



# Lifestyle Focus

## Summer 2015/16

Image source

Summer is well and truly upon us again with the hot and dry days starting well before the season's official start date. Our thoughts are with everyone affected by the bushfires here in SA and across the country – with the traditional time of giving upon us, it is hard to fathom just how much some people have lost. We hope that the rest of summer remains bushfire free for everyone.

We would like to take this opportunity to wish everyone a safe and happy Christmas and New Year holiday period. Whether it's a well earned break from a busy year or an opportunity to spend some quality time with family and friends, enjoy, indulge and live life to the fullest. We'll see you in 2016!

Warm regards

**Dan O'Toole, Tim Rogers, Greg Rundle & Rob Zadow**  
**360Private Wealth By Design**

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### Intergenerational risk

We all know that for baby boomers who are approaching retirement, a serious illness to them can cause a massive financial impact on their cash flow in retirement. Where required, we will mitigate this risk through the use of appropriate insurance cover.

However, it's easy to overlook the financial risks associated with a non-dependent adult child suffering a serious illness in favour of looking at their own needs in isolation.

Should a non-dependent child become dependent again, what are the financial impacts? Have you gone guarantor on their mortgage? Are you aware of the financial implications in such instances? Have the increased costs been considered, and if so, how has this risk been mitigated? Have you spoken to your children about these risks?

Our experience shows that parents would seek to assist financially in these situations, leaving the aspiration of financial freedom in 'retirement land' heavily impacted.

Where a parent has chosen to offer financial support for adult children, the effect on long term capital retention in retirement can be significant, particularly if the support is prolonged.

If we look at an example, a retired couple who have \$510,000 in super and \$20,000 in cash savings can expect to have their cash flow needs met for 27.7 years with a budget of \$45,000pa.

If they had to financially support an adult child to the tune of \$400 per week, their \$45,000 annual living requirements can only be satisfied for 9.9 years. A significant reduction and one that would severely impede retirement comfort and contentment.

Take the time to talk to your 'ankle biters' about the levels of insurance cover they carry. If they are unsure, refer them to us for an initial consultation at our expense. After all, if you are to offer support it would be preferable that you did so out of want rather than need.

### Are you purchasing an investment property off-the-plan?

Article provided by BMT Tax Depreciation, edited.

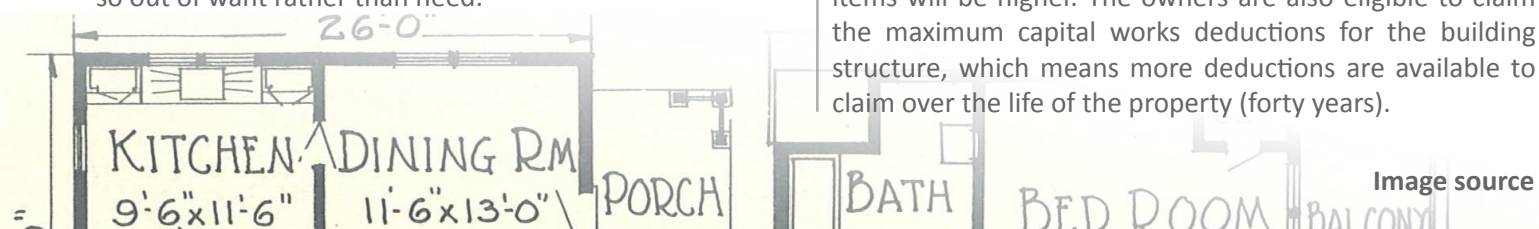
Investors who are looking to purchase a new property often look at buying off-the-plan (OTP), which essentially means you are entering into a contract to purchase a property prior to, or during the construction phase.

By selecting to purchase OTP, investors often find there are benefits. It can often mean that you receive the end product at a cheaper price if there has been capital growth over the construction period. Developer's also sometimes release new products to the market in bulk at lower prices to encourage sales. In some states, there are stamp duty savings available and investor's also have the benefit of having time on their side, enabling them to save money until settlement and while the property is being completed.

