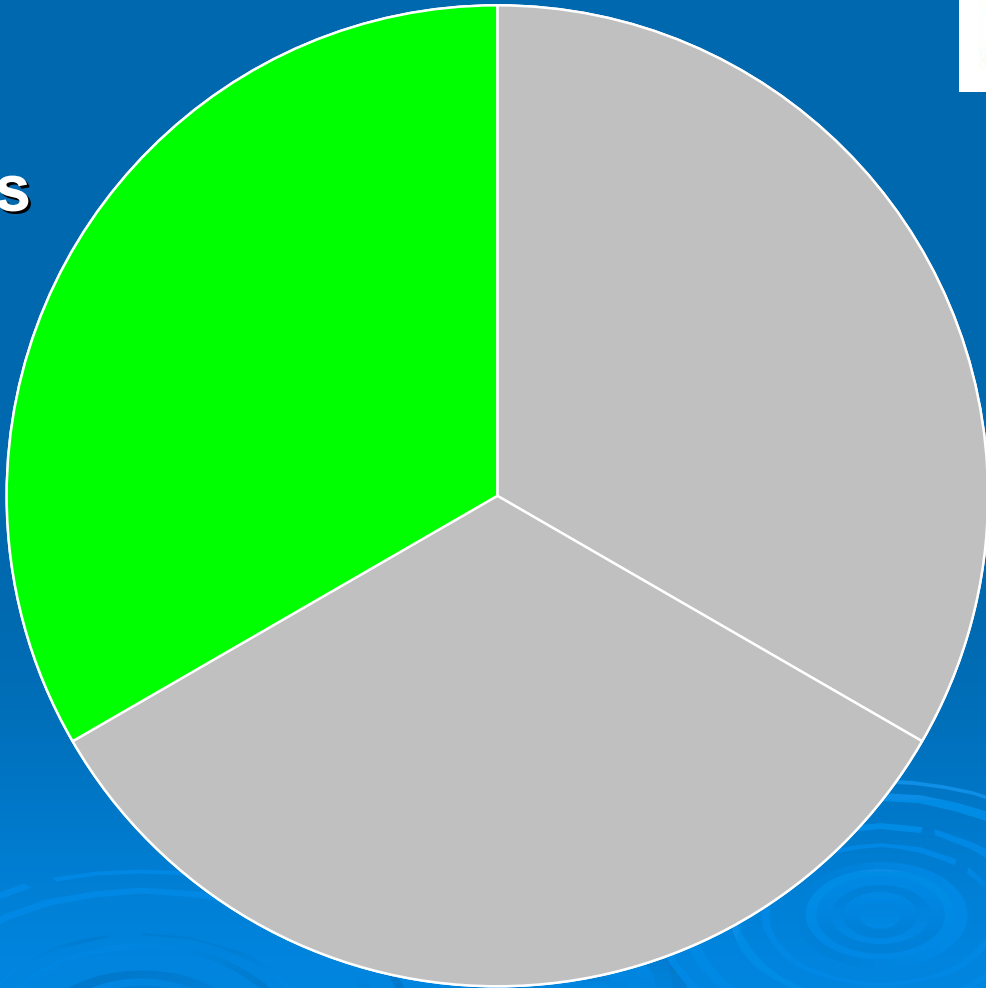
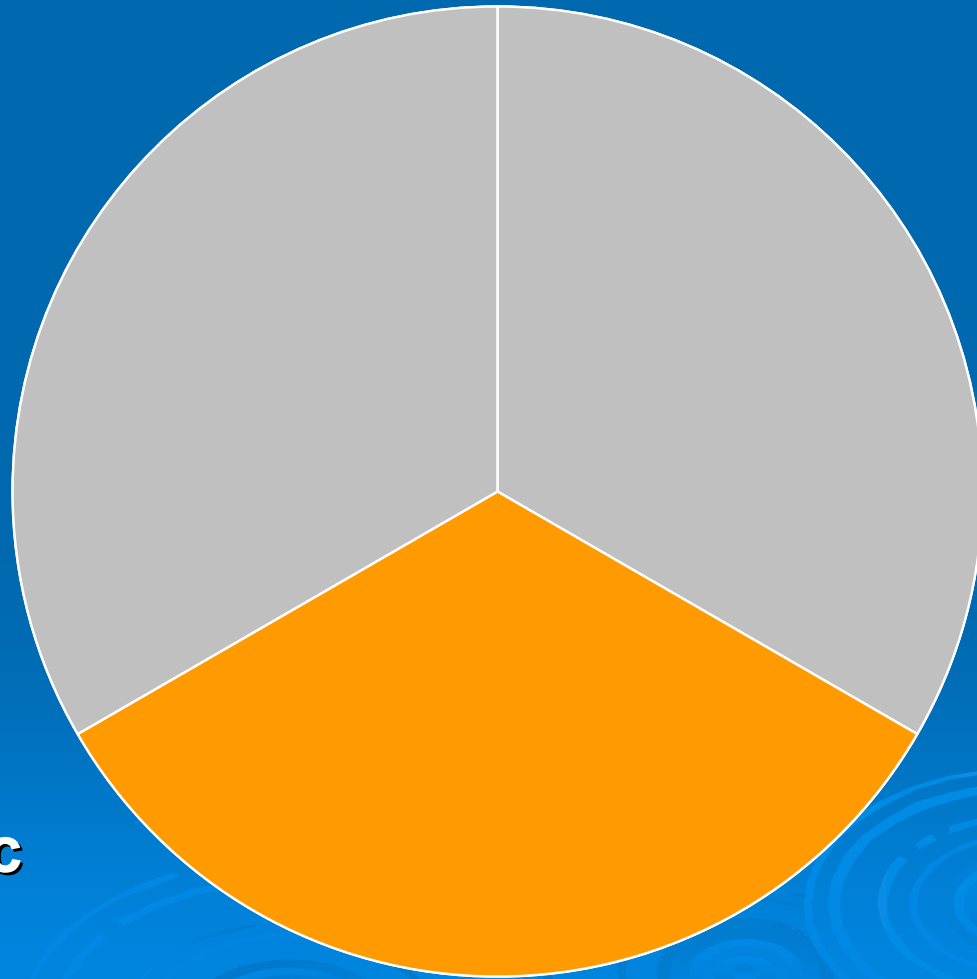


