

# Lifestyle Focus

## Spring 2014



Image source

Welcome to the very first 360Private Wealth By Design newsletter!

Our new, seasonal newsletters are designed to provide you with general advice across the Six Pillars of our integrated advice offering, delivering to you the benefits of our knowledge and expertise.

As is the case with our advice though, it's not all about the numbers. In these newsletters we will also be focusing on your lifestyle, so we'll also be including some great general interest articles and handy tips that we hope you will find both useful and informative.

We hope you enjoy this first edition of Lifestyle Focus!

Warm regards

**The Team at 360Private Wealth By Design**

### In this edition

- Contributions to superannuation
- Motor vehicle deductions
- Running with scissors, chasing yield and other dangerous pursuits
- Five reasons why insurance is a necessity
- Advance Care Directive - the new EPG
- Not ready for SuperStream? You still have time!
- Motivational passwords
- Australia's most trusted financial advisors
- What's on in Spring?

## Strategic Advice

### Contributions to superannuation

The 1st of July brought us a great opportunity to increase our wealth creation through the superannuation environment.

The new contributions caps for the 2014/15 financial year are as follows:

#### Concessional contributions:

- \$30,000 pa (up to age 49)
- \$35,000 pa (age 49+)

(contributions from before-tax income, or for which a tax deduction has been claimed.)

NB the above-mentioned caps are inclusive of mandated employer contributions (superannuation guarantee).

#### Non-concessional contributions:

- \$180,000 pa, or
  - \$540,000 over a three year period (up to age 64).
- (contributions from after tax income and a tax deduction has not been claimed; spouse contributions; excess concessional contributions)

Importantly, any concessional contributions that exceed the cap may incur penalty tax and also count toward your non-concessional contributions cap. Any excess non-concessional contributions will incur a 46.5% penalty tax.

As a result of these adjustments it is an appropriate opportunity to review your current position. We can assist in calculating retirement shortfalls if they exist and monitoring all activities to ensure you do not exceed the caps.

Contact the 360Private Wealth By Design Team to discuss this further with one of our Strategic Advisors.

## Taxation & Accounting

### Motor vehicle deductions

Whilst travel between your home and workplace is usually considered private and therefore not claimable, there are a few exceptions, such as when:

- Your home is considered a place of employment meaning you are travelling between two places of employment.
- You start work from home and later travel to the office e.g. a consultant who meets clients at home and is required to attend the business premises from time to time.
- The nature of your work requires you to carry bulky equipment which would be impracticable to transport under other circumstances e.g. a masseuse visiting clients and transporting the massage table.
- Your work activities mean that your destination upon leaving home each day is frequently changing e.g. a sales person who leaves home and travels to the premises of a client before arriving at the office.

Motor vehicle expenses incurred in the course of deriving assessable income are allowable deductions. Such expenses include petrol, oil, repairs, servicing, new tyres, lease charges, interest on a car loan and car washes and polishes. The costs of registration, third party insurance, insurance excess, comprehensive insurance and annual fees for motor associations (RAA etc) are also deductible. Licensing costs however, are not claimable, and neither are fines - so drive safe!

If you would like to talk over your eligibility to claim a deduction for your motor vehicle for work, please talk to a member of our Taxation & Accounting Team.





## Investment & Portfolio Management

### Running with scissors, chasing yield and other dangerous pursuits

Since the RBA started the rate cutting cycle in October 2011, the return on Bank Term Deposits has fallen to below 4% and as a result, retired Australians have been searching for alternative sources of income. The big four banks are the main benefactors of this yield rally, with the CBA going from \$46 (and priced at a yield of 6.5%) in early October 2011 to \$81 today. At today's price you would be buying CBA on a yield of 4.6% which, let's face it, is pretty average. Especially when you consider the extra risk to your capital that you are accepting in order to gain just 1% extra in yield over the rate of a Term Deposit.

The next stop for brave investors is to look for lower quality companies that are still trading on high yields. In this scenario you have either stumbled across a real gem or a 'value trap'. A value trap is a company that is trading on a high yield because the share price is depressed. Yield is calculated by dividing the dividend by the share price so a low share price will give a high yield but it can also mean that something is amiss with the company resulting in it being sold off in the stock market. Further ramifications could include dividends being cut or the share price declining further. Finally, when the Reserve Bank does eventually lift interest rates again, you had better make sure that you are dancing pretty close to the door as there will almost certainly be a rush for the exits from those companies that have been bid up purely for the chase for yield.

Our tip? Continue to invest long term in good quality companies with sustainable yields - you can always make your own dividends by selling a few shares.

If you'd like to talk yield, or anything else investments related, please call our Investment Team.



## Risk Protection

### Five reasons why insurance is a necessity

Most Australians don't think twice about insuring their car however significantly fewer insure the financial security and lifestyle of both themselves and their family. With risk protection being more affordable than you think, here are five reasons why life insurance is a necessity:

#### 1. Keeping your home.

Would your family be able to continue meeting mortgage repayments if something were to happen to you and your ability to earn an income?

#### 2. Covering the cost of child care.

If you have young children at home and something happened to their primary carer, could your family afford to cover the costs of child care or could a working parent afford to stop working in order to care for the children?

#### 3. Protecting your family from debt.

Ensuring that your family and loved ones inherit your wealth, rather than it being used to finalise any debts left outstanding by your death.

#### 4. Your children's education.

With university fees in Australia being some of the most expensive in the world, a life insurance policy pay out could meet the costs of your children's tertiary education in the eventuality that you are no longer around.

