

Lifestyle Focus

Autumn 2016



Image source

It's mad March again in Adelaide and the city is alive with activity – a great time to be out and about! In fact, 'madness' seems to be the theme of 2016 thus far. Investment markets continue to exhibit high volatility, the US Presidential election 'roadshow' is well and truly underway, providing some very entertaining viewing at times thanks mainly to Donald Trump, and the usual pre Federal Budget banter about tax and superannuation has begun here at home.

As always, it's important to ignore the noise that bombards us through all forms of media and focus on the important things in life. So try to take in some of the entertainment Adelaide has to offer over the coming weeks and months and in your downtime, please enjoy our latest edition of Lifestyle Focus.

Warm regards

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Strategic Advice

Why Australians should be seeking a strategic advice relationship

Planning for the unexpected as well as the expected is vital for success, but you don't know what you don't know.

For example, did you know the following?

- The ratio of debt to disposable income in Australian households has jumped from 64% to 185% over the last three decades. For our most indebted households, this means that a 2.5% interest rate rise would translate to their repayments going up from 42% of their household income to 58%. This would mean having to find an extra \$16,615 per year just to cover their interest payments.
- Taking a career break to raise children can significantly impede efforts to accumulate sufficient funds for retirement, especially for women. Over 60% of Australian women take more than two years away from their career in order to have children and often return to the workforce in a reduced capacity.
- Over half of all Australians are concerned that they will not have sufficient savings to fund their retirement. The average Australian expects to retire with \$471,000. Almost one in five Australians do not expect to retire until they are at least 70 years of age.
- Only 10% of Australians seriously consider the possibility of experiencing a major financial setback in the future. Whether that be due to health issues, issues with job security or the risks inherent in financial markets, 90% of Australians do not give due consideration to what would happen if something went wrong.

The primary role of a Strategic Advisor is to consider all of these things and more, removing the guesswork from your financial future. We will formulate appropriate financial strategies to ensure that wherever practically possible, your stated objectives are achieved, all the while reducing any risks as much as possible.

Here at 360Private, we have the distinctive ability to facilitate your strategic advice across the Six Pillars of our advice offering. This means we can provide you with the information and tools you'll need to make informed decisions every step of the way.

Taxation & Accounting Advice

Cloud computing for small business

Cloud computing can boost your productivity, but you need to make sure you know exactly what it is you're signing up for.

Chances are your email, latest accounting software or job ordering system is based in the 'cloud'. It lets you do things previously only dreamed of by large companies with dedicated IT services. With cloud computing, the maintenance, development and backups are all taken care of for you; you just need a computer and a connection to the internet. A great strength of cloud computing is the fact you can log in at any time, from any place.

But what if your phone and data lines go down? Or if someone hacks into the data centre? Is it properly backed up? How sensitive is your information, and how many days will your business survive without access? Can you still run a local backup? Do you know where your data is being stored? Do you trust the provider, and the standards they apply? Do you need to make sure your data stays in Australia? Will you be able to demand the return of your data, with an assurance that no copies have been retained, and will you be able to use it or will it be locked in a format that ties you to only one provider?

These are just a few of the questions you need to ask yourself before running full steam ahead into cloud computing. Make sure you weigh up the benefits and drawbacks for yourself and your business, get some good advice from others in your industry along with advice from your accountant and your IT provider. Do your research and read the fine print and remember, it's not all or nothing; you might choose to keep some of your applications in the cloud whilst you keep some others closer to home. With cloud computing still developing, who knows where we will be in the future.

Source: CA News Bulletin

Investment & Portfolio Advice

Gold and its come back

In light of the recent market volatility and rebound in Gold price, we have summarised the main points from ex-Columnist of The Australian Financial Review, now Chief Economist with BetaShares, David Bassanese. His full article can be accessed here: [Market Insights: Negative rates positive for Gold](#).

The recent rebound in the price of gold in light of heightened financial market volatility should serve as a reminder to investors of the safe haven properties that this precious metal can offer.

Gold's allure as a potential safe haven during the next (inevitable) setback in global economic growth and equity prices, moreover, could be enhanced by the greater likelihood of more central banks moving toward negative interest rates policy (NIRP).

The further short-term interest rates move into negative territory, the less appealing will be cash as a safe-haven asset (as investors will now be paying banks for the privilege of holding their cash).

Another factor to consider is more central banks appear to be looking to gold as a source of reserve diversification away from the US dollar, particularly now that many major non-US currencies (such as the Euro and Yen) are being actively "trashed" by their own central banks.



Risk Protection Advice

Income Protection in's and out's

If an injury or illness forced you to take time off work, could you still keep up with your bills?

Income Protection is designed to cover you either temporarily or for the long term if you are unable to work due to injury or illness. The cover is designed to enable you to maintain your day-to-day living expenses during your recovery period.

Most Income Protection policies will, after your nominated waiting period, cover you for up to 75% of your income. Payments are made in monthly instalments until such time as you're able to return to work or until the end of the prescribed benefit period as noted on your policy. It is worth nothing that this might only be two years if you only have cover under your superannuation fund.

