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Get Healthy & Save

Inside this issue:

In Australia, we're lucky enough to have one of the best lifestyles in the world. We have plenty of sunshine, beautiful parks and beaches, and an abundance of good and healthy food. There's no reason for Australians to be out of shape.

Unfortunately, despite our blessings, and a pretty good awareness of health and wellbeing, the general state of the Australian population does not seem to be improving.

For a number of years, the most common killers in Australia have been heart disease and cancer. Believe it or not, they're actually becoming more common.

- Cardiovascular disease affects 1 in every 6 Australians, or 67% of Australian families. By 2051, that's expected to increase to 1 in 4 Australians.
- Diabetes is Australia's fastest-growing chronic disease, with 275 Australians developing the disease every day.[2]

While some of this can be attributable to our ageing population, it's also largely due to the fact that many Australians live with a combination of poor diet and a lack of physical activity.

According to the heart foundation, around 80% of cardiovascular disease is largely preventable.[3] Likewise, Diabetes Australia estimates that up to 60% of cases of type-2 diabetes can be prevented.[4]

As a life insurance specialist, the impact of these illnesses on my clients and their families is something I see every day. And while it's rewarding to be able to help people recover financially from serious illness, I'd much rather see it not happening in the first place!

Lifestyle changes could save your life ... and your wallet

When a life insurance company calculates your premiums, they take into account a number of risk factors – some of these include your age, gender, blood pressure, smoking status, your Body Mass Index (BMI), cholesterol and blood glucose levels.

If you fall into a high-risk category for some of these risk factors, it can be reflected in how much you pay for your insurance each year. These additional costs are called 'loadings'.

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By making changes to improve your lifestyle, you could reduce your high risk factors for serious illness. You can also ask your life insurance company to re-assess your insurance premiums – potentially reducing or removing your loadings.

Not only are you giving yourself a better quality of life now and in the future, you could also be saving yourself money. More importantly, you'll be starting some good habits that could stay with you for a long and happy lifetime.

If you'd like to discuss how you can improve your lifestyle, and the potential to reduce the cost of your insurance, make an appointment to come in for a review.

References:

"The shifting burden of cardiovascular disease"- Report by Access Economics to the Australian Heart Foundation, 2005

"Diabetes in Australia"- Diabetes Australia website, www.diabetesaustralia.com.au

Media release- The Heart Foundation, 18 March 2009

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Keeping Track of Superannuation Contributions

IT IS IMPORTANT to keep track of the contributions you make to your superannuation fund over the course of the year, as exceeding the contribution caps can lead to a painful tax bill.

Where you have a SMSF administered by LSAS and receive financial planning advice from LSFS, we keep track of your superannuation contributions to your SMSF. However if you have superannuation accumulating in other funds you must track your level of contributions as there are HUGE tax consequences of contributing more to superannuation than you are allowed.

There are two contribution caps – one for concessional (tax deductible) contributions which includes the 9% compulsory SGC and salary sacrifice and one for non-concessional (tax-free) contributions.

The levels you are allowed to contribute each year are as follows:

- **Concessional contributions** - $25,000 (or $50,000 if you are 50 years old or over).
- **Non-concessional contributions** - $150,000.
- **For those under 65**, you can "bring forward" two years' worth of non-concessional contributions, so you can contribute up to $450,000 in a single year.

The cost of exceeding the concessional contribution cap is 31.5% tax on the excess contribution (plus the 15% contribution tax paid by the fund) so total tax of 46.5%.

That excess will then be added to your non-concessional contribution, meaning you might also breach that. Breaching the non-concessional contribution cap will see you charged 46.5% tax on the excess contribution.

So, if you contributed the maximum non-concessional contribution for the year, then contributed too much concessional contribution, you could end up paying 93% tax on the excess!

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To avoid the pain of a 93% tax bill, follow these tips:

- Keep an eye on your contributions and, if you think you may be close to exceeding the contribution cap, stop any salary sacrifice or other voluntary contributions, or delay making deductible personal superannuation contributions until the following tax year.

- Check how long it takes for your fund to receive your contributions. Generally, contributions are only counted in the year that the fund receives them therefore timing becomes important around the end of the financial year.

- If you have more than one job or pay into more than one super fund, make sure you keep track of all contributions across all jobs/funds, as you only have one contribution cap for all of these contributions.

- If you are claiming a deduction in your personal tax return for personal superannuation contributions, remember that only the deductible amount is counted under the concessional contribution cap.

When making a non-concessional contribution, remember:

- If you exceed the concessional contribution cap, the excess will count towards your non-concessional contributions for the year.

- If you are over 65, you must pass the work test in order to contribute to your superannuation fund (that is, you must work for at least 40 hours over a 30-day period in the year in which the contribution is made).

- You must give an election form to your fund before or when you make a contribution if you are eligible to exclude the contribution from the non-concessional cap because it is from a personal injury payment, or from the proceeds of the disposal of certain small business assets, up to your lifetime super CGT cap amount.

If you need advice regarding your own superannuation contributions, please contact us.