#### 5. Protecting your assets.

If you are no longer able to produce an income, without insurance you may face the prospect of having to sell your carefully accumulated assets to pay for your living expenses. The impact this would have on your future retirement plans and your lifestyle could be disastrous.

Insurance policies are many and varied and must be chosen specifically to meet the needs of you and your family. If you would like to ensure that the lifestyle of both you and your family will be protected in the event of something happening to you, speak with a member of our Risk Protection Team today.

## Succession & Estate Planning

### Advance Care Directive - the new EPG

Changes were recently made to the enduring power of guardianship (EPG) document for South Australia which came into effect on 1 July 2014. For all intents and purposes, these changes revoked the EPG document and replaced it with a new document - the Advance Care Directive (ACD).

The ACD allows a person to provide instructions in relation to their wishes for future arrangements relating to their medical and dental care, housing and accommodation and personal decision-making.

The power to make these decisions only applies if a person has lost capacity.

The ACD also allows for the initial appointment (referred to as 'Substitute Decision-Makers') to be made to a single person or multiple people acting either jointly or jointly and severally. The substitute appointment (referred to as 'Alternative Substitute Decision-Maker') can be a single person only.

If you currently have an EPG that you have not signed, or one that needs updating, you must now use an ACD. If you would like to discuss updating your estate planning, please call a member of our Estate Planning Team.

## Personal & Self-Managed Superannuation

### Not ready for SuperStream? You still have time!

Earlier this year eligible SMSF Trustees were sent information on their obligations in relation to SuperStream, along with information to provide to their employers.

Originally the reforms required those employed by medium to large employers (20 or more employees) to update their details with their employer by 31 May 2014 with changes to take effect 1 July 2014, whilst those employed by small employers (>20 employees) could start using the standard from 1 July 2014 but had until 1 July 2015 before they were required to do so by law.

Amendments have now been made to the SuperStream reforms, allowing flexibility with commencement dates and a delay in the transition period by up to 12 months.

Whilst employers are still encouraged to comply with the standard as soon as possible, they now have the ability to submit contribution data in any electronic format so long as the receiving entity (the SMSF) is able to receive and reconcile that data (i.e. via email).

Full compliance with the standard, which involves submitting contribution data and payments electronically using an electronic service address must be achieved by 30 June 2015 for large employers and by 30 June 2016 for small employers.

If you have not already done so, please provide the forms you received in May to your employer. If you have any questions or require additional forms please contact our Superannuation Team.

## Motivational passwords

For increased security, many workplaces now require employees to change their system passwords with what could be thought of as annoying regularity. Instead of getting frustrated with repeatedly having to come up with new variations of the same old password however, why not use the opportunity to turn your password into a motivational tool?

We all know the power of repetition. Your password is something that you type in every single working day at least once but, more often than not, several times over. Imagine if you used that unavoidable repetition to cement one of your goals or to put you into a positive mindset for the day...

- iLOveth3gym
- getTh@pr0m0ti0n
- EatH3althy
- 2days@wes0me
- run^MtLOfty

Something that you reiterate several times a day will help to reinforce your actions, no matter how big or how small. Why not give it a go?

## Australia's most trusted financial advisers

We are very happy to have three of our advisors named on the new Beddoes Institute's "Most Trusted Adviser" app and [web site](#). The aim of the list, compiled independently from market research drawn from each advisor's own clients, is to provide consumers with an easy way to connect with the best financial advisors in Australia, safe in the knowledge that they will be receiving quality advice from a trusted source.

Congratulations to Tim Rogers, Rory Mooney and Christie Rigg! Three of Australia's most trusted financial advisers!



**Tim Rogers**

360 Private Wealth By Design

Prior to launching Wealth By Design with Rory in 2003, Tim worked with BT Financial Group as State Manager

[more](#) ▼



**Rory Mooney**

360 Private Wealth By Design

Rory has over 35 years experience in the financial services industry having commenced in 1978 as an

[more](#) ▼

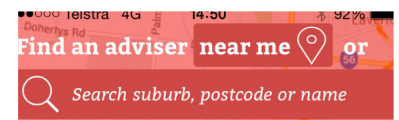


**Christie Rigg**

360 Private Wealth By Design

Christie has been working with Rory and Tim since 1999 and as such, has been a member of the Wealth By

[more](#) ▼



## What's on in Spring?

### September

Rolling Thunder Vietnam  
*Relive the sounds and stories of the Vietnam War era.*

Friday 19th & Saturday 20th  
7:30pm @Thebarton Theatre  
Tickets through the [web site](#)

### October

Bill Bailey  
Limboland Tour

Thursday 9th & Friday 10th  
8pm @Thebarton Theatre

Tickets through  
[Venuetix](#)

### November

Color Me Rad 5k  
*A 5k run full of colour!*

Saturday 22nd  
Visit the [web site](#) for  
more info

Everyone knows that Adelaide is a hive of activity in summer with the Fringe, the Adelaide Festival and the Tour Down Under. There's still plenty on to keep you amused in Spring however. For example:



Level 1 170 Greenhill Road Parkside SA 5063

PO Box 946 Unley SA 5061

**P** +61 8 8291 2111 **F** +61 8 8291 2101

**E** [contactus@360Private.com.au](mailto:contactus@360Private.com.au)

**W** [www.360Private.com.au](http://www.360Private.com.au)

360Private Wealth By Design Pty Limited ABN 44 169 464 135

AFSL and Australian Credit Licence 458669

The information contained on this newsletter is general in nature and does not take into account your financial situation, objectives or needs. Before acting on this information you should consider its appropriateness having regard to your personal circumstances and, if appropriate, obtain professional advice.