PATTINSON F.S

Your dreams, our passion, the future together.

March 2019 Newsletter

With the help of this newsletter we hope to keep you updated on what is happening in the financial world today. Welcome to our News Bulletin.

The Downsizer Measure

As part of the 2017-2018 Budget, the Governement announced the downsizer package to reduce pressure on housing affordability in Australia.

From 1 July 2018, if you are 65 years old or older and meet the eligibility requirements, you may be able to choose to make a downsizer contribution into your superannuation of up to $300,000 from the proceeds of selling your home.

So, why would this be beneficial for you? Moving this contribution into a super fund means that the tax rate will sit at 15%, which may be lower than your current tax rate. If you have the ability to move your super into a pension, these earnings may then be tax free.

* You will be eligible for the downsizer measure if all of the following apply:

- You are 65 years plus at the time you make a downsizer contribution
- The amount you contribute is from the proceeds of selling your home where the contract of sale exchanged on or after the 1st of July 2018
- Your home was owned by you or your spouse for 10 years or more prior to the sale - the ownership period is generally calculated from the date of settlement of purchase to the date of settlement of sale
- Your home is in Australia and is not a caravan, houseboat or other mobile home
- The proceeds (capital gains or loss) from the sale of the home are either exempt or partially exempt from capital gains tax (CGT) under the main residence exemption, or would be entitled to such an exemption if the home was a CGT rather than a pre-CGT (acquired before 20 September 1985) asset
- You have provided your super fund with the “Downsizer Contribution into super” form either before or at the time of making your downsizer contribution
- You make your downsizer contribution within 90 days of receiving the proceeds of sale, which is usually at the date of settlement
- You have not previously made a downsizer contribution to your super from the sale of another home

If you have any questions about the downsizer measure or how Infocus can help you, please touch base with our office.

Focus on Superannuation

For many people, superannuation is the single largest financial asset they have, apart from the family home. So it pays to take it seriously. Decisions you make about super can have a long-lasting impact on your quality of life in the years to come, and could be the difference between a comfortable or a challenging retirement.

How much super do you need? What kind of lifestyle do you want in retirement – and are you on track to achieve it? These are important questions and the sooner you tackle them, the better off you will be. There's no magic formula that determines the income you'll need, because factors like life expectancy, retirement age, income and expectations all play a part.

Building on your employer contributions If you are working, your employer should already be making regular contributions into your super account of at least 9.5%. So will this be enough to give you the retirement you deserve? Not according to the Association of Superannuation Funds of Australia (ASFA). ASFA suggest that you should be saving around 12% – 15% of your salary over a 30-year period as a minimum savings target. And more if you have taken time out of the workforce for any reasons, such as to travel, study or raise a family.

Harnessing the benefit of compound interest
To achieve the recommended ASFA savings, you will probably need to make some additional super contributions. If so, the key is to start early, because the earlier you add funds to your account, the longer it has to grow and work for you.Super grows through investment earnings and the benefit of compound interest, which allows you to earn interest on your interest. Adding as little as $20 a week could boost your super by thousands in the long-run.

Great options for growing your super
So once you've decided to give your super a boost, the next question is… how? Fortunately, there are a few different options to consider. Post-Tax Contributions Making voluntary contributions from your after-tax pay is a simple way to top-up. Simply deposit your own money into your super account using whatever payment methods your fund offers.

Government co-contributions
If you are a low or middle-income earner, you may be eligible for a government co-contribution up to a maximum of $500. The amount you receive will depend on your income and the size of your own after-tax contribution. Learn more at www.ato.gov.au

Our top five smarter super tips

1. Take an active interest
Remember, this is your money we're talking about. So take the time to give your super a health check, and make sure it's working hard for you.

2. Keep track of your super online
Many super funds provide online access to your balance, investments, insurance and more. Ask your super fund how you can log-on.

3. Consider your investment options
Most super funds provide a choice of investment options, giving you the freedom to choose one that suits your age, lifestyle and risk profile.

4. Consolidate your super
Multiple super funds could mean multiple sets of fees. By consolidating them into one fund, you may find that more of your money will stay invested for your future.

5. Talk to an expert
Super can be confusing, so getting expert help could help you make more informed decisions and plan a more comfortable future.

Salary sacrifice
Salary sacrificing is a personal contribution that is made directly from your pre-tax salary. The payments are arranged through your employer, and can be a tax-efficient way to boost your super, depending on your circumstances.

Age restrictions for personal super contributions
If you are considering making personal super contributions, first check that you comply with the current government regulations about age restrictions. While super rules change regularly, these are the current legislation at November 2016:

Aged under 65
No restrictions. You can make personal contributions regardless of your work status

Aged 65 – 74
Personal contributions can be made if you have worked at least 40 hours over 30 consecutive days during the same financial year you make the contribution.

Aged 75 and over
Personal contributions are not allowed.

Keep across your concessional contributions caps Concessional contributions for people under age 50 are capped at $30,000 and $35,000 for people aged 50 and over . Non concessional contributions are capped at $180,000 per year or $540,000 with the bring forward 3 year rule.

We believe in the power of word-of-mouth advertising! That's why it is the greatest compliment when our customers recommend us to their own friends and family.

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Economic Update - March

Within this month's update, we share with you a snapshot of economic occurrences both nationally and from around the globe.

Markets keep on roaring!

- Trump makes progress on several fronts
- RBA changes its monetary policy stance
- China delays coal imports

We hope you find this month's Economic Update as informative as always. If you have any feedback or would like to discuss any aspect of this report, please contact us.

The Big Picture

For the second straight month, major stock markets around the world made impressive gains. While some express the opinion that this rate of growth is unsustainable, we are of the opinion that nearly all of these recent gains just take us back to September – before the US Federal Reserve (the "Fed") chair made comments that sent markets into a tailspin.

Since we have markets once again about fairly priced, we believe that the ASX 200 and the S&P 500 can continue to grow from here – but at a more modest pace – as if the October-February period had never happened.

Of course, Trump's dealings over trade with China, his "Wall", and the US government shutdown contributed in part to market volatility. The shutdown is now behind us as Trump compromised on the level of funding – only to lodge an emergency order for the rest.

While there are social issues concerning the Wall, there should be no major economic impact for Australian investors from here over its possible construction or funding.

China has agreed with making some changes on trade with the US. Trump removed the March 1 scheduled uplift in tariffs from 10% to 25%. A meeting between Trump and Xi in Florida is mooted for late March.

It is unlikely that Trump will get all he wants anytime soon but a start will be seen as a win for both sides. There have been issues with intellectual property (IP) and IT for decades so that won't get sorted quickly. China has agreed to certain policy moves on its currency and increases in agricultural imports from the US.

The US jobs data were again particularly strong but some other data were weaker. There are major statistical issues in trying to interpret a vast array of data on a monthly basis. For example, Retail Sales for December were a major miss on expectations. But the massive retailer, Walmart, blitzed the market with its latest quarterly report released in the same month. Go figure!

The Fed has been very careful in managing expectations in recent times. It has even downplayed its moves on reducing debt levels. It seems unlikely that investors have anything to fear from the Fed in 2019.

The RBA kept rates on hold in Australia but, importantly, acknowledged that the next move in rates is as likely down as up. For two years it has been arguing that "the only way is up".
To read more please visit https://www.infocus.com.au/news/economic-update-march-2019/

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