

Newsletter

Acting in Our Clients Best Interest

Spring 2019



Established 1992



AGE PENSIONS TO RISE With falling bank interest rates comes a bonus for AGE PENSIONERS. The federal government's investment earnings deeming rates have changed. The deeming cut is the first since 2015 and was announced earlier this year. It will be backdated to 1 July meaning eligible part-pensioners will receive a lump sum payment on 19 September 2019.

Most investment assets held by Age pensioners are deemed by Centrelink to earn income at the deeming rate, and that income can reduce Age pension entitlements. The deeming cut will coincide with a scheduled increase to the age pension yet to be announced giving age pensioners a double pay rise.

Our research has found part-pensioners could receive a lump sum payment of up to \$178 for singles and \$234 for couples when the federal government's deeming rate changes come into effect.

Although the changes for the vast majority of pensioners are relatively small, having some extra money in the budget to tackle cost-of-living expenses is a positive thing.

How Can Super be Accessed? There are a variety of conditions that allow access to super benefits either partially or in full. While the most common reason to be eligible to access super is through retirement, there are several other conditions which can allow clients to access their super earlier.

- ATTAINING AGE 65
- DEATH
- TERMINAL ILLNESS
- PERMANENT INCAPACITY
- TEMPORARY INCAPACITY
- ATTAINING PRESERVATION AGE AND RETIRED
- SEVERE FINANCIAL HARDSHIP
- COMPASSIONATE GROUNDS
- DEPARTING AUSTRALIA SUPER PAYMENT
- BALANCE LESS THAN \$200



"We're switching from a profit-sharing plan to a debt-sharing plan. Your first payment will be due next week."

Tips for Financial well Being

Budget - add up your expenses including planned expenses. Then add up your income. Subtract expenses from income. If the sum is minus, you are in the red (sad), if you break even or are in surplus, you are in the black (happy).

Save - When a surplus is achieved, save it.

Invest - for growth and income. Growth will provide you with increasing value which will assist you to have increasing income .



BANKING - Term Deposit Interest Rates have fallen to an average of 1.6%, inflation is running at 2.5%,. Money in bank term deposits is losing purchasing power at the rate of minus 0.9% pa. Depositors are paying the bank to store their money. If the security of a bank investment appeals, why not look at bank issued CAPITAL NOTES. These are available to the public through financial planners or stock brokers . Capital notes are issued by all the major banks and pay around 4.70% are fully franked and pay a quarterly distribution.



Independent Professionals Network -Ultimate Financial Planners is a founding member of the IPN. We provide referrals to the following trusted best practice providers: Legal Services, Mortgage Finance, Tax Accountancy and Planning, Aged Care, Home Decluttering and Home Moving. For help in any of these areas, please call **03 9585 7585**, or visit the Professionals at:

www.independentprofessionalsnetwork.com.au

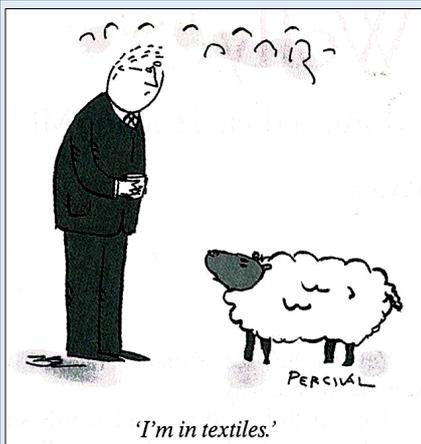
Dividend Imputation - What's This? The objective of the dividend imputation system is to eliminate double taxation of Australian company profits, once at the corporate level and again on distribution as dividend to shareholders. When companies have paid tax on their profits, dividends are then paid to shareholders. These are called Franked Dividends and carry a tax paid credit from the tax already paid.



Who benefits? Ordinary tax payers, superannuation fund members, retirees with superannuation Pensions.

How do tax-payers benefit? When receiving a dividend of \$100, franked at 70%, a tax payer may pay tax on only $(100 \times 70\%) = \$30$. Superannuation and Pension fund members benefit accordingly.

How do non-taxpayers benefit? When receiving a dividend of \$100, franked at 70% through a tax free superannuation pension fund, or other tax free source, the non taxpaying resident receives a cash refund from the ATO for the tax already paid.



Reverse Mortgages - assist home owners to obtain equity from their home. This product provides access to money; lump sum, regular income, or a combination of both.

Advantages - *You get paid to live in your home * No need to move

Disadvantages - *The homeowner doesn't get the full value on house sale *Children may not have a debt free inheritance.

Downsize sell up and move - this strategy also provides the cash benefits of lump sum, regular income or a combination of both.

Advantages - *A smaller modern home requires less maintenance * The chance to de-clutter *For those over age 65 lump sums can be invested into superannuation and produce a tax free income stream.

Disadvantages - *Moving stress - emotional and practical *

Whatever the decision, all aspects of either of these plans can be handled from this office; right down to the de-cluttering, sorting and packing.



Creating a Financial Planning Part 1- Goal Setting - Start by writing down your goals for income, holidays, car and household goods replacement, gifts and other things. Then, do your budget, www.moneysmart.gov.au/tools-and-resources/calculators-and-tools is helpful. Save or print your budget.

After creating a budget your income and expenditure will be apparent. Am I in the red, (overspending), or in the black, (spending less than my income)?

- In the **RED**: cut down on expenditure where possible, or increase income through- work, investments, or maximising social security benefits.
- In the **BLACK**: review expenses; they grow like toenails and need to be trimmed.

Once this exercise is completed, a picture will emerge from which a timeline of achievable goals can be developed. Need help? Call us on 03 9585 7585

This Newsletter contains information of a general nature only and should not be acted upon without first receiving personal advice.

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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