



Superannuation in a Nutshell

An Overview of Superannuation & Tax Planning Opportunities

What is Superannuation ??

**A Tax Advantaged Investment Structure for the
Accumulation
of Retirement Savings and Investments**

What is Superannuation cont'd

- Superannuation is not an investment !
- It is a tax concessional environment for your retirement savings
- Great way to reduce taxable income for employees & self employed
- Most tax-effective way to accumulate wealth for most people
- Most tax-effective vehicle to draw funds from in retirement

What are the alternatives for Super?

Four main options for superannuation investment

(1) Industry Fund (Austsafe or other)

(2) Master Trust /Retail Super

(3) WRAP Platform

(4) Self Managed Super Fund

(RBS Morgans can assist with establishment and operation of SMSF)

Contributions Caps from 1 July 2009

Concessional (deductible) limits

- **\$25,000 pa per person**
- **\$50,000 pa per person transitional limit for over 50s up to June 2012**

Non-Concessional (non-deductible) limits

- **6 x \$25k Concessional Contribution limit = \$150,000 for 2009/10**
- **Average/brought forward rule**
 - Total over 3 years = 3 x non-concessional contribution limit (\$450,000 09/10)
 - only for people under age 65.

Contribution Age Restrictions

| Details | Description |
|---------------|--|
| 18 – 65 years | No work test, no conditions. Anyone can make contributions. |
| 65 – 75 years | To contribute – must work >40hrs over 30 consecutive days. Concessional and Non-Concessional Contributions allowed. |
| > 75 years | No contributions unless mandatory from employer. Can retain in accumulation account even if not working. |
| Spouse | If splitting contributions to spouse - receiving spouse < 65. No work test required. |

Co-Contribution Scheme

Effective 1 July 2009

- Payment will be \$1,000 for 2009/10, 2010/11 & 2011/12 years
- Increases to \$1,250 in 2012/13 & 2013/14 years
- Returns to \$1,500 in year 2014/15 onwards
- Thresholds
 - \$31,920 min, and
 - \$61,920 max
- Still an attractive strategy for superannuation

The Role of Self Managed Superannuation Funds (SMSFs)

Individuals can establish their own fund instead of having a retail, corporate or industry fund.

Why?

- Greater control over investments
- Greater control over tax management
- Reduction in investment and administration costs over long term
- Estate planning

Key Advantages

- Greater control over what type of assets = your own investment strategy
- Flexibility to change investments –capital gains tax, performance issues
- Cost effective over long term
- Significant tax planning strategies
- Access to gearing opportunities not available in retail super funds.
- Allows you to look after your family

Example of an Investment Strategy

| Portfolio | Range | Benchmark % |
|---------------------------------------|----------|-------------|
| Cash | 5 – 20% | 10% |
| Fixed Interest | 0 – 40% | 30% |
| Property | 5 – 30% | 20% |
| Shares (Australian and International) | 15 – 70% | 40% |

These ranges are purely indicative and the trustees may vary the allocations at any time if satisfied that conditions warrant such a change. In arriving at the investment strategy, the trustees considered the Risk and Return of the Investment Strategy.

Investment Restrictions

Trustees must understand investment restrictions of the SMSF. You cannot:

- carry on a business within the fund;
- access funds until condition of release is met (usually retirement);
- borrow to invest;
- lend money;
- breach in-house assets test;
- use SMSF assets for personal use (ie don't buy groceries with SMSF cheque book);
- transfer certain assets into SMSF.

Contributing to Your SMSF

- Cash
- Existing shares & managed funds via “in specie”
 - transferred at market value
 - capital gains tax involved
- Business Real Property
 - 100% of land/buildings exclusively used for business purposes
- Existing Super & Rollover funds
- **CGT Retirement/Rollover Exemption for Small Businesses**
(may be able to access on sale of farming property)

In Summary

Why super?

We need to provide for our retirement

Why super works?

Long term, tax effective savings vehicle

Why super is better?

Tax breaks - your investment grows faster

Simpler Super

New rules – new opportunities

General Disclaimer

This presentation is provided for general information purposes only and is not intended as an offer to enter into any transaction. This information contained in it is not necessarily complete and its accuracy can not be guaranteed. We have prepared this presentation without consideration of the investment objectives, financial situation or particular needs of any individual investor.

Before a client makes an investment decision, a client should, with or without RBS Morgans' assistance, consider whether any advice contained in the presentation is appropriate in light of their particular investment needs, objectives and financial circumstances. It is unreasonable to rely on any recommendation without first having spoken to your adviser for a personal recommendation.

The information contained in this presentation has been taken from sources believed to be reliable. RBS Morgans Limited does not represent that the information is accurate or complete and it should not be relied on as such. Any opinions expressed reflect RBS Morgans' judgment at this date and are subject to change. RBS Morgans and/or its affiliated companies may make markets in the securities discussed. Further RBS Morgans and/or its affiliated companies and/or their employees from time to time may hold shares, options, rights and/or warrants on any issue included in this presentation and may, as principal or agent, sell such securities.

The Directors of RBS Morgans advise that they and persons associated with them may have an interest in the above securities and that they may earn brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether direct or indirect, in connection with the making of a recommendation or a dealing by a client in these securities, and which may reasonably be expected to be capable of having an influence in the making of any recommendation, and that some or all of our representatives may be remunerated wholly or partly by way of commission.

The presentation is proprietary to RBS Morgans Limited and may not be disclosed to any third party or used for any other purpose without the prior written consent of RBS Morgans.

RBS Morgans Limited (ABN 49 010 669 726 AFSL 235410) A Participant of ASX Group
Principal Office: Level 29, Riverside Centre, 123 Eagle Street, Brisbane QLD 4000