Out of all the benefits available when purchasing a property OTP, the one investor's most commonly fail to consider is what property depreciation benefits will become available. The ATO allows the owner of any income producing property to claim depreciation due to the wear and tear of the building structure and fixtures and fittings contained within the property. Depreciation is considered a non cash deduction, meaning investors do not need to spend any money to be able to claim it.

As with any pre-existing or built investment property, there are significant depreciation deductions available to the owner of a property purchased OTP. It is important to note however that the property must be completed and be generating an income to claim the depreciation deductions available. A completed property purchased OTP will typically attract between \$8-14K in deductions in the first depreciation claim, so it is fair to say that the new owner can make significant savings and increase their available cash flow by claiming depreciation for the property once it is income producing.

Newly built properties constructed OTP will contain new fixtures and fittings, therefore the depreciable value of these items will be higher. The owners are also eligible to claim the maximum capital works deductions for the building structure, which means more deductions are available to claim over the life of the property (forty years).





### China's rising middle class and the upheaval in Australia's exports

The following is an excerpt from Evidente's blog dated 15 November 2015, which can be found [here](#).

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A number of developments in the past week confirmed that Australia's exports to China are undergoing a revolution thanks to the inexorable rise of China's middle class. At a time when BHP dropped briefly to below \$20 – its lowest level since 2005 due to the Samarco dam disaster and renewed weakness in crude oil prices – the news-flow in Australia focussed on the growing shortage on supermarket shelves of Bellamy's baby formula, while overseas arrivals from China continue to surge.

Chinese demand for Australia's agri-food products, vitamins, wine, tourism, higher education and other non-commodity goods and services will continue to grow strongly and help diversify our export basket. In an environment where the aggregate supply of growth in Australia is anaemic, the rise of China's middle class is a powerful and seductive investment theme that offers strong growth prospects to Australia's non-commodity exporters.

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If you would like to discuss the impact of China's rising middle class on your investment portfolio, or any other aspect, give our Investment Team a call.

### Do you protect your biggest asset?

Many individuals are failing to protect their biggest asset... themselves!

You've worked hard to earn yourself a good income. That income is going to play a big role in the lifestyle of both you and your family for a long time to come.

So it sounds like something you'd want to protect, right? Unfortunately under-insurance is an issue facing an alarming number of Australians, from all walks of life. The insurance we're talking about is life insurance – the most common forms of which are death cover, total and permanent disability (TPD), trauma insurance and income protection.

Life insurance isn't just about protecting your family financially if you die. It's about protecting your lifestyle if you get sick or injured. It helps you out if you can't work for a while, or ever again. It gives you a financial backup plan for the unexpected.

Think of your family and friends and we're sure you could relate to cases of physical and financial hardship caused by ill health and, even worse, death. Imagine if it was your family that had to go through all of that, without financial support.

Income protection is one of the most relevant types of cover for individuals. It can replace up to 75% of your income if you can no longer work due to sickness or injury.

Make sure you have the cover you need to ensure the financial security of you and your family in case something unforeseen happens to your ability to earn an income.

Call and speak with a member of our Risk Team today to protect your lifestyle and your family.



## Succession & Estate Planning Advice

### Court rewrites Will to save tax

**Question:** A friend is being threatened by divorce. Her dying dad is leaving everything to her. Her dad has Alzheimer's disease. Can she use a Power of Attorney (POA) to rewrite Dad's Will or can she get the Court to alter the Will, preventing her husband from getting his hands on his father-in-laws wealth as well?

**Answer:** POA's are limited to decisions about property and financial matters e.g. opening a bank account or selling property. You can't use a POA to amend or create a Will.

However, in Australia the Supreme Court can make or alter a Will. This is where the Will-maker, while still living, lacks testamentary capacity. Like your friend's dad.

In *Re Matsis* the Court was happy to insert a Testamentary Trust into the existing Will for both asset protection and to avoid defacto death duties. In contrast, the court in *Hausfeld v Hausfeld* refused to 'authorise an alteration to the Will to defeat creditors.'

In *Hausfeld's* case, the son was pursued by creditors. Dad was dying. The son urgently asked the court, to alter dad's Will so his wife, instead, got the assets. Thus keeping dad's estate out of the clutches of the son's creditors. If of sound mind dad would have gleefully altered his Will – the court admitted as much. However, the court stated that 'people should pay their debts' and thus refused to amend dad's Will.

