Prepare FOR LIFE
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australian national consulting

NEW FINANCIAL YEAR New Financial Attitude

As Winston Churchill said "Attitude is a little thing that makes a big difference." So this financial year, take a fresh approach to your finances.

1. Use that budget you made

You've probably made budgets before – but do you stick to them?

Don't look at your budget as deprivation, but as a tool to help you get what you want. Set it up so it's easy to use. For instance, create direct debits from your savings account to automatically pay your regular bills.

Make sure you budget for entertainment purposes too, like dining out or going to the cinema. And don't be afraid to tweak it as your circumstances change.

2. Do your paperwork each week

The worst thing about tax time is dealing with the paperwork. So if your attitude is 'I'll get to it later', change it to 'There's no time like the present'.

Spend a short amount of time each week organising your paperwork. Set up a spreadsheet to record and add up your deductions and buy some folders to store your receipts, or scan and store them electronically. (Make sure you back up your files though, just in case).

3. Boost your super every payday

Not sure how much super you'll need? Worried you won't have enough?

Don't get anxious – get proactive. For instance, you should consider reviewing whether it is beneficial to ask your employer to salary sacrifice into your super from your pre-tax income. This may be an effective way to boost your super and with compound interest, it can really add up over time.

What's more, as it comes from your pre-tax salary, it could also help reduce your assessable income, which means you could pay less tax. And anything you earn on your super savings only gets taxed at 15%, making it potentially more tax effective than investing outside super.

Ask for help

A financial adviser can help you with every area of your finances – from creating a budget to investing tax effectively. Getting on track could be as easy as making a phone call.

Source | MLC

2015 BUDGET

WHAT DOES IT MEAN FOR YOU?

This update presents key observations arising from the 2015 Budget. The devil will be in the detail and each measure is subject to being passed into legislation.

SMALL BUSINESS OWNERS

The Budget contained a number of measures designed to assist and stimulate the small business sector, including:

1. **Small business tax rate to be reduced to 28.5% - from 1 July 2015**
   A small business is defined as a business with an annual turnover of less than $2 million.
2. **Franked dividends paid by small business entities – from 1 July 2015**
   Even though the tax rate for small businesses will reduce by 1.5%, dividends will continue to be franked at 30%.
3. **Tax reduction for small unincorporated businesses – from 1 July 2015**
   Small businesses operated by a sole trader or partnership will be entitled to a 5% discount on the tax they would otherwise pay, subject to a maximum discount of $1,000.
4. **Immediate tax deduction for professional services – from 1 July 2015**
   The Budget includes a measure that will allow a new business to claim an immediate tax deduction for the costs of obtaining professional services associated with establishing the business.
5. **Capital gains tax relief – from 1 July 2016**
   If a small business owner wishes to restructure their business, they will be eligible to access capital gains tax rollover relief.
6. **Accelerated depreciation – from 12 May 2015**
   Any assets up to a value of $20,000 acquired by a business between 7.30pm on 12 May 2015 and 30 June 2017 will be eligible for a full tax deduction in the year of purchase.
7. **Drought relief – from 1 July 2016**
   Capital expenditure associated with fencing and water will be fully tax deductible in the year the cost is incurred. Furthermore, cost associated with storage of fodder (e.g. silos) will be fully deductible over a 3 year period.

SUPERANNUATION

1. **Early release of superannuation benefits – from 1 July 2015**
   The Budget includes a proposal to extend the 12 month survival period to 24 months for people suffering from a terminal illness.

PERSONAL INCOME TAX

1. **Zone Tax Offset – from 1 July 2015**
   People who live and work in remote areas of Australia may be entitled to a Zone Tax Offset. Fly-in fly-out and drive-in drive-out workers who travel to remote areas covered by the Zone Tax Offset will only be entitled to claim the Zone Tax Offset if their usual place of residence is within a defined remote zone.
2. **Medicare levy low income threshold**
   The Medicare levy low income threshold has been indexed in line with movements in the Consumer Price Index (CPI) for the 2014/15 financial year. People who have an income of less than the threshold are not required to pay the Medicare levy.
3. **Tax deductions for business use of motor vehicles – from 1 July 2015**
   The methods for claiming a tax deduction for private vehicles used for business will be rationalised with only the log book method and the cents per kilometre continuing to be available. In addition, the cents per kilometre method will be changed to a single rate of 66 cents per kilometre, irrespective of the engine size.

