

2009 BUDGET HIGHLIGHTS

The recent 2009 budget has resulted in a range of changes to superannuation, business investment and social security. Following are some of the key highlights from the 2009 budget and how you can benefit from the proposed changes.

Superannuation Contributions

From 2009/2010 financial year, concessional superannuation contribution caps have been reduced to \$25,000/year for those aged under 50 and \$50,000/year for those aged over 50.

From 2012/2013 financial year all concessional contributions made for those aged 50 and over will revert back to the lower \$25,000 cap (indexed).

Action – Tax benefits are still available for contributions of up to \$50,000 for those under 50 and \$100,000 for those over 50 for the 2008/2009 Financial Year. These contributions must be paid before the 30th June 2009 deadline.

Superannuation Co-Contributions

The superannuation co-contribution matching rate that is payable on eligible personal superannuation contributions has been temporarily reduced with effect from 1st July 2009. The proposed matching rates are:

<u>Financial Years</u>	<u>Matching Rate</u>	<u>Maximum Co-contribution</u>
1 July 2009 – 30 June 2012	100%	\$1,000
1 July 2012 – 30 June 2014	125%	\$1,250
1 July 2014 onwards	150%	\$1,500

Action – The Government is still paying 150% on eligible contributions made before 30th June 2009.

Pension Drawdown Relief for Self Funded Retirees Extended

The halving of the minimum prescribed level of income to be drawn from account based pensions that applied for the 2008/09 year, will continue to be available for the 2009/10 year.

Business Investment Allowance

The rate of the one-off bonus tax deduction has been increased to 50% for small businesses and has been extended to 31st December 2009. Please refer to our Investment Allowance Bonus for Small Business Fact Sheet for further details.

30% Private Health Rebate

From 1 July 2010, the Government will introduce new Private Health Insurance Tiers as follows:

Tier 1 – Singles under 65 earning more than \$75,001 (couples \$150,001), the rebate will be reduced to 20% and the Medicare Levy Surcharge (for those without private health cover) will remain at 1%

Tier 2 – Singles under 65 earning more than \$90,001 (couples \$190,001), the rebate will be reduced to 10% and the Medicare Levy Surcharge (for those without private health cover) will increase to 1.25%

Tier 3 – Singles under 65 earning more than \$120,001 (couples \$240,001), the rebate will be nil and the Medicare Levy Surcharge will be increased to 1.5%

The 30% rebate will remain in place for low and middle-income earners.

Paid Parental Leave

For births and adoptions that occur after 1 January 2011, the Government will provide 18 weeks postnatal paid leave at the federal minimum wage (currently \$543.78 per week).

To be eligible for the scheme, a parent in paid work:

- must have worked continuously with one or more employers for at least 10 of the 13 months before the expected date of birth or adoption;
- must have worked at least 330 hours in those 10 months (approx 1 full day of work each week); and
- must have an adjusted taxable income of \$150,000 or less in the financial year prior to the date of birth or adoption

The payments made under the scheme will be taxable.

Pension Age Increase

The Government will progressively increase the qualifying age for the Age Pension to 67 beginning on 1st July 2017.

Action – Please speak to your Financial Planner to discuss how this change impacts on your retirement plans and what strategies can be put in place to minimise the impact of this change.

First Home Owner Boost

The Government has extended the First Home Owners Boost to the 30th September 2009. This means \$14,000 for established homes and \$21,000 for the purchase of new homes.

The boost will then be halved for contracts entered into from 1st October 2009 to 31st December 2009. This means \$10,500 for established homes and \$14,000 for the purchase of new homes.