

Lifestyle Focus

Winter 2016



Image source

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● **Proposed changes that impact upon retirement planning**

The 3 May Federal Budget announcements proposed several changes to super and tax. Whilst some of these changes were expected, there are additional changes to super that may impact your current strategies and how you plan for your retirement.

● **Good news for small business**

The Government has been dishing out plenty of good news for small business owners lately, and are now set to slash tax rates as part of its '10 year Enterprise Tax Plan'.

● **Impacts of the Federal Budget**

This year's Federal Budget was largely considered to be a benign event for equity markets. We expect lower than usual trading levels.

● **Unclaimed life insurance**

ASIC currently holds over 970,000 parcels of unclaimed money. Could some of the \$1.2billion they hold be rightfully yours?

● **Taking care of the furry ones**

Have you thought about what will happen to your pets when you pass away? Here's how to make sure they'll be ok.

● **Proposed changes to superannuation thresholds**

We have summarised the key changes to super that have taken place as at 3 May, along with the further changes coming into effect from 1 July 2017.

● **AIA Australia Healthy Living Index Survey 2016**

68% of Australians want to lose weight and yet they also spend an average of four hours in front of a screen every day. These, plus some other interesting facts about Australians and their health.

● **Support our local dairy famers**

You want to support our local dairy farmers but don't know the best way of doing so? Fleurieu farmer Mandy Pacitti offers some advice.

Proposed changes that impact upon retirement planning

The simple fact is that superannuation remains the most tax-effective form of retirement saving. For those individuals who have pension balances below \$1.6m, the earnings on these assets will continue to be tax free inside the fund. For balances in excess of \$1.6m the tax rate applied to earnings will be 15%, which remains a concessional rate of tax in comparison to the individual marginal tax rates applicable outside of the superannuation environment.

Under current legislation, superannuation funds receiving franked income in pension phase have benefited from tax refunds due to franking credits. The proposed legislative changes will not alter this system but may mean that some superannuation funds receive smaller refunds as franking credits are applied against any tax payable by the fund.

Proposed changes to contribution cap amounts and removal of early superannuation access tax concessions mean the time for reviewing retirement planning strategies is now. Whilst these proposals may be concerning to some parties, the thing to remember is that the Government must first win the election and then pass the legislation with Senate approval for legislation to be enacted.

The potential for big changes make for a great time for a review. We recommend that you review your personal situation and contact us to discuss how we may be able to assist in maximising your financial position regardless of the legislative outcome.

Good news for small business

You would remember from the 2015 budget that the Government introduced the \$20,000 instant asset write off and reduced the company tax rate from 30% to 28.5% for all small businesses. Well, from 1 July 2016, the small business entity aggregated turnover threshold will increase from \$2 million to \$10 million. This increase hands plenty of incentives over to businesses that were not eligible for the small business concessions previously and grants them the opportunity to obtain an instant \$20,000 write off of all assets purchased before 30 June 2017. Small businesses turning over less than \$10 million will also be able to access the accelerated depreciation rates and depreciation pooling provisions.

Over the next 10 years, the company tax rate will progressively reduce to 25% for all businesses. From 1 July 2016, the tax rate for businesses with an aggregated turnover of less than \$10 million will be 27.5%. That threshold of \$10 million will increase year by year (to \$1 billion) so that ultimately, all companies will have a tax rate of 27.5% by the 2023/24 year.

As you can see, it is a long term plan that the Government has put in place, but at least it's a step in the right direction to help make our company tax rates competitive and to help businesses continue to grow and succeed.

To make sure you're making the most of the Government's incentives for small business, touch base with one of our Tax Accountants today to discuss your situation in more detail.

Impacts of the Federal Budget

We have highlighted below some of the sectors and companies most likely to be affected from the recent Budget.

Given the pull-back in concessions, diversified financials, asset management and any other company benefiting from the superannuation system may be impacted. Inflows for AMP will be monitored closely whilst the changes to tax regulations for retirement products may add to, or improve, Challenger's (CGF) dominant position in the Annuity market. Aged care will have tighter funding criteria to slow down the growth in Government expenditure. Listed companies possibly affected include Regis Healthcare (REG), Estia Health (EHE) and Japara Healthcare (JHC).

Childcare and healthcare companies could also be affected in response to the delay of funding measures and the hold placed on indexation.

Though not announced on Budget night, the RBA's decision to cut rates a further 25 basis points in light of the recent inflation figures illustrates the economy is struggling. The low rates will aim to curb saving and spur investing.

If you have any questions around the impacts of the Federal Budget on your portfolio, give our Investment Team a call.