Consider a 35 year old who injures themselves and is never able to return to work. What is the value of a comprehensive Income Protection policy? Well, on a salary of \$50,000pa, assuming salary increases in line with CPI at 2.5%pa, then the benefit would be in excess of \$2million over the next 30 years to age 65 - \$2,195,135 to be exact!

A comprehensive Income Protection policy may also have additional benefits such as extra payments for a specified injury (eg: a broken leg or collarbone), rehabilitation benefits to help you return to work or a nursing care benefit to provide in home care during recovery.

In addition to the benefits provided by this type of policy, Income Protection premiums paid outside of the superannuation environment are also tax deductible. You can claim the premiums you have paid each month when you complete your annual tax return. How much you can claim will depend on your annual income and marginal tax rate.

Whilst it's unlikely to happen, and hopefully it never will, what would happen to you and your family if you could no longer earn an income? It's worth some thought don't you think?

Call the Risk Team today to discuss your income backup plan.

Succession & Estate Planning Advice

When should you update your Will?

A comprehensive estate plan includes a valid and up-to-date Will that ensures your assets go to the people that you want to benefit when you pass away.

You should consider reviewing your Will every three years; even if nothing has changed, just to make sure it still reflects your wishes.

Some changes in your life might prompt the need to reconsider your estate planning at an earlier point though. These may include:

- Your family circumstances change, for example, if you marry, start a new relationship, divorce, separate, or have children or grandchildren (including step or adopted);
- You retire;
- Your spouse passes away;
- Your children are no longer minors;
- a beneficiary under your current Will passes away or becomes incapacitated;
- An executor or trustee appointed under your current Will passes away or becomes unsuitable to act due to age or ill-health;
- You sell or give away assets that are specifically mentioned in your Will;
- You buy or inherit significant assets;
- The entities or structures you hold assets in change.

360Private clients who have had their estate planning completed with us and/or through our association with 360Private Legal Pty Ltd will receive a reminder to complete a review every three years.

To update your estate plan or get advice about whether it is necessary for you to do so, contact a member of our Estate Planning Team.

advice

Personal & Self-Managed Superannuation Advice

What the ATO is expecting from you

Over one million Australians choose to invest their retirement savings in a SMSF. Whilst the majority of trustees comply with their obligations and endeavour to do the right thing, individual circumstances and varying levels of expertise can result in some trustees occasionally making mistakes when it comes to managing their fund.

Regardless of circumstances and levels of expertise however, the ATO expects all trustees to take their role seriously. This includes seeking assistance from accredited professionals or the ATO when help is needed.

This financial year, SMSF trustees will need to:

- Be ready for the implementation of SuperStream.
- Be aware of the change to the preservation age for those born on or after 1 July 1960 (from 55 to 56).
- Understand that the ATO will take stronger compliance action against serial non-compliers, in particular, SMSF trustees who don't deliver on agreements in enforceable undertakings.

A number of issues will be on the ATO's radar in 2015-16, including:

- Individuals who enter the sector with poor personal taxation lodgment histories and no or limited income.
- SMSFs with overdue annual returns.
- Breaches reported in auditor contravention reports that have not been rectified.
- SMSFs that have significant changes in assets and income, outside the previous pattern of the fund and without obvious reason.
- Possible non-commercial related-party investments or transactions.
- Non-compliance with pension rules.
- Inappropriately claimed tax deductions when a fund is in pension phase.

If you are unsure of anything, or if you have any questions, do not hesitate to give the SMSF Team a call to discuss your SMSF.

This article has been drawn from information distributed to us by Kasey MacFarlane, Assistant Commissioner of the ATO, on 11 February 2016.

Do you have a BMX bicycle you could donate?

[Bikes Palya](#) is an exciting bike program run by Bicycle SA with the aim of engaging youth in remote SA communities.

Operating since 2014, Bikes Palya has gifted 100 bikes to eight different schools in the APY (Anangu Pitjantjatjara Yankunytjatjara) Lands, to be used in physical education and as attendance incentives. The program has also facilitated the construction of a community BMX track and has worked with over 270 youth and 50 adults across nine APY Lands communities in bike safety and mechanical workshops.

In 2016, Bikes Palya is focusing on creating more tracks and providing more quality BMX bikes to hard-to-reach youths. With this goal in mind, BMX bikes are desperately needed for the gifting program. If you have an unwanted, good quality BMX bike that you would like to donate, of any size, you can donate it to Bicycle SA at 53 Carrington Street in the Adelaide CBD. For more information, please call Bike SA on 8168 9999.



What's happening in Adelaide?

Tohsti

A brand new eatery in the Central Market Arcade, Tohsti is the creation of two local lads who decided there was nothing better than a good old toasted sandwich. Gourmet menu options sourced from local ingredients cater to all tastes with decadent, hand crafted toasted sandwiches available that won't be anything like what you've ever made at home!

Story Wall at the State Library

An interactive architectural projection, Story Wall uses imagery and sounds to tell stories from the Library's collections, treasures and exhibitions. Great fun for the whole family, this permanent display will be on every night of the year and allows you to choose the stories you want to experience via an interactive pod in the Library's forecourt.

Swan Lake

The Australian Ballet will be presenting Swan Lake at the Adelaide Festival Centre from the 26th-31st of May. Swan Lake is an absolute must for any ballet fan. Tickets available from the [Adelaide Festival Centre](#) web site.



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