FAMILIES

1. **Paid Parental Leave – from 1 July 2016**
The Paid Parental Leave scheme allows all primary carers access to a payment of up to 18 weeks' pay based on the national minimum wage. Some employers also make payments to their employees while on parental leave. This initiative is to eliminate people claiming a benefit from the government and their employer at the same time.

2. **FTB – Part A – from 1 July 2016**
The large family supplement will cease to be paid from 1 July 2016.

3. **New Child Care Subsidy to be introduced – from 1 July 2017**
The current child care rebate and child care benefits will be abolished and replaced with a Child Care Subsidy. The proposed subsidy will cover up to 85% of child care costs. The subsidy is designed to help parents get back into the workforce, or undertake other approved activities including training to further work opportunities.

4. **No Jab, No Pay – from 1 January 2016**
This controversial measure was recently announced and has now been included in the Budget. Parents of children who don't have up-to-date immunisations will not have access to subsidised child care and will not be eligible to receive the FTB-A end-of-year supplement.

PENSIONERS AND RETIREES

1. **Assets test free area – from 1 January 2017**
By increasing the assets test free area, an estimated 170,000 pensioners will receive a pension increase.

2. **Increase the asset test taper rate – from 1 January 2017**
Where a pension recipient has assessable assets that exceed the asset test free threshold, their pension is reduced by $1.50 for every $1,000 of assets over the asset test free amount. From 1 January 2017, the taper rate will increase to $3.00 per $1,000.

   As a result, an estimated 91,000 will lose their entitlement to the pension and a further 235,000 will receive a reduced pension.

3. **Health Cards – from 1 July 2017**
Those pension recipients that lose their pension entitlements as a result of the changes to the assets test will automatically receive a Commonwealth Seniors Health Card or, if under age pension age, the Health Care Card.

4. **2014 Budget announcements**
A number of measures announced in the 2014 Budget are no longer proceeding, including:
   - Limiting pension increases to Consumer Price Index (CPI);
   - Reducing the deeming thresholds; and
   - Pausing indexation of certain thresholds.

5. **Overseas portability of pensions – from 1 January 2017**
Pension recipients who have less than 35 years' Australian Working Life Residency (AWLR) will have their pensions reduced in proportion to their AWLR after 6 weeks from leaving Australia, rather than after the current 26 week period.

   AWLR is the number of years a pension recipient lived in Australia between the ages of 16 and age pension age.

6. **Defined benefit pensions – from 1 January 2016**
With effect from 1 January 2016, the maximum amount excluded from the income test will be 10% of the defined benefit pension income received. People in receipt of a Veterans Affairs pension or a pension from a military superannuation scheme will not be affected by this change.

7. **Low income supplement – from 1 July 2017**
The low income supplement is a tax exempt payment made to low income earners. This supplement will no longer be available from 1 July 2017.

AGED CARE

1. **Rental income – from 1 January 2016**
Where an aged care resident's former home is rented and they are paying their accommodation fees by way of a (part) periodic payment, the rental income from the former home is not counted under the means tested fee for aged care.

   For consistency, the rental income from the former home will be brought into account for aged care residents who pay all or part of their accommodation charge by way of a periodic payment.

SUMMARY

This summary is not intended to be a comprehensive analysis of every issue contained in the Budget, but it does target some of the main issues that will affect mainstream Australians.

Each of the measures mentioned will have to be passed into legislation. The smooth passage of each measure is not guaranteed.

If you have any questions about any of the measures mentioned in this update, we urge you to discuss them with your financial adviser.

