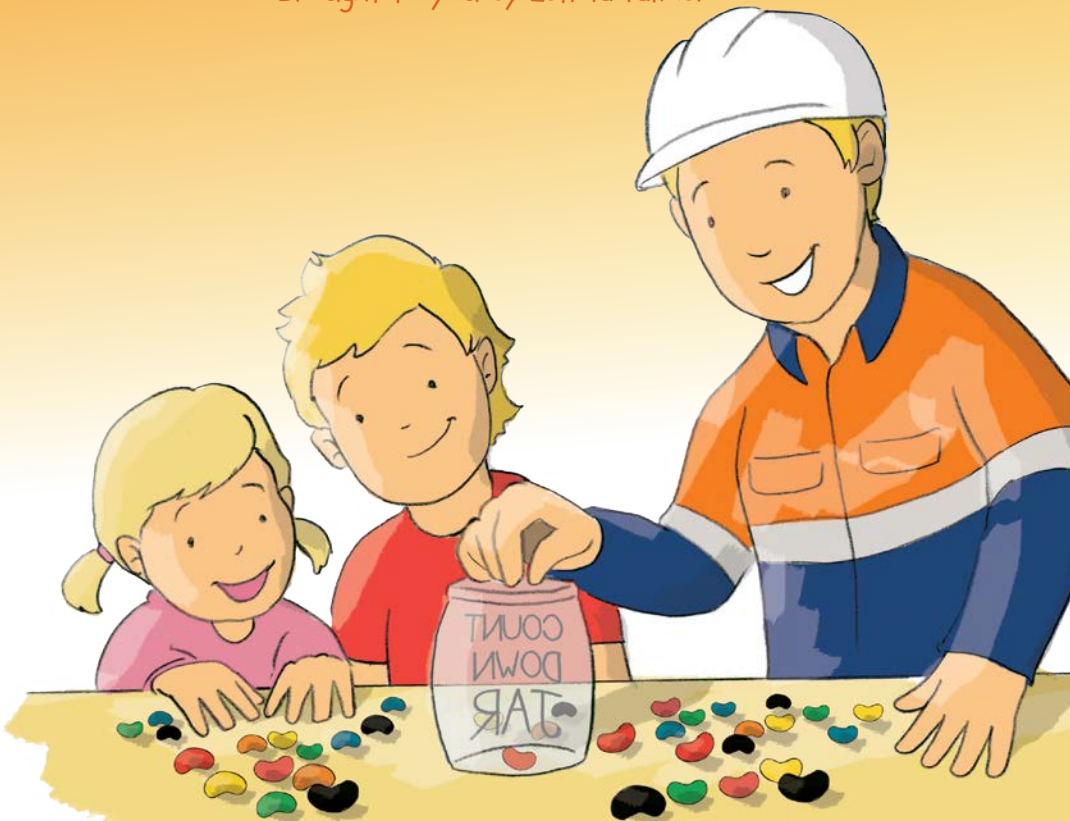


my **fif**o family

Budgeting and tax Tips for FIFO Families

Brought to you by Letizia Palmer



Insurances

It is one thing to earn a high income, but have you given any thought to what would happen to your family and commitments if that salary was no longer coming in?

In a high risk occupation or FIFO arrangement it is even more important to consider personal insurance such as life insurance, income protection and trauma insurance in the case that an accident strikes.

In the past, arranging personal insurance for workers in industries perceived as dangerous has been difficult, however, insurers are now recognising the improvements to safety in the oil, gas and mining industries and offering cover to many occupations previously uninsurable.

Most insurers now recognise more than 50 different occupations within these industries and many are treated exactly the same as a similar role outside these areas. For example, an engineer based in an office may attract a “professional” rating – just as they would in another industry.

A potential insurer will have a number of questions for you so as to be able to provide an accurate quotation, such as:

- your qualifications and experience
- your employment status and how long you've been employed at your current location
- your specific role and responsibilities - do you handle explosives or work with electricity?
- Details about your employment terms:
 - Do you fly in fly out or drive in drive out?
 - Do you work offshore / on an oil rig?
 - Do you work in an open cut or underground mine?
 - Are you an employee or a contractor?
 - How your package is made up, ie. living away from home allowance, bonuses, etc.
 - Your exact title and duties and your shift / rotation arrangements.

