Try keeping track of your daily steps and aim for a least **10,000 steps per day**. Keeping an activity diary is a great way to track your progress.

3 Make it fun. Try a new hobby, sport or activity, like dancing.

4 Active commute. Make your trip to work as **active** as possible. Cycle, walk or get off the bus at an earlier stop. Park away from your workplace and **walk** the remaining way to the office.

5 Mix it up at work. Try a standing desk to break long periods of sitting, or taking the stairs instead of the lift to keep you more active through the day. Taking a **short stroll** in your lunchbreak is also a great way to clear your mind and keep moving.

6 Set a routine. Aim for two strength based exercise sessions a week – a **personal trainer** can help with appropriate weight techniques and setting an **exercise program** to suit you and **your goals**. You can also try yoga or Pilates.

Did you know?

Most adults need between **7–9 hours'** sleep a night to function at their peak and stay motivated. About **1 in 3 adults** are not getting enough sleep.⁵

