8 ways to boost your bottom line in 2017

Churchill Financial Planners

The end of the 2016/17 financial year is already approaching, so now is the time to examine your situation and ensure your finances are as tax-effective as possible.

Here are 8 ways to boost your financial bottom line.

1. SACRIFICE YOUR SALARY TO SUPER

If your marginal tax rate is more than 15 per cent, salary sacrifice can be a great way to boost your superannuation and pay less tax. By putting pre-tax salary into super rather than having it taxed as normal income at your marginal rate you may save tax.

2. OFFSET CAPITAL GAINS

Tax is normally payable on any capital gains. You could consider selling any non performing investments you hold in the remaining months of 2016/17 to crystalise a capital loss and reduce or even eliminate any potential capital gains tax liability. Unused capital losses can be carried forward to offset future capital gains.

3. PRE-PAY INTEREST EXPENSES

By pre-paying your 2017/18 interest expenses on your investment plan borrowings, the tax deduction can be brought forward into the current financial year.

4.CONTRIBUTE TO YOUR SUPER

Whether you make personal concessional (ie. before tax) contributions or non-concessional (ie after-tax) contributions, putting money into super can be very tax effective. This is because earnings on super assets are concessionally taxed at up to 15 per cent, compared with earnings on your personal investments which are taxed at your marginal tax rate, which may be as high as 49 per cent.

5. CONTRIBUTE TO YOUR SPOUSE'S SUPER

You can claim an 18 per cent tax offset on super contributions of up to $3,000 made on behalf of a low-income or non-working spouse. To be eligible for the maximum $540 tax offset, your spouse's income must not be more than $10,800 per annum, while a reduced offset is available if your spouse earns less than $13,800.

6. QUALIFY FOR A GOVERNMENT CO-CONTRIBUTION

If your total income is less than $51,021, you may be eligible for a super co-contribution from the Federal Government. For each dollar in personal after-tax super contributions, the Government will contribute up to $0.50 to a maximum co-contribution of $500 for those earning less than $36,021.

7. PROTECT YOUR INCOME

Cover for one of your greatest assets - your ability to earn an income - can be an important part of securing your financial future. Income Protection Insurance replaces up to 75 per cent of your salary if you are unable to work due to sickness or an accident. The insurance premium is tax deductible.

8. TAKE OUT LIFE INSURANCE WITHIN SUPER

Normally personal life insurance premiums are not tax deductible. However, if this insurance is held within your super fund and you make either salary sacrifice or personal concessional contributions, you are effectively getting a tax deduction on your insurance premiums.

Call your adviser - Russell Fletcher on 08 9335 7222 before implementing these strategies to avoid common traps and take advantage of opportunities. Russell can help you determine how to best structure your financial affairs and generate additional wealth.

PERSONAL CONCESSIONAL (ie deductible) contributions in 2016/17

Under the age of 50

You can make contributions of up to $30,000 @ 15%* tax rate.

50 years and over

You can make contributions of up to $35,000 @ 15%* tax rate.

NON-CONCESSIONAL (ie after-tax) contributions

A cap of $180,000 each financial year applies to these contributions before penalty tax applies. This amount can be averaged over a three-year period to allow for a larger one-off contribution of up to $540,000 if you are under age 65 as at 1 July.

* Very high income earnings with income greater than $300,000 pa are required to pay an additional 15% tax on these contributions.

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