Your Investment Portfolio

 Cash Interest
Bearing Deposits

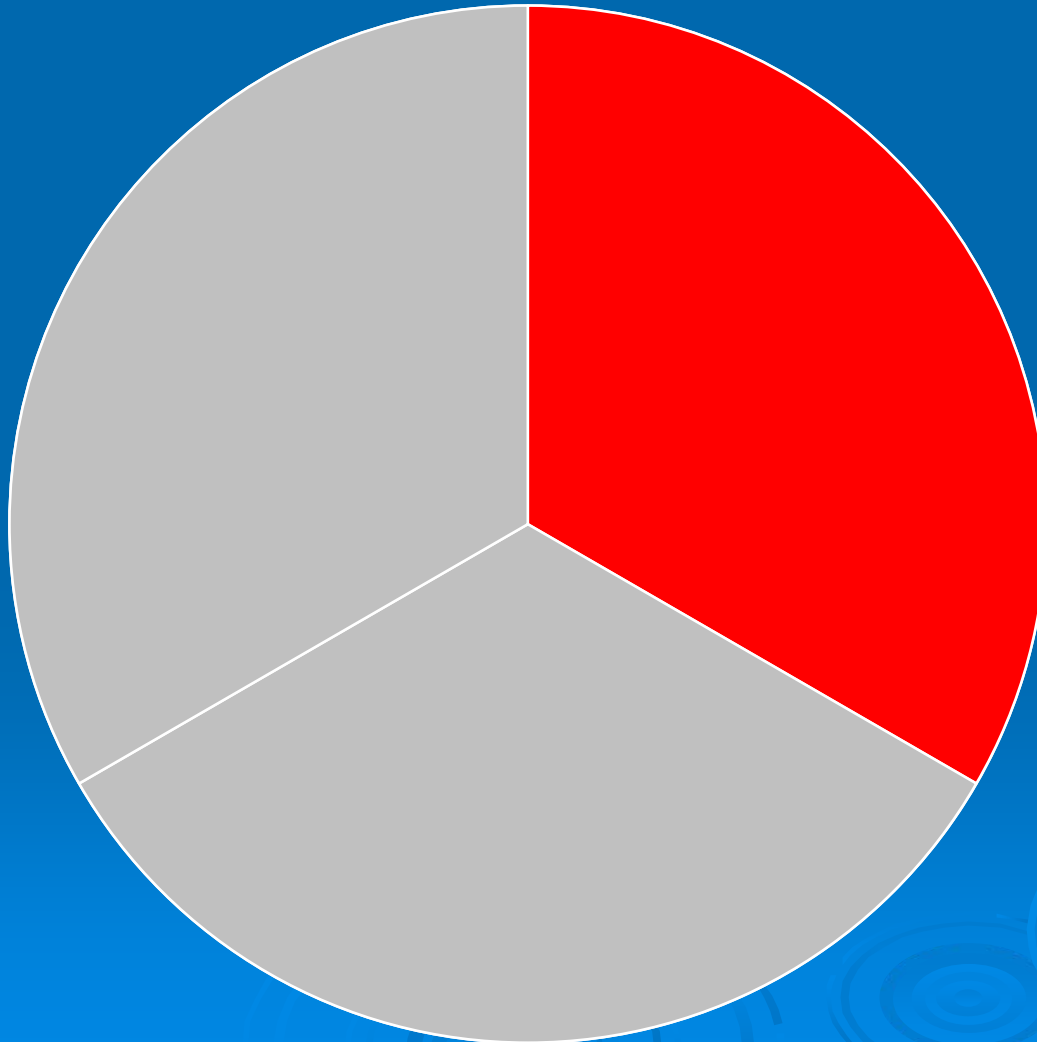


Your Investment Portfolio



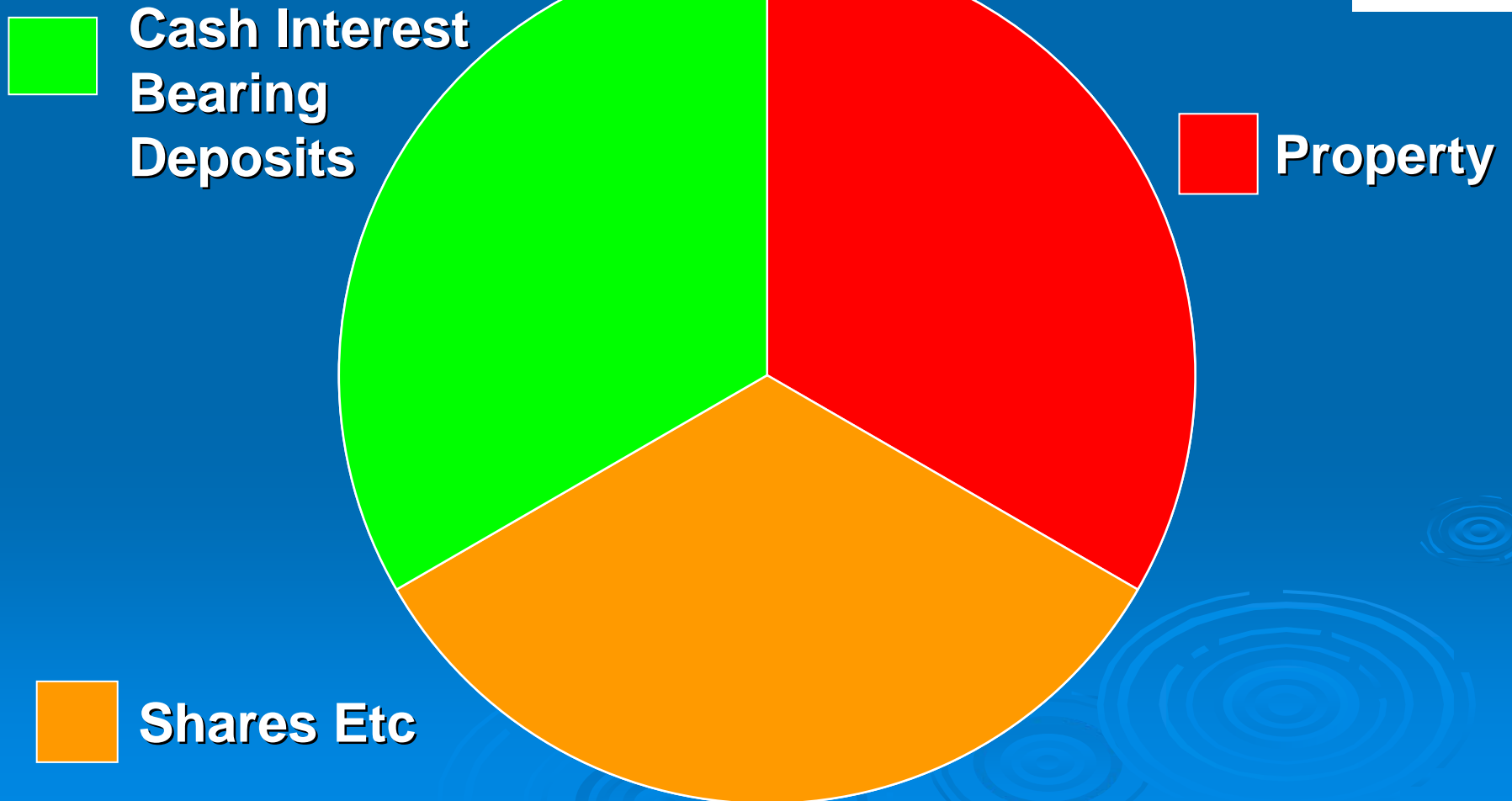
 **Shares Etc**

Your Investment Portfolio



 **Property**

Your Investment Portfolio



Your Investment Portfolio



- **Which is better?**
- **Investment Hint #1**
 - Do not put all your eggs in the one basket
- **Diversification**

