



# BALLAST BULLETIN

PO Box 5156, South Lake WA 6964  
Unit 9, 233 Berrigan Drive, Jandakot WA 6164  
Website: [www.ballast.com.au](http://www.ballast.com.au)

Phone: 1300 270 942 Fax: (08) 9417 5580  
Email: [enquiries@ballast.com.au](mailto:enquiries@ballast.com.au)



## Act now to reduce your tax bill!

With June 30 just around the corner now is the time to take action to reduce your tax bill. You also need to ensure that you don't miss out on the benefits which super can offer you for the 2008/9 financial year.

If you make additional contributions to your superannuation fund before 30 June you can benefit from a 15% tax rate and potentially save on your 2008/9 tax bill. You can benefit whether you are employed or self employed.

Keep in mind that in a super fund your investment earnings are only taxed at the rate of 15% instead of your marginal tax rate.

So you're likely to save more money investing in super than by investing in the same assets outside super. You can contribute up to \$150,000 each year in personal after tax contributions, without incurring penalty tax rates.

So what are some of the strategies you should be looking at right now?

### Six areas you should be looking at

**Taking advantage of government co-contributions.** This

involves making non-tax deductible super contributions with a view to maximising the co-contribution you get from the Government (see separate article).

**Contributions on behalf of your spouse.** Where your spouse's income is \$10,800 or less you could get a \$540 tax offset on the first \$3000 you contribute to their super fund from your after tax income.

This offset amount decreases as your partner's income increases, cutting out at \$13,800.

**Salary sacrifice.** Boosting your super via salary sacrifice can be extremely attractive. Generally you will pay less tax than if you took your full salary as cash.

This is a tax effective strategy because you will have to only pay the 15% contributions tax and not your marginal tax rate on this portion of your income.

There is a limit of \$50,000 on your pre tax contributions in any one year.

However, if you turn 50 between 1 July 2007 and 30 June 2012 you will be entitled to a higher pre tax contribution limit of \$100,000 from the time you turn 50 until June 2012.



**If you are self employed.** If you are self employed your personal concessional super contributions are 100% tax deductible. But be aware of limits to such concessional contributions.

**Pre-paid deductions.** By prepaying deductible prepaid expenses you can reduce your tax liability in the current financial year.

**Capital losses.** By selling non performing assets now you will be able to bring these capital losses forward into the current financial year.

To plan your superannuation strategy meet with our superannuation specialist at Ballast.

## Less than 3 months to benefit from the Government's super co-contribution

For most employees one of the most important things to do before June 30 is to make sure you get the maximum super co-contribution from the Government for the 2008/9 financial year.

This means you'd better move quickly and make sure to get your personal contribution into your super fund before June 30.

To be eligible for the Government's super co-contribution you will have to meet certain eligibility conditions.

Those individuals on an income of \$30,342 or less will receive the maximum co-contribution payment of \$1.50 for every \$1 of after tax contributions which they make to their fund. The maximum co-contribution payment is \$1,500.

Those with an income greater than \$30,342 but less than \$60,342 will qualify for a progressively reduced government co-contribution, if they meet eligibility conditions.

Importantly, the co-contribution is not based on family income, which means the low income spouse of a high income earner can qualify for the co-contribution.

What's more any amount salary sacrificed into super is specifically excluded from the income test.

Co-contribution payments have also been extended to the self employed. Eligibility now extends to those who earn 10% or more of their income from eligible employment, running a business or a combination of both.

# Some practical ways to relieve financial stress



**I**n the current gloom and doom environment it is easy to feel stressful about the economic situation and in particular your financial commitments.

The following are some tips to help you reduce financial stress while at the same time re-evaluating your finances.

## Know where it's all going

Before you can do anything you must know where your money is going to right now. Once you know where it's going you can then set up a budget for the future.

## Set your budget

Set up a budget and stick to it, but be realistic. Once you've done your budget try to cut back your expenditures by 10%.

If you don't know where to start, there are budget planners available on the internet. A budget will not only tell you where your money is going. It will also give you an overview of your finances.

## Start saving

Learn to put some money away each month so you've got something in reserve for a rainy day. For many people an automated savings plan is the answer. It will automatically transfer your chosen savings amount to your savings account each week or month.

## Analyse your expenditures

A good start is to look at your various credit cards. If you are living on your credit cards you could well be spending more than you are earning.

Take steps to reduce unnecessary spending such as eating lunch out and try to use cash wherever possible. Using cash is one way of ensuring you don't spend money that you don't have.

## Adopt a long-term view

You shouldn't only be thinking of now

but also the future. Getting an overview of your financial position is the essential foundation of financial success. And here we are not only talking about your take home pay but also about other things such as your super. After all your super will determine your retirement lifestyle.

If necessary get advice on consolidating your super. Putting it all together in the right super fund will enable you to enjoy the full benefits of compound interest.

## Investing - educate yourself

For starters find out your risk profile. If you don't like risk, going into a risky investment could only increase your level of stress.

As a general rule younger people are prepared to accept more risk than those over 50. However this does not apply to everyone.

## Learn how to get your money working for you

Learn about how to get your money working for you but always keep in mind the importance of adopting a long-term view, which of course includes your future retirement.

If you're unsure of your investment needs, get some professional advice from a financial planner

## Re-evaluate

It's critical to regularly ensure your plan is working for you. So do this at least once a year and a great deal more often in your first year.

## Make the switch

If you are particularly worried about meeting your current loan commitments then it is worth going to your mortgage broker to see if there are some options for switching loans.



