



PATTINSON F.S

Your dreams, our passion, the future together.



October 2018 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.

Superannuation choices for employees



If you earn most of your income from employment, you may want to make personal deductible contributions – instead of, or in addition to, salary sacrifice.

Super options

Since 1 July 2017, employees have been able to claim personal super contributions as a tax deduction.

Like salary sacrifice, personal deductible contributions are generally taxed in the super fund at up to 15%*1, instead of your marginal tax rate of up to 47%*2. So both options can enable you to boost your super balance and reduce your overall tax.

Also both count, along with any superannuation guarantee (SG) contributions you receive from your employer to the concessional contribution cap. This cap is \$25,000*3 in 2018/19 and penalties may apply if you exceed it.

Some key differences are that, with personal deductible contributions:

- you don't have to enter into an agreement with your employer
- you can contribute using available capital from a range of sources, such as your after-tax pay, your savings, a windfall or the sale of assets
- you can contribute any time in the financial year, either in regular installments, as a lump sum or both, and
- you can easily increase or decrease the amount you contribute in line with your income and expenses.

Claiming the deduction

To claim a personal super contribution as a tax deduction, there are some very important steps you'll need to follow. First, you'll need to submit a valid 'Notice of Intent' form with your super fund and receive an acknowledgement back from the fund. You also need to make sure this happens before you complete your tax return, start a pension, or withdraw or rollover the money. Otherwise you may not be eligible to claim a deduction for the full amount you want. Other conditions may also apply. For more information, please visit the ATO website at www.ato.gov.au

Which option?

Personal deductible contributions could be worth considering if:

- your employer doesn't offer salary sacrifice
- salary sacrifice is available but it reduces other benefits such as SG contributions, holiday pay or leave loading, or
- you want to make a concessional contribution using a bonus or another benefit or entitlement already accrued and you haven't got the right salary sacrifice arrangement in place.*4

Also, personal deductible contributions might be right for you if you want more control over how much you contribute and when the contributions are made.

Salary sacrifice might, on the other hand, be a better option if you're not the most disciplined saver. With salary sacrifice, the contributions go straight into super from your pre-tax pay before you get a chance to spend the money.

You could even consider using both these options, so you can combine the discipline of salary sacrifice with the flexibility of personal deductible contributions. For example, you may want to arrange to sacrifice some of your pre-tax salary each pay period and make a personal deductible contribution at the end of the financial year when your cashflow and tax position is clearer.

You could also time the personal deductible contribution in the lead up to 30 June to make the most of the \$25,000 concessional contribution cap.

Could you benefit from making personal deductible contributions?

If you're thinking about investing more in super, we can help you decide whether making personal deductible contributions is right for you. We can also look at what else you could be doing to help you achieve the retirement lifestyle you want.

*1. Individuals with an income from certain sources above \$250,000 pa in 2018/19 will pay an additional 15% tax on concessional super contributions within the cap.

*2. Includes Medicare levy.

*3. Since 1 July 2018, it may be possible to accrue unused concessional contribution cap amounts for up to five years. Accrued unused cap amounts may then be used from 1 July 2019. Conditions apply. See www.ato.gov.au for more information.

*4. This is because an effective salary sacrifice arrangement can only be in respect of benefits or entitlements that you're yet to accrue.

How to set your goals



Whenever the term financial advice is mentioned it is commonly associated with an individual's financial goals. Whether you have a type of 'Christmas list' as long as your arm of things that you'd like to buy, or perhaps you've never really thought about it and just buy what you want when you want – financial goals are almost always at the forefront of your mind, you just might not know it yet.

Having a financial goal is a fantastic step in the right direction when attempting to take control of your finances. Goal setting will not only help to motivate you to make the necessary sacrifices in life, it will also act as a self-reward system, set your goal, achieve your goal then treat yourself and start again! In order to achieve your desired results it's sensible to map out how your goals can be achieved whilst you maintain your day to day life. MoneyTalk Magazine suggests creating a hierarchy of goals to cover your life span in order to understand how to prioritise and remain realistic. These should consist of three clear cut categories, explained below.

Short Term Goals – Achievable in one to two years

These will be your fun goals! Have you been craving a getaway to Fiji, do you want to take a month off work in two years and travel Europe? Do you really want a new laptop? Maybe your living-room needs re-decorating? These types of goals have relatively instant pay-offs, you can save up, buy and then be happy with your purchases. Short term goals are usually things that you really want, and could probably buy on credit if you were being impulsive. But hold off! Add a little patience to your life and it will be enjoy the satisfaction when it comes.