Unclaimed life insurance

The Australian Securities and Investments Commission (ASIC) holds money from life insurance policies from insurance companies or friendly societies that have been unclaimed. On 31 December 2015, the length of time they hold these funds for increased from three to seven years.

Also included in this list are all monies that ASIC holds from bank accounts and shares. All up, they are currently holding \$1.2billion in unclaimed funds.

Among the largest parcels were \$992,750 in a Perth individual's bank account and \$718,151 belonging to a Melbourne-based "lost shareholder" of grain seller AWB Ltd.

You could be a relative or other type of beneficiary entitled to one of the 975,231 parcels of money the ASIC has on its database.

On a life insurance policy, there will be two names listed. One is the life insured and the other is the policy owner, who is listed in brackets. When the name of the life insured differs from the policy owner, the unclaimed money can only be claimed by the policy owner unless the life insured is able to prove otherwise. The insurance company will be able to answer any questions you have about the names listed.

To find out if you have unclaimed money, you can use their [Unclaimed Money Search](#).

If your claim is successful, the life company will notify ASIC. ASIC will then release the funds to them so they can then pay you.

It can take up to 28 days for ASIC to pay. The insurance company will be able to advise on how long their process takes.

As always, we are happy to help with any stage of this process for you. Be sure to give our Risk Team a call if you need any assistance.

Succession & Estate Planning Advice

Taking care of the furry ones

Over 60% of Australian households have pets, but how many of us have ever thought about what happens if our pet outlives us?

By making a Will that clearly states how they are to be cared for, you can make sure that your pet is ok when you pass away.

When providing for your pet in your Will your options may include:

- Leaving your pet to a beneficiary within your Will;
- Leaving funds to a friend or relative with a request they look after your pet. The monetary benefit should be gifted on the proviso that the person does take over the care of your pet;
- Establishing a trust for the care and maintenance of your pet;
- Euthanasia.

As a happier alternative to that last one, you may also consider the [RSPCA Pet Legacy Program](#). This is where you are able to gift a monetary legacy to the RSPCA in exchange for them looking after your pet when you pass away or if you are no longer able to look after them due to illness or age.

The RSPCA will find your pet a loving foster home and will monitor their welfare on an ongoing basis, ensuring they are treated in accordance with your wishes for the rest of their life.

If you have a loved pet at home and want to make sure they are looked after if they outlive you, talk to us today about including your furry friend in your Will.

Personal & Self-Managed Superannuation Advice

Proposed changes to superannuation thresholds

The Government's 2016-17 Budget proposed several changes to super that are likely to impact everyone. We have highlighted below a few of the key changes:

From 7.30 pm (AEST) 3 May 2016:

- New lifetime non-concessional contributions cap of \$500,000.
This proposal was introduced effective immediately. The cap will include all non-concessional contributions made since 1 July 2007. Where an individual has already exceeded the \$500,000 cap prior to 3 May 2016 they will not be required to withdraw the excess but they will be deemed to have used their lifetime cap and will no longer be able to make further non-concessional contributions.

From 1 July 2017:

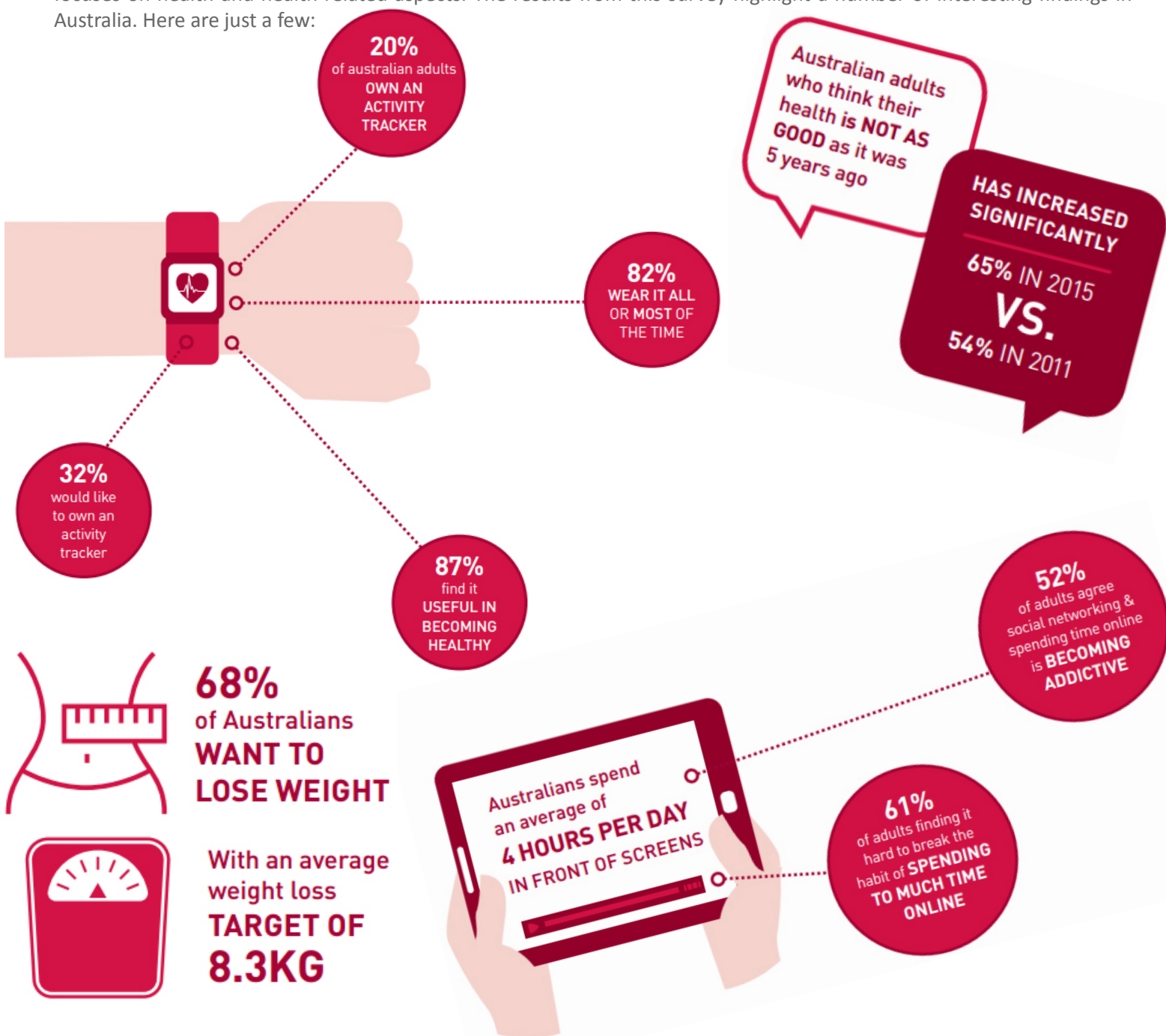
- Reduction in concessional contributions cap to \$25,000 per annum;
- Tax deductions for personal super contributions allowed for all individuals up to the age of 75;
- Catch-up concessional contributions allowed for individuals with superannuation balances of \$500,000 or less, where unused contribution cap balances can be carried forward for five years;
- The Division 293 threshold for high income earners will reduce to \$250,000 per annum. Those earning above the new threshold will pay an additional 15% tax on concessional contributions;
- Removal of the work test, meaning individuals aged between 65 and 75 who are no longer working will be able to contribute to their super fund;
- \$1.6 million cap on the amount that can be used to commence a pension. Existing pension balances in excess of the cap will be rolled back into accumulation phase;
- The earnings on assets supporting 'transition to retirement' pensions will no longer be tax free, the earnings will be taxed the same as accumulation assets at 15%;
- Removal of the anti-detriment provisions.

If you have any immediate concerns around your current super strategy, please call your Strategic Advisor directly.

As changes are scheduled to be made, we will contact you to discuss any relevant to your situation.

AIA Australia Healthy Living Index Survey 2016

The AIA Australia Healthy Living Index Survey is a bi-annual survey based on interviews with the general population that focuses on health and health related aspects. The results from this survey highlight a number of interesting findings in Australia. Here are just a few:



Support our local dairy farmers

As a proud South Australian business, 360Private urges you to support our local dairy industry.

Fleurieu farmer Mandy Pacitti offered some advice recently around how to support our local South Australian dairy farmers in light of 'Milkgate':

"Please buy a brand of dairy product over a "private" label or "generic" brand. If you truly want to help SA farmers then buy the brands like Fleurieu Milk, Jersey Fresh, Alexandrina Cheese Co, BD Paris Creek Farms, Tweedvale, Woodside Cheese, Udder Delights etc. The other option is to buy Parmalat, Pura, Sungold, Devondale. The milk etc is from SA farmers but the profit ultimately will go off shore to the parent company. Foodland and IGA are more user friendly but the likes of Coles and Woolies are your next alternative, other than purchasing from your local green grocer who generally is locally owned. Hope this has helped."

The full article can be found over at local news web site [Glam Adelaide](#).



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