With this information in hand, we can then talk to our partners from Australia's leading insurance advisers to get the best policy for you.

You'll be pleased to know that there a number of tax concessions associated with life insurance. For example, your life and Total and Permanent Disability (TPD) insurance can be held within a superannuation fund, therefore allowing you to pay premiums with pre-tax dollars. In the case of income protection, premiums are generally tax deductible.

FIFO workers are often attracted by the ability to earn a higher than average income. Typical arrangements often see a family located elsewhere in Australia with the worker travelling to and from their place of work on a regular basis. Many state that this arrangement allows a financial future and lifestyle that would not otherwise be possible.

With this in mind, it makes sound financial sense to protect this future you're working so hard to achieve. Personal insurance, such as life insurance, income protection and Trauma Insurance (also called critical illness insurance) helps provide peace of mind, knowing that even with a high risk occupation, your family will be secure should an accident or illness strike.



Budget Tips

Budgeting can be seen as a dirty word in family lives, but it's essential in today's survival in FIFO families.

Budgeting is something that many of us don't like to consider as we think it will tie us down. But if you really stop and think about it, budgeting is simply a means of looking at your income and expenditure and deciding on what is most important to you.

Once you identify what you want to achieve, a budget is a tool to help you get there.

- Tracking your spending
- Keep a financial diary
- Planning a budget
- Online budget calculator
- Set yourself a savings target
- Develop a safety buffer
- Quick budget reminders.

Tracking your spending

Where does all my money go?

Very few people can answer this question accurately. Learning how and where you spend your money is the first step in managing your finances.

Keep a financial diary

- Select a defined time period e.g. a month or 4 weeks
- Record all of your spending in a notebook, create as many categories as you need, such as petrol, lunch and transport. Ensure you include small items such as snacks, drinks, parking meters, tolls, donations
- At the end of the month, use the category totals as part of your annual budget and decide how much you wish to spend in each category, and work towards.

Planning a budget

A budget can help you plan your expenses and save for things you want.

Managing credit or simply covering expenses is not always easy but following these steps will help you control your finances:

- Add up your earnings each week (or fortnight or month)

- Subtract regular payments or basic expenses:
 - Rent or mortgage repayments
 - Food and household needs
 - Utilities (phone/electricity/water)
 - Transport expenses (travel passes, petrol, car registration, maintenance)
 - Health needs
 - Insurance (health, house, car, travel etc.)
 - You should include yearly expenses such as car registration and insurance in your budget. You can divide these totals by 52 for the amount to budget for each week (or divide by 26 for the amount to budget each fortnight or by 12 if your budget is calculated on a monthly basis).
- Subtract regular payments for lifestyle bills and expenses:
 - Entertainment
 - Clothing
 - Personal grooming
 - Home appliances
 - If you are not sure as to how much you spend, either make an estimate and review it after 3 months or consider tracking your spending for a month.
- Allocate additional funds to cover:
 - Loan repayments
 - Additional superannuation contributions
 - The amount of money that is left can be used to buy things that you want or to save.

Online budget calculator

To help you plan your budget, you can utilise our budget calculator which takes into consideration all of your general expenses and gives you an idea as to how much you could save.

- Access our online savings and budgeting calculator.

Set yourself a savings target

Aim to save 15% of your gross annual income. This breaks down to 5% for short-term goals and 10% for long-term goals.



TIP - THE 15% RULE

If you've never been a successful saver before, start off slowly. Leave committing to medium or long-term goals for a while until you're confident a saving strategy is within your reach.

- Set yourself one short-term goal - perhaps 3 months away - that requires only a small amount of cash

- Then set aside 15% of your income each week in a separate savings account with no internet access. This way you have no chance of touching it
- At the end of 3 months, withdraw the cash to pay for your small goal - perhaps a weekend away or a new piece of clothing - and if there is any money left over make that the first instalment in your next savings goal
- With credit cards, only use them for rainy day items, not every day items. Maybe place the credit card in your freezer so that you have no way of using the card unless you have to. This is drastic measure but it gives you time to think about the purchase and decide whether it's a NEED or a WANT!
- You may consider taking out a debit card so that this is linked to your everyday account and you will only use the money in this account and nothing else.