Medium Term Goals – Achievable in three to five years

The items designed for medium term goals are usually worth a considerable amount more than those short term goals. You might need a new car in five years, or your kitchen and bathroom will need updating. By recognizing what you know you're going to want in three to five years now, you can do yourself a favour and start saving early. Save a slice of your income every month into an account that's not easily accessible to you.

Long Term Goals – Achievable in five years plus

The ultimate goal for most people should be to retire from work with no personal or non-investment debt. Perhaps you're planning on travelling the world in your retirement? Do you want to own multiple properties that will generate an income replacement in your later years. Whatever it is that you desire, you need to imagine what you'll want and what you'll need, then plan how you're going to achieve this. The sooner the better...

A financial Adviser would be more than happy to discuss how to help you set your goals, simply call our office to arrange a chat.

Source: MoneyTalk Magazine, Dec 2016

As you know this email is in no way a substitute for a face to face meeting or phone call so if you have any issues you would like to discuss with us please do not hesitate to contact us on 1300 466 637.



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Economic Update October 2018



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

- Australia economic data beat expectations
- Australian growth and labour force data strong
 - US confidence at 18-year high
 - Trump trade tariffs diluted

The Big Picture

For a change, major Australia economic data releases looked strong – at least on the face of it. Our economic growth measure came in at +3.4% for the year which is above trend by anyone's opinion. The quarterly figure was +0.9% against an expected +0.7%.

The problem with this surge in growth is that it has been fuelled by a dangerous fall in the household savings ratio. In the last quarter, this ratio was only 1% compared with double figures after the onset of the GFC. It would be alarming indeed if the savings ratio stayed at such a low level and

so future economic growth will no longer benefit from falling savings. The 3.4% figure looks like being the peak for quite some time.

Our labour force data was also strong. The unemployment rate stayed at 5.3% but 44,000 new jobs were created and 34,000 those were for full-time positions. These data are undeniably good.

Westpac's consumer sentiment index did fall 3% points – possibly because yet another change in prime minister. The Reserve Bank (RBA) kept rates on hold but that did not stop three big banks raising home loan rates. Since banks get much of their funding from overseas, the RBA rate alone does not control bank lending rates. But a rate hike for home owners slows things down whether it comes directly from the RBA or from the knock-on effects of overseas rate increases.

Unlike in Australia, US consumer confidence just reached an 18-year high and quarter two's economic growth figure was confirmed at 4.2%. The US economy is very strong with another 200,000 jobs being created over the month and the unemployment rate is at a very low 3.9%.

The strength of the US economy allowed the Federal Reserve (Fed) to hike its rate as expected by all. The new range is 2% to 2.25% and 2.5% is widely considered to be a neutral rate. The Fed removed the word 'accommodative' from its press release. The big questions are whether they will hike again in December and how many more hikes will come in 2019. 12 of the 16 Fed members think they will hike again in December and the consensus is for three more hikes in 2019. That would mean monetary tightening in the second half of 2019.

The market is less sure of future

hikes. It thinks there will be only one or two next year. If the Fed goes ahead with its thinking, markets could slow down late in 2019.

Nobel Laureate, Robert Shiller, a particularly practically-orientated Yale professor was interviewed on Bloomberg TV. He stated quite firmly that no one can predict turning points in markets with any reasonable degree of accuracy. Although the S&P 500 hit all-time highs again in September he argued that the market could go higher by as much as 50% - based on a comparison with statistics during the dotcom boom at the turn of the millennium.

Trump broadened his imposition of new tariffs on China imports as expected. However, he set the rate at 10% rather than the expected 25%. However, if a deal isn't reached beforehand, the tariff automatically jumps to 25% on January 1st. China of course retaliated but the escalation of the tariff war so far seems milder than many expected.

North Korea noticeably did not display missiles in its 70th anniversary parade in September. The next day, their leader wrote to Trump requesting further talks. The tensions at the beginning of the year have largely dissipated.

Asset Classes

Australian Equities

Our ASX 200 had a down month (1.8%) in September after five successive months of capital gains. The resources sectors each had a particularly strong month but Financials and Healthcare really brought the index down.

When dividends, but not franking credits, are included, the ASX 200 was down 1.2% on the month but up +5.9% on the year after the end of three quarters.

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At claim time, you can count on Asteron Life.

Asteron Life strives to help resolve all claims as efficiently and effectively as possible.

