



PATTINSON F.S

*Your dreams, our passion, the future together.*



## August 2020 Newsletter

Given the current volatility across equity markets, I wanted to reach out to you with the following update. Should you wish to discuss your needs and/or any potential impact of this market event please feel free to contact me to discuss further.

## JobsKeeper & JobSeeker - What you need to know



The Government has **announced** a number of changes to income support, predominantly JobSeeker arrangements and the Coronavirus supplement. Previously announced and implemented changes to JobSeeker and the payment of the Coronavirus supplement were scheduled to come to an end on 25 September 2020. The changes announced include:

- increasing the income free area for the income test and adjusting the income test taper rate
- amending the partner income test
- reintroducing mutual job obligations
- reintroducing the assets test and liquid assets waiting period
- extending payment of the Coronavirus supplement to 31 December 2020, and
- reducing the amount of Coronavirus supplement payable.

Relaxed eligibility criteria will continue to apply to sole traders, individuals who have been stood down or have lost their job, and casual workers, subject to meeting the income and assets test. Each of the changes is summarised in more detail below.

### JobSeeker income test changes

Changes have been announced that effect the income free area and taper rate, and the Partner income test.

### Income free area and taper rate

From 25 September 2020 until 31 December 2020, the income free area will increase from \$106 per fortnight to \$300 per fortnight. This means that a person is able to receive \$300 per fortnight in income before their entitlement to JobSeeker is reduced under the income test.

Entitlement to JobSeeker will reduce by 60c for each dollar of income received per fortnight in excess of this threshold. JobSeeker recipients who are principal carer parents will continue to have a taper rate of 40c for each dollar of income that exceeds the threshold.

Current arrangements continue until 25 September 2020, meaning that JobSeeker payments reduce by 50c for each dollar earned between \$106 and \$256 per fortnight, and 60c in the dollar for income that exceeds \$256 per fortnight.

### Partner income test Additional changes

# Managing your expenses and reducing costs



**Many Australians are feeling the uncertainty of the current situation and are looking for ways to shore up their financial position, regardless of whether they have been directly affected or not.**

Managing your costs and expenses can be an effective way to help you through this time, particularly if your income has been affected.

## Make a list

Start by building a clear picture of your income and expenses to help you understand your overall position. For example, make a list of:

Savings (if any)  
Income (from wages, government benefits, income from investments)  
Lump sum payments (government payments, redundancy etc)  
Your expenses, including rent or mortgage payments, bills, other loan repayments, health insurance, vehicle, utility and grocery costs, and insurance premiums etc

This will help you understand how long you can sustain your current position and determine the timelines for any actions you need to take.

## Non-essential expenses

Look through your list of expenses and consider whether there are any non-essential items that you can live without, at least temporarily.

## Seek assistance from providers

Speak to providers such as electricity and gas or phone providers. They may have options such as payment plans to help get you through this period.

## Expenses you might be able to freeze or defer

Consider what expenses you might be able to freeze or defer, such as your mortgage repayments (please see our Mortgage Options section for more information). Some income protection insurance providers are also offering a premium freeze, where you can stop premiums for up to 12 months. Please be aware however that you won't be able to claim during this time. The possible benefit is you can resume when you are ready and don't need to reapply.

## Be careful what you cut out

It may be tempting to cancel health and other insurance policies to cut expenses now, but doing this may have longer term implications, and you may not be able to obtain the same level of cover in the future. If you are considering cancelling any policies that you have put in place with your adviser, please get in touch so we can help you understand any implications.

Should you have any queries in relation to this newsletter, please feel free to contact our office.



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# Economic Update - August 2020



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

## The rally in equities continues

- The ASX 200 and S&P 500 both posted four months of positive returns
- COVID vaccines are under development and undergoing trials in many countries, expectations are that they may be available in early 2021
- China economic data are getting back to pre-COVID levels

We hope you find this month's Economic Update as informative as always.

## The Big Picture

Equities listed on the ASX 200, Wall Street (S&P 500), the world and emerging markets indices all posted a fourth successive month of positive returns in July – although the ASX 200 gave up much of its July gains on the last day.

The S&P 500 just posted its best

July gains in 10 years – an impressive +5.5%. Much of the recent gains on this index can be attributed to the mega-cap tech stocks including Amazon and Facebook. Indeed, if the tech stocks are stripped out of the S&P 500, its performance has only been modest.

Reporting season, when companies reveal their latest balance sheets and outlooks for the future, is well under way in the US for the June quarter. Reporting season is just about to start in Australia for the half year.

There have been some blockbuster corporate earnings reports on Wall Street but also a number of big misses. Success and failure have been roughly aligned with the 'stay-at-home' stocks like Amazon and Netflix vs COVID shutdown economies such as Airlines and hospitality stocks. Facebook and other internet companies have largely done very well – as have a number of the drug companies. The obvious suspects for entertainment outside of the home continue to struggle.

With many regions re-introducing opening restrictions on restaurants and bars to counteract the second wave, the global economy will struggle to get back to normal anytime soon. However, there are some bright spots.

China posted a massive 11.5% for June quarter economic growth against an expectation of 9.6%. On an annual basis, the outcome was obviously more modest at 3.2%. China trade data beat expectations on both exports and imports. The purchasing managers indexes (PMI) a measure of input demand, for both manufacturing and services were also strong.

While the US posted a widely expected large negative growth figure for GDP, retail sales are almost back to where they were before the COVID virus spread to the US.

Australia created 210,800 new jobs for the latest month but all of these were part-time. Indeed, full-time jobs actually went backwards. The unemployment rate came in at the expected 7.4%. The Reserve Bank of Australia (RBA) stated that its general economic outlook had been too pessimistic earlier in the year. It still expects unemployment to be 9.3% at the end of 2020 which is well below the peak experienced in the last recession.

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