

# Sales & Marketing

## Update

19th Edition June 2005



## TOWER in Australia performs strongly with your support

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[Find out more](#)



## 7 Essential Tips for End of Financial Year Planning

*By Carly O'Keefe, Manager, Sales Marketing – Superannuation*

With the end of the tax year in sight, it may be time to start to contact clients to determine if you can implement certain financial planning strategies that will provide them with tax relief and additional benefits.

[Find out more](#)



## Facts & Fiction – Female Insurance Rates

*By Jodi Murray, Manager, Sales Marketing - Insurance*

The days of inequality between men and women are fast disappearing in today's society. Women have achieved an equal footing in all aspects of life including employment opportunity, income and education. However, there will always be some fields where conclusive research deems it impossible to offer equality. One such field is personal insurance and in particular, income protection.

[Find out more](#)

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## TOWER in Australia performs strongly with your support

### Hello everyone

On 19 May I was particularly pleased to be able to present TOWER's half yearly report to the media and the market. As you know, it was my first in the new role.

I say I was particularly pleased because the numbers were relatively good for both TOWER as a group and for TOWER in Australia. As you are probably aware TOWER as a group reported a 66% increase in profit for the six months to 31 March, this year. The TOWER net operating profit after tax for the period was NZ\$20.1 million compared to NZ\$12.1 million in the previous period.

TOWER in Australia was a major contributor to that result. I want to thank you for your support of TOWER in enabling us to deliver that.

TOWER in Australia is performing very strongly with its continued focus on being the leading provider of risk insurance with complementary investment offerings. David Callander is, as you know, the CEO for Risk in Australia while Grahame Evans will soon be taking up the role of CEO Investments.

We at TOWER love this risk business. Our risk performance in Australia is very pleasing. We are growing our position in the market and we are determined to see the overall market for risk products grow. It is a double-shot program for growth.

We are growing market share for Term Life risk sales at more than double the market rate and have been able to do that while keeping a tight control on costs. For the six months to 31 March, our overall in-force premiums increased 16% and we have been able to lower the level of policy lapses.

TOWER is very financially sound with capital solvency levels well above statutory levels.

We think it is a great story and one reflecting a lot of hard work and achievement.

TOWER in Australia is performing because of its partnership with you, its advisers, and through delivering the right products and service to meet your needs and those of your customers.

The performance of TOWER Limited, and that of TOWER in Australia is being recognised. Standard & Poors recently put a positive outlook on the company with the expectation that continued improvement may see it further upgraded in the future.

This is all good news, but it doesn't mean sitting back and relaxing. There is more hard work to do and that is what you expect of us. We must continue to deliver to your expectations.

I want to thank you for your support of TOWER. We look forward to working with you going forward.

An issue I raised at both the media and market announcements was the high cost being imposed on the industry through parts of FSR and how this is preventing many middle Australians from getting good, financial and risk insurance advice.

It is great to hear that the Federal Govt is now looking at this issue and flagged changes to FSR to make it simpler and easier for all. That can only be good news. The extra work for advisers, loss of productivity and reduced access for Australians to good advice because of FSR worries us. We look forward to improvements in FSR.

Making it easier for people to get advice and to buy insurance will be a big step forward in dealing with the under-insurance problem. Under-insurance is a social problem and must be dealt with for the good of the country. Insurance helps give people and their dependents choices and good quality of life at times of extreme need. That is a really valuable contribution to society.

The Government has, reportedly, started to recognise it as a potential problem especially when those who are uninsured, have to fall back on the welfare system to see them through difficult times.

It is always sad to hear of anyone suffering a critical illness. There has been much media coverage in the past few years of high-profile people being struck down by cancer or heart problems. It does, however, help to remind the community of the risks and reinforces in my mind the benefits that can come from having critical illness insurance.



**Jim Minto**  
TOWER Group CEO



**Jim Minto**  
TOWER Group CEO

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Carly O'Keefe

## Strategy Watch

### – 7 Essential Tips for End of Financial Year Planning

By Carly O'Keefe – Superannuation Marketing Specialist

With the end of the financial year in sight, it may be time to start to contact clients to determine if you can implement certain financial planning strategies that will provide them with tax relief and additional benefits.

The financial planning strategies outlined in this article can be used this financial year and in the future and are aimed at:

- lowering an individual's taxable income through available tax deductions;
- providing an individual with tax rebates to reduce their tax liability; and
- controlling the receipt of income to lower an individual's tax bill.

#### 1. Contribute to superannuation and receive a tax deduction

Individuals that are self employed, unsupported or substantially self employed may be able to claim a tax deduction when they make a contribution to a complying superannuation fund. For such individuals if they are eligible to receive the Government Co-contribution it will automatically disallow them from being eligible to claim a tax deduction for their superannuation contribution.

The amount of tax deduction that these individuals are able to claim (if eligible) is equal to the lesser of:

- 100% of the first \$5,000 plus 75% of the contribution that exceeds \$5,000; and
- their aged based limit (as shown below).

