

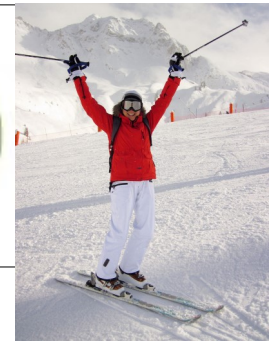
Newsletter

Acting in Our Clients Best Interest

Winter 2020



Established 1992



Diamonds are a Girl's Best Friend But Gold is a Very Close Second

Gold Price Movement per ounce

30 Days	+\$36.42	+2.14%
6 months	+\$277.85	+\$19.00%
1 Year	+\$417.45	+31.56%
5 Years	+\$546.05	+45.73
20 years	+\$1458.55	+517.95%

Gold Price 2nd June 2020 \$1,741.54 per ounce

This brings us to the latest uncertainty, Corona Virus. With many deaths and no vaccine in sight, the grip of fear saw the world's stock markets fall through the floor. So, when fear pervades, where do people put their money? Where they feel safe, in the ancient holder of wealth - Gold.

In times of uncertainty, precious metals and precious stones have historically revealed themselves to be desirable assets. Jews in medieval Europe were forbidden to own land. They were constantly moved on from country to country, so they learned to put their wealth into gold and diamonds which they could carry with them. Indian wives are adorned with gold jewellery. It is estimated that they wear 11% of the worlds gold reserves.



Getting things into perspective

Investment Returns Since 1900:

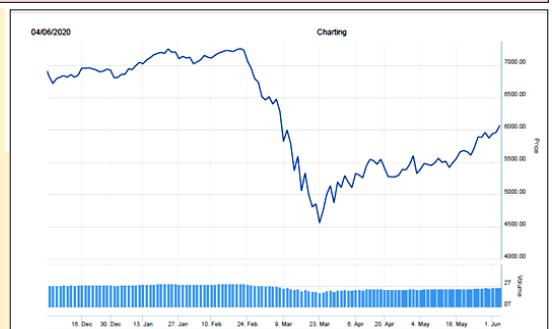
Australian Share Market: yearly average returns = 9.98%

Quality Housing: yearly average returns = 2.5%

Gold: yearly average returns = 8.66%

Share prices -

1 year ago the Australian Share market



Australian Share Market Movements
December 2019 - June 2020

All Ordinaries Index stood at 6,633. Then came Corona Virus, fear of which caused the index to fall to a low of 4,874. Since 23rd March share prices have been rising steadily. At the time of writing, the index has recovered to 6,043. The share market crash in 2008 took 12 years to recover.

So What's different now?

In the 2008 the market was distorted by US banks packaging a mix of bad debt with good debt, dressing these products up as AA debt or better, and selling them to investors. When American house prices fell, the chickens came home to roost. The loans failed and banks needed tax payers to bail them out.

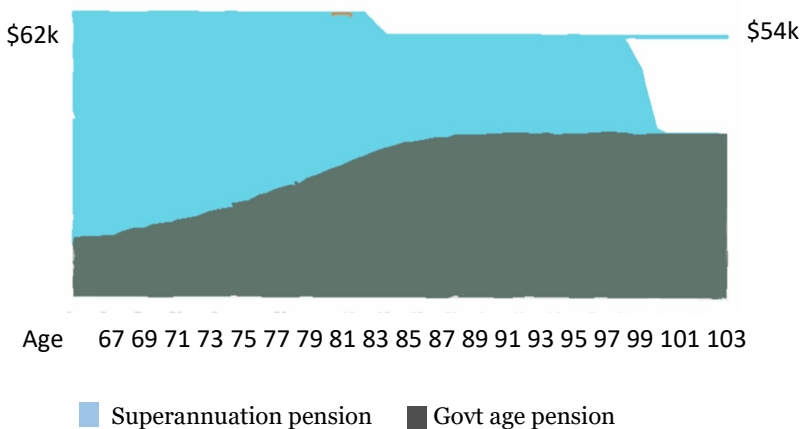
In 2020 we have a virus, but **nothing is wrong with the markets**. So we can expect a speedy return to value.



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www.independentprofessionalsnetwork.com.au

A COMFORTABLE RETIREMENT REQUIRES \$640,000



How is this done?

The 30 year old thinks \$640,000 - what with mortgage or rent, car payments and household costs, this looks impossible!

The 45 year old thinks - Now that we're both working the mortgage is manageable the household costs are ok, but the kids are costing more than ever. My super balance is only \$120,000.

The 55 year old thinks - the mortgage is under control, we're both at our prime earning level. My super is \$200,000. I should think about salary sacrificing into super.

The 67 year old thinks - Mortgage is paid, super balance is \$640,000, we can retire from paid work with \$62,000 pa tax free income. Done it!

At whatever life stage you are, actions can be taken to ensure that you do NOT become poor in retirement.

Come have a chat, get some ideas. Call 03 9585 7585

SUPERANNUATION CONTRIBUTION TYPES 2020/2021

Concessional (tax deductible) Contributions Cap is \$25,000. This can be made up from a combination of employer contributions, salary sacrifice or personal contributions.

Carry-forward unused CC cap

If you have not exceeded the \$25,000 cap in any year since 1 July 2018, you will be entitled to carry forward the unused CC cap if your total superannuation balance is less than \$500,000 at 30 June of the prior financial year.

Co-Contributions

If your earned income is below \$38,564, and a non tax deductible contribution (NCC) is made to your super fund the ATO will contribute a further 50% of that contribution up to a maximum of \$500. Example: \$1000 NCC gives a benefit of \$1,500.

This benefit scales down and disappears if the earned income exceeds \$53,564.

Non - Concessional (non tax deductible) Contributions

Sums of up to \$100,000 can be made. If you are aged 65 or under, you can take advantage of the 'bring forward rule' which enables a person to contribute up to \$300,000 lump sum. This being 3 times the \$100,000 annual allowable amount.

Downsizer Contribution

People aged 65 or more who wish to sell their home and downsize or rent, can contribute up to \$300,000 into a super fund, (\$300,000 each for a couple). This can be used to fund a tax free pension if desired. Conditions apply and a special form must accompany the super application.

For personal advice , please call or drop in.

Estate Planning Tip

Superannuation member is terminally ill and wishes to leave his fund balance to his daughter, aged 26. Since she is over age 18 and no longer a dependent, her inheritance will be taxed at 15% .

Solution: the member withdraws 100% of his benefit prior to his death. His will directs this benefit to his daughter, who will now receive 100% of the benefit tax free.



'I'm worried about Roger — he's not in a good place right now.'

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



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