Develop a safety buffer

The key to successful money management is to put funds aside during the good times and to minimise financial stress during bad times. Remember to allow for unexpected debts and emergencies like illness in the family, loss or breakage of possessions, career interruptions.



TIP - HOW MUCH IS ENOUGH?

- Singles and couples should consider developing an emergency fund equal to 2 months take-home pay in case of retrenchment or emergencies
- Those with young families should aim to build up an emergency fund equal to 3 months take-home pay.

Quick budget reminders

- Don't make your budget so tight that it's impossible to keep
- A budget is not set in stone. It is there to help, not hinder you. A sign of a successful budget is one that is flexible during tough times and able to reward you when your prospects are brighter
- If you blow your budget one month, try to make up for lost finance in areas that are more flexible e.g. entertainment or eating out
- Revisit your budget every 3 months to see if there are any areas you can tighten up to improve your financial flow
- A budget isn't meant to deny you of simple pleasures, like a cup of coffee every morning. Once you've paid your bills, saved for the future, and tucked some away for emergencies, the rest you can spend guilt-free! Feels good doesn't it?

Tax tips for FIFO Workers

To make sure your return is correct, check our list below for the deductions you are allowed to claim. Also make sure you have the correct records for each of your claims.

If you need advice, contact us at info@letiziapalmer.com.au.

If you work at a mining site, some of the tax deductions you may be able to claim on your personal tax return are:

Meals and Travel

- The cost of buying meals when you work overtime, provided you have been paid an allowance by your employer (you can claim for your meals without having to keep any receipts, provided you can show how you have calculated the amount you spent)
- The cost of meals and incidental expenses when you are required to stay away from home overnight (if you receive an allowance from your employer, you can claim the full amount of that allowance provided it is shown on your PAYG payment summary). If you didn't receive an allowance, you should keep receipts to prove the amount you have spent on all meals and accommodation. This is only claimable if the mine site doesn't provide any facilities for you directly
- The cost of parking, tolls, taxis and public transport if you are required to travel to attend seminars, meetings and training courses not held at your usual place of work (if you need to stay away overnight you can also claim for the cost of all meals and your accommodation)
- The cost of using your own car for work, including travel to attend meetings, attend training courses, pick up supplies and driving between or around mine sites (to claim for car costs it is usually best to keep a diary record of the number of kilometres you travel during the year for work purposes and then we can calculate the amount of your tax deduction at the end of the year)
- You can claim the cost of using your own car to travel to and from the mine site, BUT only if you are required to carry bulky tools and equipment for your work AND there is no secure area to leave these items on site overnight
- A contentious issue is whether or not the cost of travelling from home to the airport and back again is deductible. It is a well-established doctrine that travel between home and a place of employment is not deductible. An exception to this rule is if you are transporting heavy or bulky equipment. The bad news for fly in fly out workers

is that the courts have ruled in the past that transporting your luggage is not considered to be transporting bulky equipment and hence the travel to and from the airport would not be deductible.

Work Clothing

- The cost of buying uniforms (including shirts, pants, skirts, jackets, jumpers provided the uniforms have the business's logo on it)
- The cost of laundry, dry cleaning or repairs of your uniforms
- The cost of buying sun protection items (including sunscreen, hats, sunglasses and sun-protection shirts or jackets)
- The cost of buying other protective equipment that is not supplied by your employer (including overalls, gloves, goggles, masks, steel-capped boots, gum boots, high visibility vests and winter outdoor jackets).

Training

- The cost of work-related short training courses (for example first aid, OH&S, truck and heavy equipment driving, management, staff supervision) which are not run by a University or TAFE. You can claim for the cost of any course fees, books, stationery, internet connection, telephone calls, tools or equipment and travelling to and from the course. You can also claim any accommodation and meal expenses you have to pay if you are required to stay away overnight for your course
- The cost of self-education courses run by a University (not including HECS/HELP fees) or TAFE (for example Certificate III or IV in Metalliferous Mining Operations. If you are studying you can also claim for the cost of books, stationery, equipment and travel required for your course.

