

Editorial May 2011

Make it a super year for your business

Are you a small business owner and struggling to make super contributions? If so, according to Rod Chase* from RI Advice Morisset & Toronto now is the time to talk to your financial adviser about strategies to boost your retirement savings before 30 June this year.

"If you're like most small business owners, you probably prefer to put money back into your business rather than contributing to super," says Rod.

"This is understandable but make sure you're not selling yourself short."

"These days, the Government wants to encourage small business owners to save for retirement and have brought in some really tax-effective super strategies to take advantage of."

"First of all, if you earn less than 10% of your income from an employer, you may want to consider making a personal contribution to super this year."

"Not only will this boost your retirement savings but you may also be able to count it as a tax deduction, meaning large savings at tax time."

Talk to a financial adviser to determine if you're eligible.

Another thing to be aware of, especially for business owners relying on the sale of their business to fund their retirement, is how to optimise super contributions in the years leading up to retirement.

"Some of the biggest concessions for small business owners are the Capital Gains Tax (CGT) exemptions," says Rod.

"Under the 'retirement' CGT concession, capital gains from the sale of a business asset could be exempt from CGT up to a lifetime limit of \$500,000," Rod explains.

To be eligible for the CGT concessions there are several tests that must be passed and it can be complicated as the amount and tax benefit of concessions differs depending on what structure owns the business. It's a good idea to speak to both your accountant and an adviser about how to maximise your contributions into super and benefit from tax concessions.

Another key thing for business owners to consider towards the end of a financial year is their risk insurance strategy for the coming year.

"If you're relying on your business to provide for yourself, your family and your retirement, it's important to have appropriate risk insurance in place in case things don't go according to plan," warns Rod.

"Talk to an adviser about your insurance needs especially if you have partners or if you're a sole trader."

"Not only will this help you plan against unexpected financial misfortune, but you may also be eligible for a tax deduction on the money you pay on premiums."

"Saving for retirement can be a complicated issue for small business owners, with so many things to consider. But without a plan, you risk missing out on the many opportunities available to boost your business and retirement."

So to understand how you can take advantage of super opportunities, and not sell yourself short, call us on 02 4973 4699 [Morisset] or 02 4959 8983 [Toronto] today.

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