

Newsletter

Acting in Our Clients Best Interest

Autumn 2019



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Established 1992

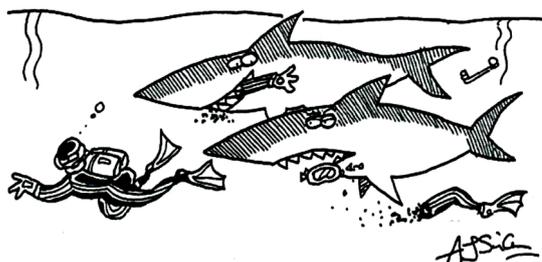
Superannuation - Investments

A Balanced Fund is the fund that many superannuation funds use as their 'default' fund, i.e. if the fund member doesn't choose an investment strategy their funds will go to the default fund. A balanced fund is generally made up of: growth assets, 70% and defensive assets 30%. Growth assets include Australian and overseas shares, property – Defensive assets include bonds, fixed interests, and cash deposits.

Why Did My Balanced Fund Super Lose Value?



From Sept '18 – Jan '19, Stock markets throughout the world fell in value. If 70% of a balanced fund is invested in stock markets, then the fund value will fall. Since Jan '19, markets have risen, and values have been somewhat restored. This is being part of the investment cycle.



'Don't you just hate all this unnecessary packaging?'

Strategies to Boost Superannuation

Salary Sacrifice - Make superannuation contributions from income – tax deductible up to 25,000 p/a – Reduces income tax, boosts retirement funds

Income swap - For those aged 60+ who have an earned income – incorporates salary sacrifice and drawing income from super fund – Reduces income tax, boosts retirement funds, maintains cash flow

Government co-contribution - available for those earning less than \$52,697 pa prepared to make personal superannuation contributions- boosts retirement funds

Centrelink Pension Loans Scheme Broadened As of 1st July 2019, Applicants will be able to borrow against the equity in their home to provide additional income of up to 50 per cent of the maximum rate of the full Age Pension per year – an amount of \$11,799 for single pensioners and \$17,787 for couple pensioners. Loan repayments are set at an interest rate of 5.25 per cent per annum . Conditions apply

Federal Election

The Federal Election is due to be held in May, the political parties have released details of their budget proposals aimed to attract the electorate. With only 7 days of parliamentary sitting days before the 11th May, it is unlikely that there will be any legislation passed. After the election when we know which government we have, we'll be in a better position to know what we need to do and how to advise our clients.



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Royal Commission into Banking

Nothing much happened - Nothing to see here

Ken Henry, NAB Charman and Andrew Thorburn, CEO resigned after being found to be insensitive toward fee for no service. After a suitable period, they'll no doubt be recycled onto the board of another corporation.



The proposal to end trail commissions for **mortgage brokers**, spells the end for many mortgage broking businesses, and the consequential funnelling of future borrowers directly into the arms of the banks. Bank shares rose 5.6% on the news. This proposal is to be reconsidered by both the coalition government and Labor opposition.

The proposal to **abolish commissions** paid on life insurance products by 2021 is interesting. This has been tried in Holland, Canada and Britain resulting in: a) devastation of the life broker business, b) very little life insurance being implemented, and c) the policy being reversed.

Job Creation Schemes

The **Australian Securities and Investments Commission** (ASIC), and the **Australian Prudential Regulation Authority** (APRA) have not been doing their jobs properly. So, instead of making them do their jobs properly, a new organisation is proposed; whose job will be to oversee ASIC and APRA to make them do their jobs properly.

Commissioner Hayne also suggested that there should be a review of matters every three years. Arthur Daley (Minder), might describe this as a 'nice little earner'.



'How romantic - a candlelit dinner for two.'

Age Pension Ages - Male and Female		Age
Date of birth from	To Qualification age	
30 June 1952		Already Qualified
1 July 1952	31 December 1953	65.5
1 January 1954	30 June 1955	66
1 July 1955	31 December 1956	66.5
1 January 1957 or later		67

If you have questions about retirement income and how to invest for it, an obligation free discussion may help you. Please call us 9585 7585.

Maximum Age Pension payment rates (includes pension supplement and energy supplement)

20 March 2019 - 19 September 2019)

Single \$24,081.20 pa (\$926.20 per fortnight)

Couple Combined: \$36,301.20 pa (\$698.10 each per fortnight)

Estimated Budgets and living standards for those aged around 65

(December quarter 2018, national) Ref: Association of Super Funds of Australia Retirement Standard

	Modest lifestyle		Comfortable lifestyle	
	Single	Couple	Single	Couple
Total per year	\$27,648	\$39,775	\$43,317	\$60,977

Ultimate Financial Planners sole and only obligation is to act in the best interest of its clients at all times. We welcome your call on **03 9585 7585**, we are happy for you to drop by in person. Your initial enquiry/meeting is free and provides you with an opportunity to make an assessment of our value to you.



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