

YOUR
ADVICE
NOEL WHITTAKER



WHAT are the essential differences between a 'share trust' and a 'superannuation' fund? I have received an inheritance from my mother's estate and can't decide which way to go.

A share trust is a managed fund that invests in shares whereas a superannuation fund is a vehicle that lets you hold assets in a low tax environment. Therefore it is entirely possible for a superannuation fund to hold share trusts as part of its assets. As a general rule I prefer holding assets inside superannuation to save tax but you need to understand that you cannot access your super until you reach your preservation age which is at least 55.

I AM 64 years of age and have recently received a redundancy package of \$67,900. I have total cash assets of \$102,000 – my super balance is \$162,600 and my wife has \$72,000 in super. She currently works and earns \$37,000. I would like to continue to work and could take up a position earning \$18,000pa. What would you suggest we do with the assets we have available to us? My understanding of allocated pensions is that they prevent you from working.

You do not have to cease work to take an allocated pension but my suggestion would be to seek advice about the best way to boost your super while you are still working. Neither of you would benefit by salary sacrificing to super because you are both in the 15 per cent bracket and salary sacrificed contributions lose 15 per cent on their way into the fund. A better option may be to invest with after tax dollars – on your income you would get the whole \$1000 co-contribution and your wife would get most of it.

MY wife and I own our house in a capital city, which is completely paid off. We are thinking of moving

to the country to live with our two young kids and buying a small farmlet. We would then rent out our house. I have spoken with the bank and they can give us a loan against our existing house to finance the farmlet (they call it 're-originating' the loan). Is it possible for us to then claim the benefits of negative gearing on the farmlet?

To be able to claim the interest on the money borrowed, you will have to satisfy the ATO that the farmlet will be income producing and that you are carrying on the business of a primary producer. To do this the farmlet will have to be run as a business which means that it is much more than merely a hobby. Your accountant is the best person to prepare the appropriate documentation for the ATO.

Noel Whittaker is a co-founder of Whittaker Macnaught. His advice is general in nature and readers should seek their own professional advice before making any financial decisions. For questions, contact: noelwhit@gmail.com.

www.cairns.com.au

BRADFORDS
185 HINDS ST CAIRNS
BUY•SELL•LOANS
\$50 - \$5,000
ANYTHING GOLD, SCRAP
JEWELLERY, ANY AMOUNT
NO 10 YEAR PREMIUM
BUT FOR AN EXTRA 2% COMES
ON SITE SECURITY
For current market purchase prices
P. 4051 3784
ESTABLISHED 31 YEARS
www.bradfordcoins.com.au

28 The Cairns Post, Monday, October 24, 2011

Innissfail Endeavour House Foundation.

how to assimilate and find work rather than locked up with little to do and at great expense to taxpayers.

Mr. Creasey, Edge Hill