Direct v/s Indirect Investment

- **DIRECT** – you own the deposit/shares/property
- **INDIRECT** – you invest via a public investment vehicle who in turn owns the deposit/share/property

5 More Investment Hints

How not to lose the shirt off your back

- **Hint #2** – The red hot investment tip you hear at work/pub/neighbour will be either wrong or out of date
- **Hint #3** – If it sounds too good to be true, it usually is!
- **Hint #4** – The higher the return, the more the risk
- **Hint #5** – Get professional advice
- **Hint #6** – **SLEEP ON IT!**

The 3 Certainties Of Life

➤ BIRTH

➤ DEATH

➤ TAXES

➤ **Hint #7** – Tax Effective Investments need to be reviewed in the light of very strict tax avoidance laws

Superannuation Options - Long Term



- Employer sponsored (S.G.C)
- Personal Super Funds
- Self Managed Superannuation Funds

Hint #8 – Where possible couples should try not to have all retirement monies in one name

Making Your Salary Dollar Go Further



➤ Salary Sacrifice

- Developed in response to Fringe Benefits Tax (FBT) 1986.
- Fringe Benefits Tax (FBT) applies to benefits provided by employers and their associates.
- The re-arrangement of an employees salary/wage so that a component is paid to the employee in the form of benefits rather than cash.
- Must be arranged well before the employee provides the service.
- Care with Bonuses.

Salary Sacrifice

- **Can package virtually anything**
- **Tax Ruling has no real percentage limits – (refer discussions on type of employers)**
- **Need to consider commerciality and award and workplace restrictions.**

Salary Sacrifice

- **How it Works**
- **FBT rate is 49% equates to top marginal tax rate**
- **Some benefits are exempt from FBT e.g. Superannuation.**

Salary Packaging



- Danny has a salary package of **\$45,000** and wants to put an extra **\$5000**

	<u>PACKAGE</u>	<u>NO PACKAGE</u>
Total Salary Package	45,000	45,000
Benefit Packaged	<u>5,000</u>	<u>0</u>
Cash Salary	40,000	45,000
P.A.Y.G Tax	7,860	9,360
Medicare Levy (15%)	<u>600</u>	<u>675</u>
Total Tax	<u>8,460</u>	<u>10,035</u>
Net Salary after tax	31,540	34,965
Super	<u>0</u>	<u>5,000</u>
<u>Disposable Income</u>	<u>31,540</u>	<u>29,965</u>

Salary Package

- Danny gets a pay rise, his new package is:

	<u>PACKAGE</u>	<u>NO PACKAGE</u>
Total Salary Package	100,000	100,000
Benefit Packaged	<u>5,000</u>	<u>0</u>
Cash Salary	95,000	100,000
P.A.Y.G Tax	28,200	30,550
Medicare Levy (15%)	<u>1,452</u>	<u>1,500</u>
Total Tax	29,625	32,050
Net Salary after tax	65,375	67,950
Super	<u>0</u>	<u>5,000</u>
<u>Disposable Income</u>	<u>65,375</u>	<u>62,950</u>

Salary Sacrifice



➤ Otherwise Deductible Rule

- Where employee could receive a tax deduction in relation to the benefit themselves to the extent of the deduction.
- E.g. Martin's employer pays his CPA membership
- Only available to the employee
- Loans in employee or joint names only
- Must be deductible – not depreciable
- Can be proportionately deductions
- Record Keeping requirement

Salary Sacrifice



➤ Other Exempt Benefits Include

- A mobile phone or a phone that is primarily for use in the employee's employment
- Protective clothing required for the employee's employment
- A briefcase
- A calculator
- A tool of trade
- Computer software used in the employee's employment
- An electronic diary, a personal digital assistant

Public & Private Non Profit Hospitals



- 17,000 gross up cap per employee
- From 1/4/2000
- Exempt from FBT below limit
- Full FBT impost above limit
- High record keeping requirements
- Significant planning opportunities

Tax Exempt Non-Profit Entities



- \$30,000 gross up cap per employee
- From 1/4/2001
- FBT Rebateable or exempt below limit – 48% rebate
- Full FBT impost above limit
- High record keeping requirements

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