Later cases however are placing greater emphasis on the Will-maker's "likely" wishes.

*Hausfeld* is now bad law. Your friend has a good chance of success!

We recommend Wills contain Protective Trusts. This ensures that bankrupt beneficiaries get nothing from your Will. Therefore, the trustee-in-bankruptcy can't get their hands on the assets. When the beneficiary comes out of bankruptcy they then get the gifts from the Will. This ensures the Will-maker's true intentions are met.

## Personal & Self-Managed Superannuation Advice

### Changes to the preservation age may affect you

Your preservation age is the age at which you can access your superannuation benefits if you retire or start a transition to retirement income stream (TRIS).

Prior to 1 July 2015 members attained their preservation age when they turned 55 years of age. From 1 July 2015 the preservation age has increased to 56 and will continue to rise until it reaches 60. This means for all members born after 30 June 1964, their preservation age is now 60.

Superannuation members born between 1 July 1960 and 30 June 1964 need to be aware of the new transition rules as this will affect the age at which they will be eligible to access their benefits should they be planning to retire or commence a TRIS.

The rise in preservation age according to a member's date of birth is detailed in the information below:

**DOB:** prior to 1 July 1960

**Preservation age:** 55

**Financial year will attain Preservation age:** 2015 and earlier

**DOB:** 1 July 1960 - 30 June 1961

**Preservation age:** 56

**Financial year will attain Preservation age:** 2017

**DOB:** 1 July 1961 - 30 June 1962

**Preservation age:** 57

**Financial year will attain Preservation age:** 2019

**DOB:** 1 July 1962 - 30 June 1963

**Preservation age:** 57

**Financial year will attain Preservation age:** 2021

**DOB:** 1 July 1963 - 30 June 1964

**Preservation age:** 59

**Financial year will attain Preservation age:** 2023

**DOB:** After 30 June 1964

**Preservation age:** 60

**Financial year will attain Preservation age:** 2025 onwards

If you feel these changes may affect you and have any concerns, please contact your Advisor for further discussion.



## OzHarvest Great Food Rescue Race

[OzHarvest](#) is an organisation that collects food that would otherwise go to waste (not leftovers – quality, perishable food that would otherwise be thrown away) and they provide it to charities to distribute to those in our community who are homeless and/or vulnerable.

OzHarvest SA supports 110 charities with a further 20 charities currently on a waiting list. They have food donors also on a waiting list because they can't physically get to all of the local businesses who want to support them with food donations.

They currently have three food trucks in their fleet with a fourth to come on board shortly.

In early November OzHarvest held their first ever '[Great Food Rescue Race](#)'.

This event was designed to raise awareness of the amount of good food that goes to waste in our society and of the immense difference OzHarvest can make in the lives of so many South Australians by collecting this food and providing quality nutritious meals for those in need.



After joint efforts that raised over \$1,500 for OzHarvest, two teams from 360Private Wealth By Design swapped their office shoes for their runners on the 6th of November and spent three hours competing in the Great Food Rescue Race. They met people from local businesses and partner charities who work with OzHarvest to support some of SA's most vulnerable people, completed food-rescue themed challenges, met local food identities and chefs and had a great deal of fun in the process.

The event was a huge success, with over \$38,000 raised (which equates to 76,000 meals!) and 22 teams (110 people) getting involved. In fact, the event was so successful that OzHarvest have already booked in next year's event! Be sure to keep Friday November 4th 2016 free!



## What's on in Summer?

Summer and the festive season are upon us. Here are some great Summer events that we think you might enjoy. Click on the event name to learn more!

### [Carols By Candlelight](#)

Anthony Callea & Rhonda Burchmore are just two of the outstanding acts at this year's Carols By Candlelight.

Sunday 13 December at Elder Park.

### [Gathered](#)

Held at the Queen's Theatre, Gathered is focused on local SA talent and is a new kind of market experience.

Saturday 12 December & Sunday 13 December

### [Cellar Door Fest](#)

If you like food, wine & craft beer and like us, love them to be local, this event is for you!  
26 - 28 February



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