PETER VICKERS BUSINESS GROUP

Planning for retirement

In the current climate of low interest rates and investment uncertainty, if you're in the final stages of planning for retirement, it is more important than ever to ensure that you're not paying too much tax. **Peter Vickers, Chartered Accountant at Lindfield,** uses a combination of tax planning, tax minimisation strategies and over 30 years of experience to ensure that clients are using tax effective forms of investment which lead to a more comfortable retirement.

Tax effective strategies pre - retirement or semi-retirement: for the over 55s, the transition to retirement pension gives you the opportunity to take advantage of tax concessions within the superannuation environment.

If you're over 55 and continuing to work, you can salary sacrifice a proportion of your money into super whilst drawing an income from a non-commutable income stream. Up to a contribution limit, which for over 50s is currently $100,000 per annum, the money you salary sacrifice is taxed at a concession rate of 15% rather than at your marginal tax rate.

Accessing your super as income, may also give you the option to improve your work-life balance by reducing the hours you work whilst maintaining your standard of living.

If you're over 60, any income or lump sum that you draw from your super, SMSF, retail or other funds is tax free.

Contributions to superfunds: in general you can make contributions to your super fund even if you're not working until you're 65. If you are aged between 65 and 75 you can make personal contributions as long as you meet the work test – which means demonstrating that you worked for 40 hours in a period of 30 consecutive days in the financial year in which the contribution is being made. This work can be paid or voluntary, however if it is paid it is easier to demonstrate the hours worked as records do need to be available.

Small Business Capital Gains Tax Concessions: business retirement exemption: A capital gain from the sale of a business asset will be exempt up to a lifetime limit of $500,000. If you were aged 55 or more just before you chose to use the retirement exemption, you don't have to pay any amount into a complying superannuation fund or RSA, even though you may have been under 55 years when you received the capital proceeds.

Claim extra health expenses – this is available to all ages but as we get older we tend to spend more on health care as the cost of staying well increases. It is important to keep all your receipts for pharmaceutical and health related expenses. They mount up during the year and 20% of the amount that you spend above $1500 and after your health fund contribution, can be offset against your tax.

Senior Australian Tax Offsets and Mature Age Worker Tax Offsets, whilst subject to limits, should be taken into account when preparing an income tax return.

Australian Tax is very complex and you should always consult an expert.