Age	Aged Based Limit	Contribution Required to receive the maximum deduction
Under 35	\$13,934	\$16,912
35 – 49	\$38,702	\$49,936
50 and over	\$95,980	\$126,307

In order to claim a tax deduction for this financial year the Trustee of the superannuation fund must receive the contribution by 30 June.

#### 2. Contribute to a spouse's superannuation account

When a spouse or defacto makes a contribution to their spouse's superannuation account they may be eligible to claim a tax rebate if their spouse has assessable income and reportable fringe benefits of less than \$13,800. The actual amount of the contribution that can be made by a spouse is unlimited. However, the maximum tax rebate that can be claimed by the contributing spouse is capped at \$540 per annum. The amount of the tax rebate that can be claimed will depend on the amount of the contribution and the receiving spouse's assessable income.

In order to claim the spouse contribution tax rebate for this financial year the Trustee of the superannuation fund must receive the contribution by 30 June.

#### 3. Income protection

Individuals who pay for income protection will generally be able to claim the premiums as a tax deduction. If possible the individual may pay premiums in advance (eg pay yearly premiums) which could result in a higher tax deduction to claim this financial year. The amount of the premiums paid in this financial year could be claimed as a tax deduction for this financial year.

#### 4. Prepayment of deductible interest expenses

In many cases individuals who pay interest on investments that generate assessable income will be able to claim tax deductions for that interest expense. Generally, for a given financial year they will be able to claim a tax deduction equal to the amount of interest paid in that financial year. For those that wish to increase the tax deduction they can claim for this financial year, they may be able to prepay up to 12 months of interest expense in advance.

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## 5. Deferral of income

In many cases individuals are not able to control the amount of income they receive. However, if they are able to they should at least consider the impact of waiting until 1 July to receive that income, as this additional income will be included in the income of the following financial year.

Examples of types of income that could be deferred may include:

- proceeds from insurance bonds where profits are assessable as income;
- withdrawal of an ETP; and
- proceeds from an investment where a capital gain has been made.

## 6. Deferral of superannuation benefits

For those individuals that are intending to withdraw funds from their superannuation account or commence a pension, it may be beneficial to wait until 1 July (ie the next financial year). If they adopt this strategy they will have a higher reasonable benefit limit and ETP tax free threshold to use which may result in both a reduction of excessive benefits and a reduction in ETP tax payable.

## 7. Make a personal contribution to receive the Government Co-contribution

For individuals that have a total income (ie assessable income plus reportable fringe benefits) of less than \$58,000 they may wish to make a personal non-deductible contribution to superannuation so they can receive the co-contribution payment from the Government.

For those eligible to receive the maximum co-contribution, they will receive \$1.50 for every \$1 they

contribute to superannuation, up to a maximum of \$1,500. Individuals who have a total income of \$28,000 will be able to claim the maximum co-contribution. The maximum co-contribution will decrease by 5 cents for every dollar over the \$28,000 threshold until the co-contribution cuts out fully for people with total income of \$58,000 and above.

Whilst not all of these strategies will be appropriate for all of your clients, you should start to think about those clients that would benefit from each strategy and arrange a time when you can discuss the merits of adopting such a strategy.

We have also compiled some marketing lead letters that you may be able to use for a mail out to certain clients. If you would like more information about any of these strategies or you are interested in obtaining the marketing letters please contact your sales manager in your state.



Marketing Letter 1

ABC Financial Services  
88 Kent Street  
Melbourne VIC 3000

June 14, 2005

**Private & Confidential**

Mr. Bill Simpson  
224 Mann Street  
Melbourne VIC 3000

Dear Bill

**OBTAIN TAX RELIEF WHEN CONTRIBUTING TO SUPERANNUATION**

**Did you know you could reduce your tax bill by contributing to your superannuation?**

I am writing to advise you of an opportunity that may enable you to reduce your tax bill and help your spouse save for their retirement at the same time, which you can take advantage of this financial year and in the future.

Our records indicate that you currently have superannuation with XYZ Superannuation Fund. In addition to ensuring that you still have the appropriate product and investment selection for your needs, it may be worth discussing how you might use your tax bill by contributing to your superannuation.

**How does this work?**

You may be entitled to receive a tax deduction when you make a contribution to your superannuation fund. This may be able to claim 100% of the first \$5,000 contribution and 25% of additional contributions as a tax deduction. The total reduces the amount of your tax bill, as a deduction tends to reduce the amount of income that is taxed.

It is also important to note that contributions to superannuation are generally taxed at only 15% (ie 30% if you are over 60) compared to your marginal tax rate of up to 45% (30% if you are over 60). Therefore, this opportunity can bring you an immediate benefit.

**What do I do now?**

No immediate action is required on your part. I will call you in the next few days to see how you can take advantage of this opportunity. In the meantime, if you have any questions, please contact our office on 03 9678 8888 Monday to Friday 9.00am-5.00pm.

I look forward to discussing this opportunity shortly.

