RPI News

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Office Move

After nearly 9 years of running both the Frankston Office and Cheltenham office in separate locations — we have decided to amalgamate the two to the Cheltenham location.

The new address is on Tulip St in Cheltenham—shown below. Whilst we have an open plan work environment we also have a board room to meet clients in the office.

This move enables us the opportunities of staff as well as backing each other when either myself or my business partner Paul Zoethout are either on leave or need support. This ensures that we can provide consistent service to our clients.

This Newsletter provides much information on changes that have occurred to your investment, superannuation, pension or insurance. I encourage you to contact me when you are available to complete a review so that I can give you a personal update on how the legislated or proposed legislation may affect you.

Please contact us either via email or phone on the address details below.

Money is not the only answer
but it makes a difference.

Key Changes for Super 2017

The Federal Government proposed many super changes in the 2016 Budget with Legislation being finalised in November 2016. There are a wide variety of changes and I will explain some of those that I believe are relevant to superannuation, retirement and insurance. These changes have all been legislated and are effective from 1 July 2017.

Reduction in Concessional Cap and Non Concessional Caps for Superannuation Contributions.

From 1 July 2017 the Concessional Contribution (CC) Cap will reduce to $25,000pa for all individuals regardless of age. This relates to taxable contributions including employer, salary sacrifice and personal contributions where a tax deduction is eligible to be claimed. The cap will be indexed in line with AWOTE* in $2,500 increments. *There is a window of opportunity for amounts up to $35,000 for those who are 49 or over and up to $30,000 for those under age 49 to be contributed concessionally to superannuation before 1 July 2017 for eligible employees.*

From 1 July 2017 the Non Concessional Contribution (NCC) Cap will reduce from $180,000 to $100,000 p.a. In addition individuals cannot make contributions if they have a total super balance of $1.6 million or more at 30 June of the previous year. This relates to after tax contributions which may include lump sums from your personal savings. Eligible individuals will be able to access a three year bring forward rule of up to $300,000 from 1 July 2017. *There is a window of opportunity for those eligible to use the bring forward rule currently of $540,000 before 1 July 2017. * Average Weekly Ordinary Time Earnings*

Personal Deductible contribution changes

Individuals under the age of 75 will be able to make personal contributions for which they can claim a tax deduction to the CC Cap. For those aged 65 to 75 in order to be eligible they will need to satisfy the work test of 40 hours in 30 consecutive days (for which they should seek advice) *This is a positive change and will provide an opportunity for individuals such as those whose employers do not offer salary sacrifice, to make personal contributions and claim a tax deduction.*

Transfer Balance Cap

The total amount of super monies that can be transferred to pension phase will be capped at $1.6 million. The cap will be indexed in $100,000 increments in line with CPI in future years. Individuals with pension interests greater than $1.6m just before 1 July 2017 will be required to rollover this amount back to super and access the capital gains tax relief offered by the Government.

Spouse Contribution changes

Currently an individual may be able to claim a tax offset of up to $540 on super contributions of up to $3,000 they make on behalf of their spouse whose income is less than $10,800 pa.
This income threshold will increase to $37,000 and will be gradually reduced for income above this level and will completely phase out at an income above $40,000. *This will provide an opportunity for more individuals to access the spouse tax offset by making additional contributions for a spouse earning under $40,000.*

Low Income Super Tax Offset

The Low Income Super Tax Offset allows individuals to receive a contribution of up to $500 into their super. *This represents a refund of contributions tax and eligibility will be the same as the previous Low Income Superannuation Contribution.*

This is a summary of some of the main changes, for a personalized discussion about how the changes affect you personally please either call or email for an appointment.

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March Market Update Overview

- In February, global equity markets continued to trend higher boosted by optimism about US growth and reasonably good economic and corporate earnings data.
- In the United States, the Standard & Poor's 500 equity index rose 4.0% over the month pushing its 12-month return to 25%.
- US business sentiment indicators rose further with small business optimism jumping significantly.
- Chinese activity indicators suggest that economic conditions have bounced back and the economy is being supported by robust global demand.
- Australia's December quarter GDP was stronger than expected, rising 1.1% over the quarter reversing the weather-affected 0.5% contraction in the economy in the prior quarter.

