



Henderson Matusch  
POSITIVE WEALTH MANAGEMENT  
HAVING MONEY

## Salary Packaging Information Kit

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HAVING MONEY

# Salary Packaging Information

This booklet provides information about salary packaging for employees of Public Benevolent Institutions (PBI) and other charitable organisations.

Salary packaging (also known as salary sacrificing) is allowed under the *Income Tax and Fringe Benefits Tax Assessment Acts*, and through many PBI, including:

- Blue Care
- Emergency Services Queensland
- Legal Aid
- Queensland Ambulance Service
- Queensland Health
- UnitingCare Health

RemServ, a Queensland-based organisation, has been appointed to manage the administration and bureau services for salary packaging arrangements for eligible Queensland employees.

This booklet has been prepared without consideration of your specific financial situation or requirements. In all cases, you should individually review and assess the information contained in this booklet based upon your own particular circumstances.

## Financial Advice

There are tax implications that will make some benefit items (including superannuation) ineffective for some people. It is important to discuss your chosen benefits with a qualified financial adviser to ensure that you receive the maximum benefit.

It is *strongly recommended* that you seek independent financial advice before participating in comprehensive salary packaging to discuss the possible implications on your personal situation.

Within your salary packaging, Henderson Matusch's qualified advisers can identify the impact of:

- HECS or HELP loan
- Family Tax Benefit A and B
- Medicare Levy Surcharge
- Child Maintenance payments (ex-spouse)
- Superannuation co-contribution
- Income tax, fringe benefits tax and other forms of taxation

We will also provide you with:

A personal education session about salary packaging and its benefits

Advice on how to structure your packaging to ensure you receive the best outcome

Service to prepare and lodge all necessary documentation with Remserv

A report detailing our recommendations and how your package is structured

Ongoing advice relating to salary packaging and your general financial situation

## What is Salary Packaging?

Salary packaging is a tax-effective way of receiving your salary as a combination of salary and other benefits.

Salary packaging allows you to deduct some of your pre-income tax and use it to pay for a range of benefits, such as mortgage or personal loan repayments, rent payments or other assorted costs.

You pay for these benefits out of your gross (pre-tax) income instead of your net (post-tax) income. By reducing your pre-tax income, you then reduce the amount of income tax you pay and increase the amount you take home each fortnight.

Your personal circumstances will determine whether salary packaging will benefit you.

## Who is Eligible to Salary Package?

Employees within specified Public Benevolent Institutions are usually eligible. Please consult your HR Department to find out if Fringe Benefits Tax (FBT) concessions apply.

## What Can Be Packaged?

Depending on where you work, you may package between 50% and 100% of your fortnightly superannuable salary before tax (excluding superannuation) to the following benefit items:

Aged and Disability Care payments	Personal loan repayments
Airport lounge membership	Private Health Insurance fees
Car parking	Private school fees
Child care fees	Private travel costs
Club or membership subscriptions (non-work related)	Professional membership subscriptions
Disability or Income Protection premiums	Public transport costs
Electricity costs	Rent payments (own residence only)
Financial Adviser fees	Savings and investment schemes
HECS or HELP fees	Self-education expenses
Home office expenses	Superannuation contributions
Laptop or notebook computer	Trauma or Life Insurance premiums
Mortgage repayments (own residence only)	Utility costs (for example, telephone or gas bills)
Novated lease of a motor vehicle – see page 6	Work-related travel costs
Operating expenses for motor vehicles	

## What Are the Benefits of Salary Packaging?

The benefit of salary packaging is in the amount of money you save by reducing your income tax payments.

Salary Packaging Full-FBT Items*				
Your Salary	QAS, QLD Health and UHC		Legal Aid and Blue Care	
	Income Tax Saved^		Income Tax Saved^	
	Per Year	Per Fortnight	Per Year	Per Fortnight
\$30,000	\$1,308.98	\$50.35	\$2,573.96	\$99.00
\$50,000	\$2,707.66	\$104.14	\$4,856.40	\$186.78
\$100,000	\$3,635.56	\$139.83	\$6,521.88	\$250.84

\* only available with some employers  
 ^ the net benefit of packaging your maximum FBT benefits – eg: mortgage, personal loan, rent, eligible bills [rates, utilities, registration, etc]

By packaging superannuation and (FBT-exempt) electricity or public transport costs also, the above figures will increase by these amounts:

Packaging Superannuation and Electricity and Public Transport within Queensland Government*		
Your Salary	Income Tax Saved^	
	Per Year	Per Fortnight
\$30,000	-\$46.28	-\$1.78
\$50,000	\$1,169.74	\$44.99
\$80,000	\$2,596.09	\$99.85

\* all eligible Queensland Government departments excluding Legal Aid Queensland  
 ^ the net benefit of compulsory government super contributions of 5% plus \$1,333.33 electricity benefit per year – may not be beneficial for all employees

## How Does This Actually Work?

This is an example of an employee's remuneration structure before and after implementing salary packaging. With an annual salary of \$50,000, the net benefit on take-home pay is an extra \$131.70 per fortnight or \$3,423.92 per year.

	Before Salary Packaging		After Salary Packaging	
	Per Year	Per Fortnight	Per Year	Per Fortnight
Gross Income	\$50,000.00	\$1,923.00	\$50,000.00	\$1,923.00
Less: Packaged Items	n/a	n/a	-\$9,095.00	-\$349.81
Less: Fees	n/a	n/a	-\$333.58	-\$12.83
Less: Income Tax	-\$9,749.85	-\$374.99	-\$5,992.35	-\$230.47
Plus: Employer-Provided Benefit^	n/a	n/a	\$9,095.00	\$349.81
Disposable Income	\$40,250.15	\$1,548.08	\$43,674.07	\$1,679.78

# Novated Leases

## What is a Novated Lease?

A novated lease is finance on a motor vehicle which may include running costs that receives special taxation treatment.

The lease payments may be salary packaged (paid with your pre-tax income) to reduce the amount of tax you pay.

A novated lease is not a full-FBT item and can be packaged by most people. For PBI employees, this also means that you can package a novated lease on top of existing salary packaging arrangements to your mortgage, rent or other benefit items.

## How does a Novated Lease benefit you?

As the car payments are deducted from your gross (pre-tax) income, you pay less income tax on your reduced salary. These tax savings are potentially so beneficial that you may end up paying less for the car than if you purchased it with cash!

Furthermore, because a novated lease is considered a business loan, the interest rate can be lower than personal loan rates.

Other benefits may include:

- Discounted fuel
- 20-25% discount on servicing
- 40% discount on tyres

For example:

Jill earns \$50,000 per year and would like to purchase a car worth \$39,290. She drives 40,000 kilometres each year.

By taking out a novated lease, she ends up paying \$32,446 for the car. She pays this in instalments that will reduce her income by \$295 per fortnight over four and a half years.

A loan with an 8% interest rate would have cost Jill \$47,730 with payments of \$398.33 over five years.

That's a difference of **\$15,284.00**.

## How can you determine if a Novated Lease Will Be Beneficial?

Consider the following points:

- What kind of car are you looking to purchase?
- How much do you expect the car to cost?
- How many kilometres do you expect to drive in a year?
- How would you fund the purchase if you did not take a novated lease?

Then contact us and our advisers will calculate how much the vehicle will actually cost you through a novated lease, considering potential tax savings and administration costs along with the fortnightly decrease in your income.

## How much does this service cost?

If, after performing a comparison, you decide a novated lease will not be beneficial for you, or if you are an existing financial planning client of ours, this service is performed free of charge.

If you are an existing salary packaging client of ours, a service fee of \$104.00 applies, along with the \$4.00 per fortnight ongoing service fee you are currently paying.

For clients new to Henderson Matusch, there is a service fee of \$289.00, with an ongoing service fee of \$4.00 per fortnight.

### Services you receive:

- We will prepare and analyse quotes from multiple lease providers to determine which lease is best for you
- We then compare a novated lease to other methods of finance (mortgage re-draw, personal loan or cash)
- We analyse how much the car lease will reduce your income per fortnight/pay
- We prepare and lodge your novated lease application
- We prepare a statement of advice
- We provide ongoing advice relating to the novated lease and any changes to your situation or relevant legislation
- We can also provide advice on any other salary packaging matter
- We also invite you to attend a complimentary financial health check appointment to review your financial situation

If you are considering purchasing a new or used car or know someone who is, please contact our friendly advisers, details below.

## Contact Us

Please contact us to make an appointment to discuss how we can make salary packaging work for you.

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