Yours sincerely

Michael J Ford  
Authorised Representative - ABC Financial Services

Marketing Letter 2

ABC Financial Services  
88 Kent Street  
Melbourne VIC 3000

June 14, 2005

**Private & Confidential**

Mr. Bill Simpson  
224 Mann Street  
Melbourne VIC 3000

Dear Bill

**OBTAIN TAX RELIEF WHEN CONTRIBUTING TO SUPERANNUATION**

**Did you know that you could lower your tax bill when you make a contribution to your spouse's superannuation account?**

I am writing to advise you of an opportunity that may enable you to reduce your tax bill and help your spouse save for their retirement at the same time, which you can take advantage of this financial year and in the future.

Our records indicate that you currently have superannuation with XYZ Superannuation Fund. In addition to ensuring that you still have the appropriate product and investment selection for your needs, it may be worth discussing how you might make a contribution to your spouse's superannuation account.

By adopting this strategy, maintaining your current standard of living in retirement may become more achievable, as your spouse's superannuation savings will be increasing.

**How does this work?**

You may be entitled to receive a tax deduction when you make a personal contribution to your superannuation fund. This may enable you to receive a tax rebate if your spouse has assessable income and reportable fringe benefits of less than \$18,000, which can be used to lower your tax bill. Depending on the amount of your contributions and your spouse's assessable income and reportable fringe benefits, you could receive a tax rebate of up to \$540. This rebate you could reduce your tax bill by up to \$540.

**What do I do now?**

No immediate action is required on your part. I will call you in the next few days to see how you can take advantage of this opportunity. In the meantime, if you have any questions, please contact our office on 03 9678 8888 Monday to Friday 9.00am-5.00pm.

I look forward to discussing this opportunity shortly.

Yours sincerely

Michael J Ford  
Authorised Representative - ABC Financial Services

Marketing Letter 3

ABC Financial Services  
88 Kent Street  
Melbourne VIC 3000

June 14, 2005

**Private & Confidential**

Mr. Bill Simpson  
224 Mann Street  
Melbourne VIC 3000

Dear Bill

**TOP UP YOUR SUPERANNUATION TO RECEIVE THE CO-CONTRIBUTION**

**Did you know that you could receive a 50% return on contribution? You may be able to!**

I am writing to advise you of an opportunity that may provide you with increased retirement savings that you can take advantage of this financial year and in the future.

Our records indicate that you currently have superannuation with XYZ Superannuation Fund. In addition to ensuring that you still have the appropriate product and investment selection for your needs, it may be worth discussing how you might top up your superannuation to receive the Government Co-contribution.

By adopting this strategy, maintaining your current standard of living in retirement may become more achievable, as you will be increasing the amount of your superannuation savings. This may be more achievable, as your superannuation savings will be increasing.

**How does this work?**

You may be entitled to receive a Government co-contribution when you make a personal contribution to your superannuation fund. If your assessable income and reportable fringe benefits do not exceed \$18,000, you may be eligible to receive an additional \$1,500 when you contribute up to \$3,000 to your superannuation fund. The co-contribution that you receive will reduce by 5 cents for every dollar of your assessable income and reportable fringe benefits that exceeds \$18,000, until the co-contribution cuts out completely at \$58,000.

**What do I do now?**

No immediate action is required on your part. I will call you in the next few days to see how you can take advantage of this opportunity. In the meantime, if you have any questions, please contact our office on 03 9678 8888 Monday to Friday 9.00am-5.00pm.

I look forward to discussing this opportunity shortly.

Yours sincerely

Michael J Ford  
Authorised Representative - ABC Financial Services

Marketing Letter 4

ABC Financial Services  
88 Kent Street  
Melbourne VIC 3000

June 14, 2005

**Private & Confidential**

Mr. Bill Simpson  
224 Mann Street  
Melbourne VIC 3000

Dear Bill

**OBTAIN TAX RELIEF WHEN PURCHASING INCOME PROTECTION INSURANCE**

**Did you know that you could lower your tax bill when you take out income protection insurance?**

I am writing to advise you of an opportunity that may enable you to reduce your tax bill and help your spouse save for their retirement at the same time, which you can take advantage of this financial year and in the future.

Our records indicate that you currently have life insurance cover. In addition to ensuring that you still have the appropriate product and investment selection for your needs, it may be worth discussing how you might purchase income protection insurance to reduce your tax bill.

By adopting this strategy, maintaining your current standard of living in retirement may become more achievable, as your spouse's superannuation savings will be increasing.

**How does this work?**

You may be entitled to receive a tax deduction when you purchase income protection insurance. This may enable you to receive a tax rebate if your spouse has assessable income and reportable fringe benefits of less than \$18,000, which can be used to lower your tax bill. Depending on the amount of your contributions and your spouse's assessable income and reportable fringe benefits, you could receive a tax rebate of up to \$540. This rebate you could reduce your tax bill by up to \$540.

**What do I do now?**

No immediate action is required on your part. I will call you in the next few days to see how you can take advantage of this opportunity. In the meantime, if you have any questions, please contact our office on 03 9678 8888 Monday to Friday 9.00am-5.00pm.

I look forward to discussing this opportunity shortly.

Yours sincerely

Michael J Ford  
Authorised Representative - ABC Financial Services