Global economies
Global equity markets extended their post-US election rally in February driven by solid quarterly earnings reports in the US and strong economic data in the US and Europe. Most of the major economies reported higher inflation boosted by stronger energy and food prices.

US
In the US, the headline CPI rose 0.6% in January, which was double market expectations and the annual inflation rate rose to 2.5% year-on-year, which is the highest rate since March 2012. In addition, the manufacturing ISM index rose for the sixth straight month to a robust level of 57.7 in February, which was the best reading since August 2014.

Europe
In the Eurozone, the manufacturing PMI for February came in at 55.4, the highest level in six years. In Germany, the harmonised measure of inflation rose 0.7% in February, which was stronger than expected, and this pushed annual inflation to 2.2%, which is the highest annual rate since August 2012. In the United Kingdom, the economy grew faster than predicted in the fourth quarter of 2016, growing 0.7% over the final three months of the year rather than the 0.6% initial growth estimate. UK GDP has now grown for 16 consecutive quarters, despite Treasury forecasts for a steep contraction in economic activity following the Brexit decision.

China
China's official manufacturing PMI rose to 51.6 in February, which is a three-month high and suggesting that the recent pick-up in global demand is supporting China's manufacturing recovery.

Asia Region
Japan's economy still remains stuck in low gear despite zero long-term interest rates. Japan's GDP in the December quarter rose 0.2% quarter-on-quarter, below expectations of a 0.3% increase, but the fourth consecutive quarter of growth.

Australia
In Australia, after a period of softness in economic data, some of the indicators have rebounded, in some cases helped by higher commodity prices. The unemployment rate ticked down from 5.8% in December to 5.6% in January. GDP growth was stronger than expected in the fourth quarter of 2016, rising 1.1% for the quarter and 2.4% year-on-year, beating expectations of a 0.8% rise and helped by strong corporate profits and investment. Australia's current account deficit was the smallest in 15 years in the December quarter, at $3.9 billion, thanks to a surge in prices for Australia's exports.

Protect your family's financial security in 2017

You've worked hard to build wealth for your family. Now make sure you protect it with the right insurance.

Most of us don't like thinking about the reasons we need insurance — like having an accident, getting a debilitating or life threatening illness, or worst of all, passing away suddenly. So we often avoid thinking about insurance altogether.
Unfortunately, this approach will do nothing to help your family, should life take an unlucky turn. That's why you should make 2017 the year to get your insurance in place if you haven't already, and protect the lifestyle you've worked so hard to attain for you and your family.
Here are three types of insurance you should consider:

Life and TPD insurance

Life insurance protects your family's future by paying them a lump sum if you pass away or you are diagnosed with a terminal illness — or become totally and permanently disabled.
To decide how much cover you need, think about the debts you have, for example – mortgage and credit card debt, how old your children are (if you have any) and the cost of their education, and the kind of lifestyle you'd like your family to have should the unexpected happen.
Did you know you can take out life insurance through your super? It's often cheaper, and because your premiums are paid through your fund, it won't affect your week-to-week income. However, you'll need to make sure that the cover through your super is going to be enough to meet your family's needs — and to check that you're getting the best deal.

Income protection insurance

Income Protection insurance, also known as salary continuance insurance, covers you if sickness or injury means you're temporarily unable work. Generally, income protection covers around 75% of your wages, before tax. You can choose how long you want to receive it for (for example, for two years or up to age 65) and the waiting period before you receive it, which is usually one to three months.

Income protection covers you when workers compensation won't — for example if you get sick, or hurt yourself outside of work. It's also an essential protection for self-employed workers, who aren't eligible to receive workers compensation.

Trauma insurance

If you had to recover from a serious illness such as cancer or a heart attack, the last thing you would need is financial stress. Trauma cover can help, with a lump sum payment if you are diagnosed with a serious medical condition (these conditions will be specified in your policy). You can use the money in any way you see fit, from covering medical expenses and living costs, to taking a holiday to recuperate.

Want to know more?

The best way you can secure your family's financial future is to have the right insurance. Please call us to discuss your superannuation requirements.