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Did you know Forsyths now offers personal and business insurance advice?

Personal insurance is all about providing peace of mind and financial security for you, your family and your business in the case of unforeseen events and change.

How would your life change if you or your partner were unable to work for an extended period of time? Would your income continue? Would you be able to meet the day to day expenses? More importantly, how would your family cope with the loss of income and security?

Everyone needs to plan for events that may occur and we can help!

If you would like more information regarding these services please call Brett Verrender on (02) 6842 0000 or contact your local Forsyths office.

SUPERANNUATION CHANGES

In September 2006, the Government provided more detail to the proposed major changes to superannuation legislation which take effect from 1 July 2007. These proposed changes present opportunities for individuals to review their financial and retirement planning.

The following highlights some key elements of recent and proposed changes that may be of interest.

TRANSITION TO RETIREMENT PENSIONS

- Transition to retirement pensions allow those aged 55 or over to commence a pension from their superannuation while working and transitioning toward retirement. Where an individual continues to work full time and draws a pension they may have surplus cashflow, allowing them to sacrifice part salary as contributions to superannuation. This strategy can provide tax savings on the salary contributed to superannuation – taxed at 15%. Salary is replaced with a tax advantaged pension (proposed to be tax free for those over age 60 from 1 July 2007).

SUPERANNUATION CONTRIBUTIONS

- **Pre 1 July limit lifted to \$1m** – the limit for non tax deductible (undeducted) contributions for the period 10 May 2006 – 30 June 2007 has been lifted to \$1 million. This replaces a proposal to impose a \$150,000 p.a. cap and provides scope to contribute significant amounts for retirement funding, particularly where cash lump sums are available to contribute e.g. proceeds from the sale of property.
- **From 1 July 2007** a cap of \$150,000 p.a. will apply for undeducted contributions. Those age 64 or less will have the ability to bring forward 2 years of contributions (to make a contribution of up to \$450,000) from 1 July 2007. The introduction of the cap will see greater importance placed on the earlier planning of retirement funding.
- **Deductible contributions** will be subject to a limit of \$50,000 p.a. from 1 July 2007. Where an individual attains age 50 or more up to and including 2011/12 they will be entitled to a limit of \$100,000 p.a.

BENEFITS

- Reasonable **Benefit Limits** limiting the amount of concessional tax benefits that could be accrued by an individual will be abolished from 1 July 2007. Individuals will be able to utilise the

UPCOMING SEMINARS

Forsyths, in conjunction with proAGtive, are excited to be hosting the upcoming seminar series that will focus on helping you implement more effective people, business and succession management strategies.

COONABARABRAN

27th Feb @ 9am at Poplars Motel, Newell Highway

GUNNEDAH

27th Feb @ 6pm at Gunnedah Bowling Club, Conadilly Street

ARMIDALE

1st March @ 9am at Cattleman's Motor Inn, 31 Marsh Street

TAMWORTH

1st March @ 6pm at All Settlers Motor Inn, 191 Goonoo Goonoo Rd

If you have any questions or would like to attend, please contact Fay Weis by Monday, 19 February on (02) 6773 8400 or email fweis@forsyths.com.au

tax efficiency (maximum 15% tax on earnings) of the superannuation environment to a far greater extent. Superannuation remains an extremely tax efficient entity to hold and accumulate investment assets within.

- **Removal of tax on all benefits paid to those aged 60 or more** further improves the tax advantages associated with accumulating assets within superannuation. This includes the removal of tax on both pensions and lump sums for those aged 60 or over.

SMALL BUSINESS AND SELF-EMPLOYED

- **Full deductibility for personal contributions** up to age 75 from 1 July 2007. This extends the current deductibility of contributions from \$5,000 and 75% of the balance up to age based limits.
- **Government co-contributions** will be extended to the self-employed from 1 July 2007.
- **CGT retirement exemptions for small business** sale proceeds contributed to superannuation will be broadened and the limit for this exemption increased to a lifetime limit of \$1m. These amounts will not count towards the undeducted contribution limits discussed above.

Please note that proposed changes are still to be legislated. Legislation is in draft form and may be subject to change. We recommend that you seek advice in relation to the proposals and how they may affect your individual circumstances and planning.

If you would prefer not to receive these newsletters (we will miss you!), please reply to this email inserting 'UNSUBSCRIBE' in the subject line.