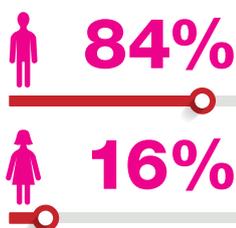


Part of the Suncorp Network

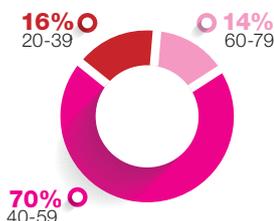
IP & BE Cover

Income Protection (IP) and Business Expense (BE) Cover offers protection for you and your family in the event of serious sickness or injury.

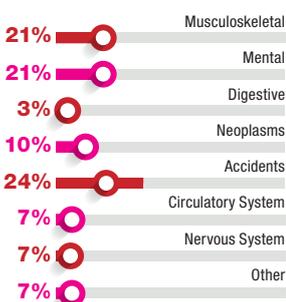
Claims by gender



Claims by age



Claims by condition

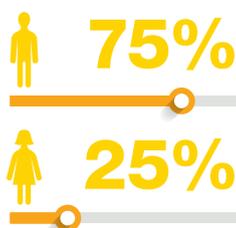


\$135.5m*

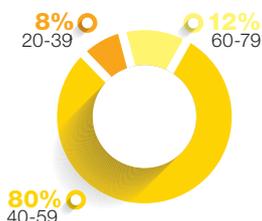
TPD Cover

Total and Permanent Disablement (TPD) insurance protects your future by providing a lump sum payment, if an accident or illness prevents you from ever working again.

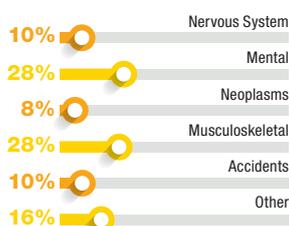
Claims by gender



Claims by age



Claims by condition

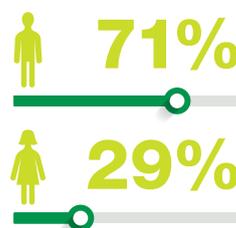


\$46.5m*

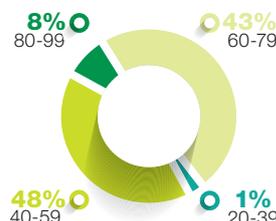
Life Cover

We never know what's around the corner, but in the event of a death, **Life Cover** helps protect your family's financial future.

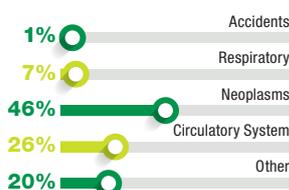
Claims by gender



Claims by age



Claims by condition

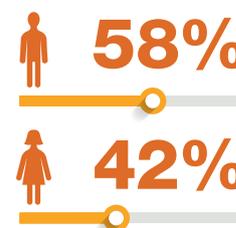


\$146.7m*

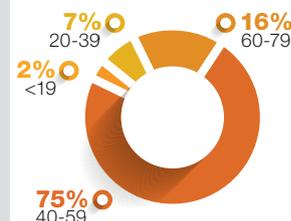
Trauma Cover

Trauma Cover provides a lump sum payment in the event of a serious medical condition such as a heart attack, stroke, dementia or cancer.

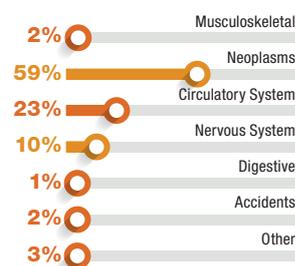
Claims by gender



Claims by age



Claims by condition



\$61.3m*

\$390 MILLION*
TOTAL CLAIMS PAID TO ASTERON LIFE CUSTOMERS IN 2017

To find out more about our range of insurance solutions, visit asteronlife.com.au or speak with your adviser.

Important note: The information is current as at June 2018 and may be subject to change. *Claims amount paid in 2017. IP & BE - \$135,460,177.00, TPD - \$46,554,820.00, Life Cover - \$146,700,735.00, Trauma Cover - \$61,315,174.00. Total claims paid - \$390,030,906.00. This information is general advice and doesn't take into account a person's objective, financial situation or needs. A person should consider the Product Disclosure Statement (PDS) available online at asteronlife.com.au and consider obtaining financial advice before making any decisions about these products. These products are not bank deposits or other bank liabilities. Products and services are provided by different entities in the Suncorp Group and entity is not the responsibility for, does not guarantee and is not liable in any respect for products or services of other Suncorp entities. **Issuer:** Suncorp Life & Superannuation Limited ABN 87 073 979 530 AFSL 229880 and Suncorp Portfolio Services Limited ABN 61 063 427 958 AFSL 237905 RSE Licence No: L0002059