

Salary Packaging Newsletter

February 2008

HM
Henderson Matusch
STRATEGIC WEALTH SOLUTIONS

END OF FBT YEAR

With the new year comes the approach of the end of the Fringe Benefits Tax (FBT) year. If you are eligible to salary package full FBT items, you should fully utilise your cap before 31 March 2008. Clients packaging items such as mortgage or rental payments should already be packaging their maximum entitlement.

However, if you are packaging items such as utility payments or motor vehicle expenses, you need to submit your reimbursement claims and related verification to Remserv before 10 March 2008 to ensure they will be processed in time for the new FBT year, commencing on 1 April 2008.

If you have a novated lease, you should expect to receive an Odometer Declaration from Remserv relating to your travel over the past FBT year. This is an opportunity to review your completed mileage and ensure you are likely to reach your budgeted travel for the year. You need to complete your necessary kilometres prior to 31 March so if you are concerned that you may not reach your budgeted mileage, please contact our office immediately and our advisers will help to ensure you do not receive a FBT bill.

IN-HOUSE ELECTRICITY BENEFIT

If you have taken advantage of the in-house electricity benefit and structured your packaging to maximise your returns this FBT year, it is essential you reduce your accelerated packaging prior to 31 March (please note 10 March is Remserv's processing deadline). The packaging cap must be distributed over 26 fortnights for the coming FBT year, otherwise you will reach the cap amount early. If you need to make these changes, contact Remserv on: 1300 30 40 10.

HECS, HELP & SFSS DEBT

If you have a Higher Education Contribution Scheme (HECS) or Student Financial Supplement Scheme (SFSS) debt and are salary packaging, there are some issues you should be aware of. If you started packaging within the last year and have accelerated your payments – “short packaging” – you should have received a Withholding Declaration from our office. You need to give this form to your Payroll office prior to 31 March to adjust the amount of tax withheld. If you



Have you taken advantage of the in-house electricity benefit?

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Coolangatta QLD 4225

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have a HECS or SFSS debt and have earned a significant pay rise during the previous year, please also contact us so we can review your increased salary in line with the amount being withheld to cover your HECS/SFSS debt. Please contact our office if you have any queries about salary packaging a HECS/SFSS debt.

ACCELERATED PACKAGING

If you started salary packaging this FBT year and opted to accelerate your package for the remainder, your payments should automatically reduce to the correct amount for your first pay in April. Please check your payslip at this time to confirm that these changes have taken place.

If you initially chose to accelerate your packaging and fail to reduce your payments in the new FBT year, you will reach your cap early and fail to maximise your package over the coming year. Our advisers are happy to assist if you are unsure of your current rate of packaging.

FINANCIAL ADVICE FOR SALARY PACKAGING

During our experience as salary packaging advisers, some clients have questioned the need for compulsory financial advice when setting up their salary packaging. This instruction was set by the Queensland Government as financial advice can assist you greatly in an area that can be more complicated than it first appears.

Here are some examples of where independent financial advice is valuable when commencing and managing salary packaging:

- **Explaining the details.** Salary packaging can be a confusing topic and financial advisers are trained to make the process easier for you. Advisers can recommend the most effective items for you to package and will outline what you need to do to make sure your packaging is hassle-free.

- **Maximising tax savings.**

Financial advisers are trained to identify areas for maximum tax savings in each client's individual circumstances. This includes accelerated packaging over the remainder of the FBT year for those clients who commence packaging mid-way through the year. For example, Terry heard about the benefits of salary packaging from co-workers and decided to commence packaging his mortgage in October at the same rate as his friends (\$349.81 per fortnight). However, because it is halfway through the FBT year, Terry is actually entitled to package his full allowance over the remaining five months (\$909.50 per fortnight). By doing this, Terry could increase his tax savings by \$1,061 over the period, and without the guidance of a financial adviser, Terry would have missed out on this extra entitlement.

- **Avoiding salary packaging penalties.** Salary packaging is a benefit provided by the Queensland Government, but there are penalties that apply in the event of mismanagement. Of particular importance are payments relating to HECS, Child Support and other Centrelink benefits. It is fairly common for clients who set up salary packaging independently to seek advice only after receiving a tax bill from the Australian Tax Office. Mistakes with regard to appropriate payments can be made when personal accountants approve salary packaging documentation without considering the impact of these payments. Penalties of up to \$2,900 could be charged against an employee on a salary of \$39,500 if their salary packaging arrangements do not account for these items.

- **Updates on legislative changes.** Salary packaging laws and policy are updated regularly, with recent examples including an increase in the FBT rate, the introduction of electricity as an FBT-exempt item, changes in Novated Lease providers, and changes in packaging superannuation. Your financial adviser keeps up-to-date with such legislative changes and can help you take advantage of them.

- **Acting on your behalf with Remserv.** If you experience any problems or delays with the administration of your salary packaging, our advisers are happy to act on your behalf and assist in the resolution of any issues you may face.

Seeking the advice of a qualified financial adviser often provides peace of mind for salary packaging clients, as they are reassured that they are taking advantage of their maximum entitlement. As a salary packaging client of Henderson Matusch, you are also entitled to a Complimentary Financial Health Check with a qualified adviser. Please contact one of our advisers to book your appointment today.

REFERRAL PROGRAM

Our business continues to grow because of our existing clients' introduction of new clients.

We gratefully thank you for your ongoing support and promotion of our unique services to others in referring them to our unique service, so they too can enjoy significant financial and lifestyle benefits.

With this in mind, we also encourage you to pass on copies of our newsletter to family, friends, work colleagues and anyone you feel could benefit from our services. Alternatively, they can request to be added to our newsletter e-mail list, details below.

CHANGE OF DETAILS

We want to be able to notify you in the event of important legislative changes or information in regard to your salary packaging, but we can only do so if your details are up-to-date. Please contact our office to advise us when any of your contact details change.

EMAIL NEWSLETTERS

If you would prefer to receive newsletters via e-mail, please contact your adviser's office on the e-mail addresses on the front page of this newsletter and we will add your details to our e-mail list.