

No logic in indefensible Labor policies

AS the election looms the bombardment continues. While I appreciate that people may have diverse views on policies, Labor is pushing two that are indefensible.

They are the repeal of legislation allowing folks to make catch-up super contributions to make up for time out of the workforce, and stopping employees claiming a tax deduction for voluntary super contributions.

Let's consider catch-up contributions. It is accepted that women tend to have less super than men, partly because they often take time out from work to raise a family. As a result, there could be years when no super is contributed for them. The system as it was did not help because there were annual limits on contributions.

Almost two years ago the Government took steps to rectify the situation and allowed employees to make catch-up contributions to help their super recover from the time no contributions were made while they were out of the workforce. Labor wants to stop that.

Until recently people had been prohibited from claiming a tax deduction for additional personal concessional contributions if an employer was contributing for them.

There was no logic to it, and nobody has been able to tell me the reasoning behind

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it. The result was the complex 10 per cent rule, introduced to help doctors in private practice who did a small amount of work outside the practice.

As per the rules then, even a small payment from a hospital, from which super had been deducted, denied the doctor the right to claim a tax deduction for contributions made from their main source of income. So the Government created the 10 per cent rule, which allowed people to claim a tax deduction for their own contributions, provided their external income represented no more than 10 per cent of their gross income.

The system became inequitable. A sole trader could make extra personal contributions and claim a tax deduction, but their employees could not. There was a loophole if the employer was prepared to offer salary sacrifice, enabling employees to contribute part of their gross pay as an additional super contribution.

Even if you were one of the employees with access to salary sacrifice, you could still have problems. Some employers treated the extra salary sacrifice contributions

as part of their 9.5 per cent compulsory super obligation, conning employees. But overall, the result was that employees at firms that had salary sacrifice were better off than those at places where it wasn't offered.

Then, thanks to the Coalition Government, all taxpayers were given equality.

From July 1, 2017, everyone had the chance to make additional super contributions up to the concessional limit of \$25,000 a year and claim a tax deduction. Now Labor, despite rattling on about inequality and championing women, is threatening to reverse this. It wants to bring back the 10 per cent rule and revert to a system where some employees got an effective tax deduction through salary sacrifice while others missed out. Where's the logic in that?

Super needs improvements. Many employees can't afford to make contributions even if an employer does offer salary sacrifice. But they may be able to save a little and make an extra contribution at the end of the financial year. One big benefit of doing so would be to get a tax refund, which could be used to contribute to super in the following year.

Noel Whittaker is the author of *Making Money Made Simple* and other books on personal finance. His advice is general in nature and readers should seek their own professional advice before making any financial decisions.



Snout in the trough: The Bendigo Bank Pig has been turning up almost everywhere, including Rockingham, and is on the Barefoot Investor's 'hit list'.

Let's say you have \$5 million, which you decide to invest in a low-cost index fund (via a family trust for asset protection).

I want you to think of that investment the same way I think about my family farm.

Twice a year your "farm" will deliver you a golden harvest, in the form of dividends, and it will grow each and every year.

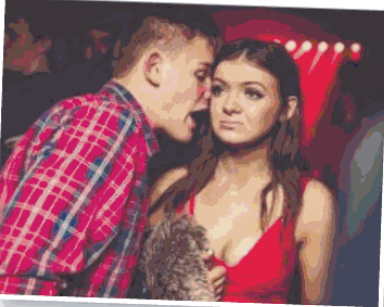
In my case, the land value of my farm goes up, down and sideways (just like share prices), but I don't care, because I'll never ever sell my family farm.

Besides, it's the harvest that puts food on the table. In your case, your "farm" should deliver you about \$275,000 pre-tax a year. Yes, there will be the occasional "drought", and lean times—but as long as you own the farm, you collect the harvest.

And that's the lesson—you plant once, and then you can harvest forever.

And that is why you have more than enough.

"Basically you wanna set up your buckets and start to domino your debts. I can recommend a super fund that is probably 15% higher than the one you are with already. Do you have an ING Orange everyday Debit card?"



Pick of the pick-ups

The meme above is doing the rounds of the interwebs.

I re-posted it on my Facebook page and to date it's had over 1500 comments, many of them from women (and men) tagging their partners and saying, "Hey

you used these lines on me!" I've always been pretty good at getting people into the black... but into the sack?

Then again, I've been using these lines for years, and the girl looks just as impressed as Liz did all those years ago.

ASK THE EXPERT

Send your questions to Noel Whittaker
noelwhittaker@gmail.com or tweet @NoelWhittaker

Q At what point does someone who no longer works have to move their super from accumulation to pension mode and start to withdraw the minimum 4 per cent? Can you have part of your super in accumulation and part in pension?

A There is no requirement to withdraw money from the accumulation section of your fund. You only face mandatory draw-downs if you are in pension mode. It's common for people to have both pension mode and accumulation mode. You can choose the amount in each, unless your balances are more than \$1.6 million—the maximum in the tax-free pension mode.

How to deal with an over-sharing boss

HAVE you ever been put in an incredibly awkward position by your boss because you feel they have overstepped professional boundaries in terms of workplace communication?

You know the type of over-sharing boss.

He or she is efficient, hard-working and very polite, but for some reason your manager has decided to tell you personal things about your colleagues that you would rather not know.

For example, you meet with your boss to discuss a project you are leading.

WORKPLACE MATTERS

Gary Martin



As you mention the roles those in your team are playing, your manager is quick to throw in some nuggets of personal information about your colleagues.

This might include information such as, "yes, she is exceptionally talented but I don't know what's going on with her at the moment—I suspect she has marital problems again".

Another might be, "he has not been right after that illness", and so on.

And as you meet them in the office, the very sight of a particular colleague walking by triggers a remark from your boss: "What a mess he's got to clean up since his extra-marital affair".

The very fact your boss is sharing confidential information with you is a sign that you are seen by them as a trusted ally.

But regularly hearing saucy snippets of information from your boss is starting to get to you, and it also raises concerns

that your boss is sharing information to which you should not be privy.

You are also becoming increasingly worried you might slip up and pass on a fact that a colleague had assumed was private.

And besides, your boss is running a high risk of upsetting employees who discover what personal information is being shared.

While this situation is complex, one way of dealing with your extra chatty boss is to raise the matter when next you meet.

Preface your comments by

explaining you appreciate that he trusts you at the same time as making it clear the personal information being shared with you is making you feel uncomfortable.

As an alternative, when your boss starts to share personal information about one of your colleagues, show your disinterest by changing the topic.

And remember the worst thing you can possibly do is show the slightest bit of interest by asking for more details, or even making a comment as simple as "that's interesting".

Instead, consider making a polite comment such as "I don't

think Sandra would appreciate you sharing that with me" when your boss makes an inappropriate remark. That might be all it takes to bring your boss' behaviour to a grinding halt.

The biggest risk, of course, is to do nothing.

While confidential and private information seems to have a habit of working its way around workplaces these days, you will be doing your boss a favour if you can nip this type of behaviour in the bud.

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