

Guide for EMPLOYEES with HELP DEBT

SALARY PACKAGING

Employees who have a Higher Education Loan Program (HELP) debt (previously known as a HECS Debt) can still benefit significantly from salary packaging.

While packaging the living expenses \$9,010 cap and the entertainment benefit \$2,650 cap is likely to increase your HELP repayment obligations, the increased repayment amount will in most cases be offset by the increase in your take-home pay. In addition to this you can also set up extra HELP deductions throughout the year so you can still enjoy the benefits of packaging and pay off your HELP debt quicker without incurring a big lump-sum payment at the end of the financial year.

CALCULATING YOUR HELP REPAYMENTS

Your HELP repayment Income (HRI) is the combined total of your **Taxable Income, Reportable Fringe Benefits, Total Net Investment Losses, Reportable Super Contributions** and any exempt **Foreign Employment Income** amounts.

Example

Jenny has an annual Gross Income of \$50,000 (before tax and salary packaging) and has a HELP debt.

Jenny is currently salary packaging \$9,010 onto the Everyday Expenses Card and \$2,650 to her Entertainment Benefit Card.

Annual Gross Income	\$50,000
Less: Living Expenses Cap	-\$9,010
Less: Entertainment Benefit Cap	-\$2,650
<i>Taxable Income</i>	<i>\$38,340</i>
Add: Living Expenses Reportable Fringe Benefit (i.e. \$9,010 x 1.8868)*	\$17,000
Add: Entertainment Benefit Reportable Fringe Benefit (i.e. \$2,650 x 1.8868)*	\$5,000
Add: Reportable Superannuation Contributions	\$0
Add: Net Investment losses	\$0
Add: Tax exempt foreign employment income	\$0
Total HELP Repayment Income (HRI)	\$60,340

* The Reportable Fringe Benefit Amount (RFBA) is calculated by multiplying the nett value of \$9,010 + \$2,650 x the Gross up rate 1.8868

2024-25 REPAYMENT INCOME THRESHOLDS AND RATES

Repayment income (RI)	Repayment rate
Below \$54,435	Nil
\$54,435 - \$62,850	1.0%
\$62,851 - \$66,620	2.0%
\$66,621 - \$70,618	2.5%
\$70,619 - \$74,855	3.0%
\$74,856 - \$79,346	3.5%
\$79,347 - \$84,107	4.0%
\$84,108 - \$89,154	4.5%
\$89,155 - \$94,503	5.0%
\$94,504 - \$100,174	5.5%
\$100,175 - \$106,185	6.0%
\$106,186 - \$112,556	6.5%
\$112,557 - \$119,309	7.0%
\$119,310 - \$126,467	7.5%
\$126,468 - \$134,056	8.0%
\$134,057 - \$142,100	8.5%
\$142,101 - \$150,626	9.0%
\$150,627 - \$159,663	9.5%
\$159,664 and above	10%

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Example continued

- Without salary packaging Jenny would achieve \$0 in tax savings and \$500 repayments would need to be made to HELP since Jenny's HRI is below \$54,435.
- Using the above example with salary packaging, Jenny will achieve approximately **\$1,996.98 in tax savings** (additional take-home pay) through salary packaging \$9,010 + \$2,650 to the Everyday Expenses and Entertainment Benefit cards.
- Jenny's assessable HRI would be \$60,340 and would require Jenny to repay 1% in HELP repayments, totalling her **repayments of approximately \$580 per year.**

When you look at the impact of salary packaging it's a win-win. Money that otherwise would have gone to the ATO as a tax (in Jenny's example \$3,300 tax) is instead used to pay down your HELP debt, and even after this there are still extra tax savings left over for most employees.

In Jenny's example, Jenny will reduce her HELP debt by \$580 and still have approximately **\$1,416.98 left over of additional take-home pay**, using the tax savings achieved through salary packaging!

SETTING UP YOUR HELP REPAYMENTS

HELP repayments **will not** automatically be taken out of your pay by Eastern Health.

There are two things you must do:

- 1** On your **Tax File Number declaration form** you **must** declare that you have a HELP debt
- 2** You must **notify payroll in writing or via email** that you are salary packaging and will be required to make additional HELP repayments. Based on Jenny's example a minimum \$22.30 per fortnight would need to be contributed to cover \$580 repayment amount.

Payroll's emails are:

- *For all employees (except doctors):*
payrollsupportandcompliance@easternhealth.org.au
- *For doctors:*
payrolldoctors@easternhealth.org.au






IMPORTANT:

Should these two steps not be taken this would result in the employee owing a lump-sum payment to the ATO at the end of the financial year.

The total amount paid either fortnightly through payroll or as a lump-sum payment will be the same.

This information is to assist you in understanding the implications of salary packaging and is not a replacement of financial advice. Prior to commencing salary packaging we encourage all employees to seek independent financial advice – it is employee's responsibility to do this. Please confirm with ATO Study and training support loans repayment calculator as information and rates are constantly changing.

EASTERN HEALTH SALARY PACKAGING

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