Work Equipment

- The cost of buying and repairing equipment you use at work (including tools, electronic organisers, laptop computers and mobile phones)
- The cost of any materials or supplies that you buy for use at work (for example safety gear, beacons, first aid equipment, backpack or belt bag, GPS)
- The cost of stationery, diary, log book, work bag or briefcase.

Other Work Expenses

- The cost of annual memberships or union fees (for example CFMEU fees, however you CANNOT claim a deduction for worker entitlement fund contributions and other similar charges outlined in your union fee statement)
- The cost of renewing machinery operating licences and

tickets that are required for your work, but not including your normal drivers licence

- The cost of work-related books, magazines and journals
- The cost of work-related mobile or home telephone calls and rental (you should keep a diary record of the number of phone calls you make for work for one month and then we can use that to estimate your usage for the whole year)
- The cost of work-related internet connection fees (you can only claim the proportion of your monthly fees that relate to work use, which could include emailing, research relating to your job and research for your training courses).

General Expenses

There are some tax deductions that all employees can claim on their personal tax returns:

- The amount of any donations to registered charities (as long as you haven't received anything in return for your donation, such as raffle tickets or novelty items)
- The cost of bank fees charged on any investment accounts
- The cost of income protection or sickness and accident insurance premiums (this type of insurance covers you if you hurt yourself (including when you are not at work) or become sick and you are unable to work. It will pay you your normal wage until you are fit to return to work – if you don't have this insurance you should see a financial adviser or ask us and we will refer you to someone who can organise it for you. It is definitely worthwhile)
- Your tax agent fees (the amount you pay to your accountant to prepare your tax return each year)
- The cost of travelling to see your tax agent (you can claim the cost of travelling to see your accountant to have your tax return prepared. You should keep a record of the number of kilometres you travel and any other incidental costs such as parking, meals, accommodation etc).

We suggest that you keep receipts for all purchases that are work related, even if they are not listed above. That way, when we prepare your tax return, we can decide whether you are allowed to claim a tax deduction for them or not.

If you would like any more information about the deductions listed or if you would like the Personal Tax Specialists team to prepare your tax return for you to ensure you maximise your claims this year, contact us at info@letiziapalmer.com.au

Proud member of the My Fifo Family

My Fifo Family have an affiliation with Letizia Palmer and they have been our families go to accountants for over 6 years. We hope that you too, can benefit from the advice and great service we have received



Hi my name is Vic and I'm a Director at Letizia Palmer. I've been helping Fifo families with all aspects of accounting, financial advice and tax returns for a number of years.

The information within this brochure has been brought to you by Letizia Palmer. If you have any questions and for more information on how Letizia Palmer can help your Fifo Family, please go to www.letiziapalmer.com.au Contact Vic Letizia on email: info@letiziapalmer.com.au, phone: 08 9227 6444 or in the office.

**LETIZIA
PALMER**
CHARTERED ACCOUNTANTS

With joint workshops partnering with Ngala, My Fifo Family aims to increase the awareness and importance of ensuring children fully understand the reasons behind being part of a working away family and the benefits it can bring.

With FIFO, DIDO and BIBO industries being responsible for a growing number of jobs in Australia it is becoming increasingly important for the younger generation to be able to adapt to the changes that occur in the family unit.

My Fifo Family donates a percentage of its profits to organisations and not for profits that support the health and wellbeing of the worker and their families. Through these donations My Fifo Family has been able to provide Ngala's "Parents Working Away" workshops free of charge to FIFO Families, are subsidising places for OzHelp Foundation's suicide prevention program "Conversations for Life" in the Pilbara, helping supply hundreds of books to remote families through the Aboriginal Literacy Foundation and working with Early Learning Centres and schools across Australia, providing free resources to working away families.

WOULD YOU LIKE MY FIFO FAMILY AT YOUR NEXT EVENT?

Check out our corporate events hire offers at
www.myfifofamily.com.au

my **fifo** family