

# SOUTHSHORE *News*

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## The property market: It's full steam ahead!

By Michael Coombes



Sale prices over the last six months suggested that the property market was levelling out after an unsustainable peak in 2006.

However, the demand for property remains strong; in fact, we haven't noticed any reduction in the demand for finance this year.

Several clients have asked me how much longer will the boom last and whether they should fix their interest rates.

When looking at the longevity of the boom, you really need to consider the factors underpinning our current economic climate.

Australia is experiencing the longest period of economic growth since the war, coupled with declining unemployment and low inflation.

The Western Australian economy has the added bonus of a resources boom.

Now economists suggest there will be declines in the prices of commodities over the next few years, however, this will be compensated by increasing demand from developing economies like China and India.

The resources boom is creating a huge demand for labour in WA and we are seeing record migration from other states and overseas.

This growing population will continue to boost the demand for housing and other goods and services.

On balance it looks like our boom economy will remain vigorous for at least the short term, so it's full steam ahead Captain!



## Five super things to do before June 30th

**With the end of the financial year rapidly approaching, here are five strategies that will help you make the most of your super.**

### *Make larger undeducted contributions*

There is a window of opportunity to contribute up to \$1 million in undeducted (after-tax) contributions to your superannuation fund before June 30th this year.

After this date, the \$1 million cap will reduce to \$150,000 a year - or \$450,000 in one year if you're under age 65 in that year and don't make further contributions in the following two years.

If you currently hold a large investment in your own name, using the proceeds to make an undeducted contribution before June 30th could enable you to get more money into super sooner.

This may be relatively straight-forward if the money is readily accessible, such as

cash or an asset that can be sold before June 30th.

But what if you don't expect to receive the proceeds from the sale of a business, investment property or other "illiquid" asset until after the transitional period has ended?

In these circumstances you should consider taking out a short-term loan to make the contribution to your super, and then repay the loan once the asset sale is completed.

The downside is you will have to pay interest on the loan which generally isn't tax deductible.

You will also forgo potential investment earnings on the cashflow that is used to make the interest payments.

However, over the longer term, getting more money into super could more than compensate for the costs of implementing the strategy.

*Continued page 2*

# Five super things to do before June 30th

## (continued)

### *Top-up your super with help from the Government*

If you're a low income employee and make an undeducted super contribution, you may be eligible for a Government co-contribution of up to \$1,500.

That's a return of up to 150% on the amount you contribute.

To qualify for the full co-contribution, you need to contribute \$1,000 or more and earn\* \$28,000 pa or less.

A reduced amount may be paid if you contribute less than \$1,000 and/or earn\* between \$28,000 and \$58,000 pa.

### *Contribute for your spouse and save tax*

If you make an undeducted super contribution of \$3,000 or more on behalf of your spouse, and they earn\* less than \$10,800 in the financial year in which the contribution is made, you may be eligible for a tax offset of \$540.

This tax offset can then be used to reduce your personal income tax liability.

A reduced offset may be available if you contribute less than \$3,000 and/or your spouse earns\* between \$10,800 and \$13,800 pa.

### *Boost your savings and save tax via salary sacrifice*

If you arrange with your employer to sacrifice some of your pre-tax salary (or a bonus) into super, the contribution will generally be taxed at a maximum rate of 15%. However, if taken as cash, you will pay tax at your marginal rate (which could be as high as 46.5%).



Depending on your circumstances, a salary sacrifice strategy could reduce the tax rate payable by up to 31.5%.

\* Includes assessable income plus reportable fringe benefits.

\*\* To qualify for a tax deduction as a self-employed person, you generally need to receive less than 10% of your assessable income (plus reportable fringe benefits) from eligible employment

### *Maximise tax-deductible super contributions*

If you're self-employed (or under age 65 and recently retired), you may be eligible to claim some of your super contributions as a tax deduction\*\*.

This could enable you to boost your retirement savings and reduce your personal income tax bill.

### *It's always best to seek advice*

Whether any of these strategies are suitable for you depends on your personal circumstances. Additional conditions may also apply when using the strategies.

To find out more about these and other super opportunities, please contact Marcus McGuren at NetFin Wealth Management on 1300 638 346 for a free, no obligation consultation.

• This advice may not be suitable to you because it contains general advice that has not been tailored to your personal circumstances. Please seek personal financial advice prior to acting on this information.

• NetFin Wealth Management Pty Ltd ABN 99 118 883 980

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## Meet our new team member



**Duane Gera is Southshore's new Account Executive. He's joined us from the Commonwealth Bank, but why did he make the switch?**

Southshore's largest source of finance, so Duane has had a close business relationship with Michael Coombes and the Southshore team.

No surprise then, that when an opportunity of Account Executive arose at Southshore, Duane jumped at it.

“Southshore Finance has a really strong client focus and being a smaller organisation offers the opportunity to use a range of different lenders to finance our clients' deals.

“The CBA has a very rigid set of rules when it comes to financing, which meant that I couldn't always find a solution for every client's situation,” he said.

But Duane isn't content to just sit back and close deals.

He's currently redesigning Southshore's submission process, so expect some exciting changes in the near future.

When you talk with Duane you might mistake his accent as being American but he's actually from Canada.

He married an Australian girl and moved here after his wife tired of shovelling snow off their driveway each winter.

With a background in stockbroking, Duane joined the Commonwealth Bank of Australia (CBA) in 2002 and moved into their corporate finance area, progressing to business acquisitions and finally joining CBA's Commercial Broking Area.

The Commonwealth Bank is one of

Should you require further information on any topic relating to business or commercial property finance, residential property finance or equipment financing we'll be more than pleased to assist.

The information contained within this newsletter is of an advisory nature only and due to constant changes we advise you to contact us before making any formal financing decisions.

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