SUPERANNUATION PLANNING – PRE 30 JUNE 2012

Maximise contributions now

Here are some tips to help maximise your superannuation:

1. 2011/12 is the last year that many aged 50+ can make a $50,000 concessional contribution (those aged 65 to 74 also need to meet the work test). For those aged under 50 the cap is $25,000. Under 65's can also make non-concessional contributions up to $150,000 (or $450,000 'bring forward' over three years; the work test applies to those aged 65 to 74).
2. This is the last financial year you can make in-specie share contributions to your SMSF. Contribute now to minimise transaction costs.
3. Turning either 55 or 60? These are great ages to review and optimise your concessionally taxed (or tax free) pension. Keep to the rules by withdrawing at least your minimum pension before 30 June.
4. Breaching contribution caps can result in 93 per cent (!) tax on your contributions. Identify and rectify any errors before year-end.
5. Review your salary sacrifice arrangements in early July 2012 to ensure you don't inadvertently breach the new, reduced, $25,000 2012/13 concessional cap.

Insurance and beneficiaries

To better protect your family, consider holding life, TPD and income protection insurance in super. While it can be cost and cashflow effective, be aware of the tax consequence, coverage limitations and accessibility issues.

Make sure your super goes to who you want it to. You may have your spouse or children as your super beneficiaries.

If your beneficiaries are mature age children they can be liable for more tax (exacerbated if life insurance is held in super). If you don't know who your beneficiaries are, review it ASAP.