



HANMOORE
FINANCIAL SOLUTIONS

Become Financially Fit for Life



BUDGET

OVERVIEW

Ordinary people discussing the budget...

WHAT DID YOU GET IN THE BUDGET?

BUDGET
REPORT

A CURE FOR INSOMNIA.

INKCINCT

Agenda

- Tax
- Superannuation
- Centrelink
- Other issues
- Summary



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Personal tax cuts

Marginal tax rates 2008/09	Taxable income thresholds from 1 July 2008 (\$)	Marginal tax rates 2009/10	Taxable income thresholds from 1 July 2009 (\$)	Marginal tax rates 2010/11	Taxable income thresholds from 1 July 2010 (\$)
0%	0 – 6,000	0%	0 – 6,000	0%	0 – 6,000
15%	6,001 – 34,000	15%	6,001 – 35,000	15%	6,001 – 37,000
30%	34,001 – 80,000	30%	35,001 – 80,000	30%	37,001 – 80,000
40%	80,001 – 180,000	38%	80,001 – 180,000	37%	80,001 – 180,000
45%	180,000 +	45%	180,000 +	45%	180,000 +



Effective tax-free thresholds

	2008/09 \$	2009/10* \$
Basic	14,000	15,000
Allocated pension - taxable component (under age 60)	44,210	45,500
Under 18 – unearned income	2,667	3,000

* LITO to increase to \$1350

Private health insurance rebate

From 1 July 2010, three new tiers:

	Tier 1	Tier 2	Tier 3
Annual income (single)	\$75,001 - \$90,000	\$90,001 - \$120,000	More than \$120,000
Annual income (couple)	\$150,001 - \$180,000	\$180,001 - \$240,000	More than \$240,000
Rebate	<ul style="list-style-type: none"> • 20 per cent – less than age 65 • 25 per cent - age 65 to 69 • 30 per cent - age 70 or over 	<ul style="list-style-type: none"> • 10 per cent – less than age 65 • 15 per cent - age 65 to 69 • 20 per cent - age 70 or over 	No rebate available
Medicare levy surcharge if individual opts out	1 per cent	1.25 per cent	1.5 per cent



Limit on concessional contributions

Age of member	Prior to 1 July 2009	From 1 July 2009
Under 50 at the end of the relevant financial year	\$50,000	\$25,000
At least 50 at the end of the relevant financial year (until end of 2011/2012)	\$100,000	\$50,000

Impact of the reduction:

- Review contribution arrangements, as SG Contributions & Salary Sacrifice count towards Concessional amounts. *Taxed at highest marginal tax rate if you go over these limits.*
 - Review NCAP strategies
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Limit on non-concessional contributions

Age of member on 1 July of the relevant year	Non-concessional contribution cap
Under 65	\$150,000 per year or \$450,000 averaged over three years
65 or over	\$150,000 per year (subject to meeting work test)

Minimum drawdown on account-based pensions

- Minimum pension drawdown requirements halved for the second half of the 2008/09 financial year.
- Relief extended to the 2009/10 financial year. Minimum drawdown requirements for 2009/10:
 - Under age 65 – 2%
 - Age 65 to 74 – 2.5%
 - Age 75 to 79 – 3%
 - Age 80 to 84 – 3.5%
 - Age 85 to 89 – 4.5%
 - Age 90 to 94 – 5.5%
 - Age 95 or over – 7%

Increased maximum pension rate

- From 20 September 2009, eligible pensioners will receive an increase:
 - Singles – \$32.49 per week
 - Couples \$10.14 per week (combined)
- Increase will apply to:
 - Age Pension
 - Disability support pension
 - Veteran's Service Pension
 - Income support supplement
 - War Widow/ Widowers pension
 - Bereavement allowance
 - Wife pension
 - Widow B pension

Change to income test taper rate

- From 20 September 2009, income test taper rate will increase for every dollar above income free threshold:
 - Singles from 40 cents to 50 cents
 - Couples from 20 cents to 25 cents
- Transitional arrangements will apply to affected part pensioners:
 - Part pensioners who are worse off will remain on the 40 cents in the dollar taper rate and reduced base rate (pre 20 September 2009)
 - The transitional arrangements will apply until they are better off under the new arrangements

Centrelink – increase in Age Pension age

- Qualifying age for the Age pension and Commonwealth Seniors Health Card (CSHC) increased to 67 by 2023.
- Qualifying age will be increased by six months every two years from 1 July 2017:

Date	New Age Pension age	Affects people born between:	Current age
1 July 2017	65.5	1 July 1952 – 31 December 1953	55.5 to 57
1 July 2019	66	1 January 1954 – 30 June 1955	54 to 55.5
1 July 2021	66.5	1 July 1955 – 31 December 1956	52.5 to 54
1 July 2023	67	1 January 1957 onwards	52.5 or younger

Other Centrelink changes

- **Pension supplement**

- From 20 September 2009, the following are combined into a new pension supplement:
 - Goods and Service tax supplement
 - Pharmaceutical allowance
 - Utilities allowance
 - Telephone allowance.

- **Seniors supplement**

- From 20 September 2009, Seniors supplement available to retirees eligible for CSHC or DVA gold card
- Annual supplement will increase:
 - Singles - \$790.40
 - Couple (combined) - \$1190.80

Other Centrelink changes

- Commonwealth Seniors Health Card (CSHC) – proposal to include withdrawals from a superannuation fund in the income test for CHSC will not go ahead, however salary sacrifice will be included.
- Annual payment for carers will be a legislated annual supplement:
 - \$600 per annum
- Pension bonus scheme (PBS):
 - From 20 September 2009, will be closed to new entrants
 - PBS replaced with new work bonus
 - Work bonus - half of the first \$500 of employment income will count towards income test

Other changes

☐ Paid Parental leave scheme

- Federal minimum wage for 18 weeks (\$543.78 x 18 weeks)
- Funded by the Government
- Primary carers will be eligible for the scheme if they:
 - worked continuously with one or more employers for at least 10 of the 13 months before the expected date of birth or adoption
 - have worked at least 330 hours in those 10 months prior to the date of birth or adoption of the child, and
 - have an adjusted taxable income of \$150,000 or less in the financial year prior to the birth or adoption of the child.
- Available to contractors, casual workers and self-employed.
- Recipients will not be eligible for the Baby Bonus or Family Tax Benefit (FTB) Part B
- Expected to commence from January 2011

Other changes

- **First homeowners boost**
 - Extended for an extra 6 months:
 - Between 1 July 2009 and 30 September 2009:
 - \$7,000 for the purchase of established homes, and
 - \$14,000 for the purchase of new homes.
 - Between 1 October 2009 and 31 December 2009:
 - \$3,500 for the purchase of established homes, and
 - \$7,000 for the purchase of new homes.
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Summary

- Overview
- Henry & Sherry Reviews
- Super opportunities for 2009:
 - Converting assets to super
 - \$100K concessional contributions
 - Transition to retirement strategies
- Health Insurance
- Retirement Planning

QUESTIONS?



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