

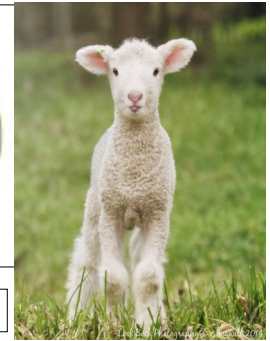
# Newsletter

Acting in Our Clients Best Interest

Spring 2020

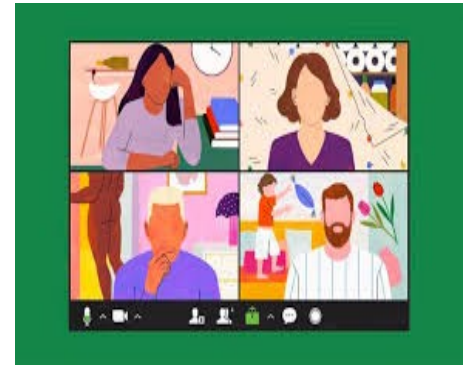


Established 1992



## Zoom Zoom Zoom

What's This? Well, in the days of lock down, this is one way that we can meet each other. To take part in a Zoom meeting, you'll need access to a computer which has a camera and a microphone, or a smart phone. The app can be downloaded free from: [www.zoom.us](http://www.zoom.us) Documents, illustrations, graphs, etc. can be viewed, enabling Zoom users to enjoy productive meetings from the comfort of home. If you would like to meet on Zoom, or need help, please call us 03 9585 7585



**Bennelong Funds Management** have been awarded Money Management's Fund Manager of the year 2020.

**Ultimate Financial Planners** clients' have over \$4.4 million invested with Bennelong



*'Does this dress go with this mask?'*

**SUPERANNUATION CONTRIBUTIONS BOOST - PREVIOUS \*'BRING FORWARD' RULE WAS LIMITED TO THOSE AGED UP TO AGE 65, THE RULE CHANGES NOW INCLUDE THOSE AGED UP TO AGED 67, AND ALLOWS FOR THE FOLLOWING:**

Total superannuation balance	Maximum contribution	Accounts for contribution caps in
\$0 – \$1.4 million	\$300,000	Current year + following 2 years
\$1.4 – \$1.5 million	\$200,000	Current year + following year
\$1.5 million – \$1.6 million	\$100,000	Current year
\$1.6 million and over	Nil	Current year

After age 67, the non-concessional contributions cap is a flat \$100,000 a year and you need to meet the requirements of the work test or the work test exemption.

**\* The Bring Forward rule allows for 3 times the maximum annual non-concessional contribution of \$100,000 to be made in any one year.**

Example: A person has \$300,000 invested outside super. If he invests those funds in super prior to age 67, he can convert this super fund to a tax free pension at retirement. Much better than a bank account.

**LIFE EXPECTANCY** - Increasing life expectancy rates due to factors such as medical advances and better diets means that we're all likely to spend longer in retirement than previous generations. According to the latest figures from the Australian Institute of Health and Welfare:

**Men currently aged 65 can expect to live on average age of 84, and Women can expect to live to 87.5**



**Independent Professionals Network**—Ultimate Financial Planners is a founding member of the IPN. We provide referrals to the following trusted best practice providers: Wills and Powers of Attorney Services, Mortgage Services, Tax Accountancy and Planning, and Aged Care . For help in any of these areas, please call **03 9585 7585** or visit the Professionals at: [www.independentprofessionalsnetwork.com.au](http://www.independentprofessionalsnetwork.com.au)

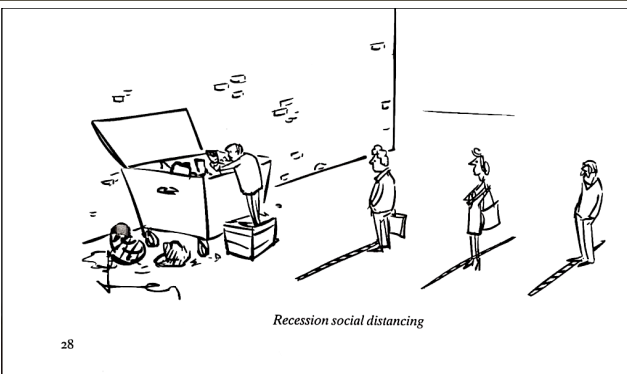


**The Pension Loans Scheme** is a federal government initiative to help Australian retirees to supplement their income. Many Australian retirees have the bulk of their assets tied up in residential property. They are often said to be “asset rich but cash poor”.

The Pension Loans Scheme enables retirees in Australia to ‘liquidate’ their assets by taking out a voluntary, fortnightly government loan using their residential homes as security. These loan payments can supplement other retirement income they may have, such as the age pension and superannuation entitlements. The Pension Loans Scheme is essentially a government reverse mortgage scheme.

**Example: Sally and Joe** are of Age Pension age and are retired and they own their home. They have superannuation assets of \$500,000, which provides an income of \$25,000 pa. Their joint Age Pension entitlement subject to asset and income test is \$27,771, Investment income is \$25,000, giving them a Total Income of \$52,771. It’s estimated that for a comfortable retirement, this couple will need more. Sally and Joe are short by \$8,664. If they make up this shortfall with a loan of \$8,664 pa from the Pensions Loan Scheme. They will have a comfortable yearly income of \$62,435.

The additional income from the PLS is not taxed nor is it assessed against the Age Pension, interest is charged only on the amount borrowed. The PLS scheme is available to singles or couples. The full details of the PLS are posted on the Ultimate Financial Planners Facebook page, access Facebook via [www.ultimatefinancialplanners.com.au](http://www.ultimatefinancialplanners.com.au)



- Q. Why buy life insurance?
- A. Because you **love** someone
- Q. Why buy Income Protection Insurance?
- A. Because you **need** income
- Q. Why Insure at all?
- A. Because of life’s **uncertainties**



**R.I.P. AMP** On 2nd September, Debra Hazelton, AMP's fourth chairman in four years, threw up the "for sale" sign across the wealth management group. From its press release....'AMP periodically receives unsolicited interest in its assets and businesses, and recently has experienced an increase in interest and enquiries. The Board has therefore decided to undertake a portfolio review to assess all opportunities in a considered and holistic manner'.

In August 1848, Reverend W.H. Walsh, Thomas Sutcliffe Mort a businessman, and Thomas Holt Junior a wool trader, met in George Street Sydney. To insure against the uncertainty of the times, they formed the Australian Mutual Provident Society. Given most people in the new colony were lucky to live past their late thirties, and often died before 55, there was a need to provide life insurance for widows (who often lost husbands to consumption or drowning at sea), or widowers (who often lost wives to child birth).

In its first year, there were 42 policyholders and, luckily for AMP, no policy holders died. Having only collected £268 in premiums, it was left with just £96 on hand after costs, and with liabilities of £9450. One death, or two, could have resulted in immediate insolvency.

Instead, over the next century-and-a-half, the company flourished to become a major Australian icon. During the 1980s it was estimated that 1/3rd of Victorian adults had held or did hold an AMP policy. AMP agents were held in high regard in their communities. The salesmen almost came to be a family member.

What Happened: Demutualisation, a board room overcrowded with egos, the Hayne Report, sale of the life insurance business, any number of other factors. AMP didn't always get things right, but they were often there or thereabouts and I for one am saddened by their demise.

**To enquire about any areas of interest to you, Please call: 03 9585 7585**

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



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