## Home affordability improves - HIA

**Lower interest rates and greater government subsidies have made home affordability in Australia the most attractive for five years.**

In a recent statement the Housing Industry Association's chief executive, Chris Lamont said the conditions for first home buyers had improved dramatically with the result many were taking up the opportunity to get into home ownership.

Repayments on an average home loan fell by 26% to \$2,056 a month by the end of the December quarter, from \$2796 the previous quarter. Thanks to the February interest rate reductions they've since fallen even further.

Mr Lamont said the December quarter figures saw households needing an income of about \$70,000 to buy a modest home whereas previously a household would have had to be earning about \$85,000 without going into mortgage stress.

Buying a home was more affordable in all capital cities and regional areas with the largest improvements occurring in Perth, Brisbane and regional Western Australia where recent market price adjustments have been stronger.

## Frank joins Ballast

**Ballast Finance has appointed Frank Paratore to the role of General Manager.**

Frank has 20 years of experience in the banking and finance industry.

Prior to joining Ballast, he worked with several other major banking and financial institutions in State and General Management capacities.

In his new role, Frank will be responsible for all aspects of Ballast aggregation across Australia.



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# Steps to reducing your mortgage

**B**uying a home is the biggest financial commitment most people will make, so it's sensible to minimise the total amount you outlay.

Here are some proven strategies for making sure you don't end up paying too much.

### Reduce your daily balance

The key thing to understand about home loans is that interest is charged on a daily basis on the total amount owing.

Having your wages or salary paid directly into a mortgage offset account will significantly reduce your daily balance.

You still have at-call access to your funds; however, it encourages you to spend less by forcing you to make a withdrawal before undertaking any discretionary spending.

### Make additional repayments

Most lenders will structure your repayments on a monthly basis.

However, if you make your repayments on a fortnightly basis, in line with your salary payments, you'll end up making one extra mortgage repayment each calendar year.

Making fortnightly repayments will reduce your daily balance too!

### Select the right loan

If you don't pick the right home loan to start with, no amount of mortgage reducing strategies will change the situation.

#### The loan with the lowest repayments may cost you more

Simply choosing the home loan with the lowest monthly repayments may end up costing you more in the long term.

If you get stuck with a longer term or higher interest rate, then those cheaper repayments will cost you dearly over the total life of the loan.

### Ask the experts

There are currently hundreds of different home loans on the market.

Small wonder most people find it difficult to choose the right home loan for their circumstances.

Ballast Finance specialises in residential mortgages and personal debt consolidation strategies.

With many independent operators, we are free of allegiances to any specific financial institution.

Our consultants have an extensive and up to date knowledge of all the mortgage packages available which saves you having to shop around.

**Why not give them a call today on 1300 270 942.**



# Ballast Finance Speed Lenders Day



**Eight lenders were invited to the Ballast speed lender day on Tuesday March 3.**

Each lender took a table and brokers were placed in groups of two and three and then they moved from table to table. Citibank, Homeloans Ltd, First Mac, Mortgage Ezy, RAMS, AMP, St. George and ANZ were all present.

Each broker was given 8 lender templates to move around the room with

and ask the same questions of each lender. This gave the broker a consistent focus and put each lender on a level playing field.

Following a very strict format the lenders only had 15 mins to "sell" their niche position in the market.

After the event there was time for mingling and a bite to eat in an informal setting while we drew the door prizes.

Winners were treated to bottles of wine, movie tickets, caps, stress balls and a great travelling flask set. There were some great mobile phone holders but the favourite prize was the RAMS slippers which I have been told are becoming a collector's item.

The next speed lender session will be in October where we will also include a key-note speaker.

## First home buyers take charge

**After a slow start, the government's First Home Owner Boost seems to be having a strong impact on the property market.**

Influenced by the First Home Owner Grant of \$21,000 for newly built homes, January saw an increase in new home sales of 0.9 per cent in Western Australia, according to the Housing Industry Association (HIA).

Total housing loans in Australia increased for the fourth consecutive month in January 2009, driven by the on-going surge in first home buyer loans.

The HIA's Senior Economist, Ben Phillips, said that for the month of January total loans increased by 3.5 per cent on December last year. Loans for construction

rose by 2.5%. In seasonally adjusted terms the number of loans for existing and new dwellings increased by 4.2 per cent in Western Australia.

"First home buyers are still the key driver of the momentum in home lending. Over the three months to January 2009 the number of first home buyer loans was up by over 11 per cent on the same period a year earlier, but non-first home buyer loans were down by 27 per cent," Mr Phillips said.

According to the Australian Bureau of Statistics (ABS) first home buyers took up some 26.5% of the home loans issued in Australia in January 2009 the highest level in 18 years and the third consecutive monthly rise.

## Ballast welcomes Kathryn

Kathryn Jobling has joined Ballast as our new receptionist.

Kathryn has Certificate III in Business and is a ballroom dancer in her spare time.



## It's a daunting task without some expert advice

**A survey by CPA Australia found there's a growing awareness in Australia of the need for getting good advice when securing a successful loan arrangement.**

A total of 94% of the survey respondents indicated they recognised the importance of good advice at this time.

A recent survey by the Mortgage and Finance Association of Australia showed the main reason for people choosing to use a finance broker to organise their loans was because of the daunting task involved in sourcing the right loan.

Respondents indicated they chose brokers to assist them because of their access to a wide range of loans and for helping them get the right loan for their circumstances.



Unit 9, 233 Berrigan Drive,  
Jandakot WA 6164  
Phone: 1300 270 942  
Fax: (08) 9417 5580

Email: [enquiries@ballast.com.au](mailto:enquiries@ballast.com.au)  
Website: [www.ballast.com.au](http://www.ballast.com.au)

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