Source | Peter Kelly and Mark Teale, Centrepoint Alliance

Getting Ahead

In Your 50s

Life in your 50s is great. You don't have a huge mortgage, the kids have grown up and are not as dependant on you, your career has progressed… So what's next financially?

When you are in your 50s you can see retirement on the horizon. Sure it might be 10-20 years off, but it is becoming more tangible. So if you haven't already, you need to start some serious planning.

Decide on your lifestyle

Up until now you may have been reactionary in your lifestyle, with mortgage payments and work pressures being the biggest worries. But you need to start thinking about how and where you want to live for the next 30 or more years. Do you want to stay where you are? Downsize? Always wanted to move to the beach or bush?

Figure out how much you need

Once you have decided how and where you want to live, you will need to set up plans to achieve it.

There are a couple things you can look at to ensure you are on the right track:

- Superannuation – Is your super invested appropriately? Do you need to contribute more now so that you have enough for the future?
- Investments – If you have managed funds, shares or property, are they invested strategically to help accommodate your changing lifestyle?
- Insurance – Do you have the right level of life and income insurance? Are you and your family covered if anything happens?
- Daily finances – Are you spending money on things you don't use? If the kids have moved out, are there ways you can scale back?

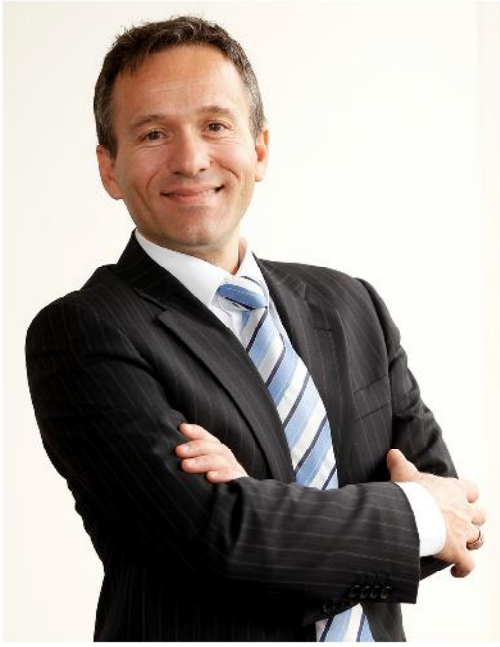
Start catching up now

You might find that you are further behind than you thought for your ideal retirement lifestyle. This happens to a lot of people but it is never too late to make a change. You could be at the peak of your earning potential, so that means you have a chance to save more and make up for lost time.

Get help

Everyone's financial needs and goals are different and it's worthwhile seeking professional financial advice before you make important financial decisions. Your financial adviser can provide you with strategies to help make your ideal retirement lifestyle a reality.

Source I IOOF



Cancelled Policy and Mum Departs

Financial adviser, Ian Hamilton was approached by a woman who recently lost her husband and a service station business in far north-west NSW. Her husband had left her with two young children aged 4 & 8 and a mountain of debt which lead to her bankruptcy.

Ian said "It really was a sad situation at that time and she wanted to provide some security for her children. I felt good to help arrange $300,000 life cover through AMP."

She always paid at the same time every year, however, four years on, she stopped. Ian called her and left numerous messages with her associates, but there was no reply.

Ian later learned she had died from cancer after the policy had lapsed some 18 months. She had been travelling regularly from the country to see specialists in Sydney.

After some digging, Ian discovered she was diagnosed as terminally ill while she was covered and that a claim could be paid.

Contacting her family, Ian was able to obtain records from her GP and specialist, which satisfied AMP and they paid out in full.

Ian later set up an investment fund and an annuity to pay school fees upfront. This meant her daughter could attend a boarding school in Brisbane and her son was set up in a business in Byron Bay.

Ian said; "All this happened five or six years ago, I believe that if there hadn't been an adviser, no one would have known or cared about the life insurance and the children would have got nothing. I am pleased and proud that I pursued it, and was then able to invest the money for the children and give them some start in life."

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Contact your local office for further information:

The finest compliment we can receive is a referral from our family and friends.

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