

# MONEY MATTERS.

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## STAYING IN TOUCH.

### Super under scrutiny

The last couple of budgets have come under some intense scrutiny, so how will this one fare? A change in political leaders since the last budget might lead some to expect a change in emphasis. Our budget wrap will give you all the highlights that will be pertinent to your financial situation.

While superannuation has received a lot of press in recent months over the future of certain tax concessions, it remains a highly tax-favoured form of long term investment. As the end of financial year approaches, we provide some tips on the key tax advantages that you can access before June 30.

Of course superannuation is only of value to you if you are still around to enjoy it! To that end, we put a spotlight on heart disease in this issue. It remains the biggest killer in Australia, so it pays to be better informed on how to recognise the symptoms and how you can change lifestyle to try and avoid it.

Still on the health theme, we are also marking the upcoming Men's Health Week with some tips on what men can do about the particular health challenges they face.

As always, contact our office if you want to explore these issues further.

Regards,



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## BUDGET SUPER CHANGES.

The 2016/17 Federal Budget contained some major superannuation changes. Some highlights are below, but bear in mind these proposals still need to be passed into legislation.

### Contribution cap changes

From 7.30pm (AEST) on 3 May 2016, a lifetime non-concessional cap of \$500,000 will replace the current annual caps. This cap includes all non-concessional contributions made since 1 July 2007 and any excess contributions will need to be refunded or a penalty tax of up to 49% may apply.

If you have already contributed more than \$500,000 of non-concessional contributions between 1 July 2007 and budget night, no excess will apply however any future contributions from budget night may exceed the cap.

Concessional contributions caps have also been reduced to \$25,000 per year for all ages from 1 July 2017. If your superannuation balance is less than \$500,000, you can carry forward any unused cap amounts over a rolling five year period. A 30% tax on concessional contributions will now apply to those on \$250,000 p.a. income.

### \$1.6million cap on super pensions

From 1 July 2017, a cap of \$1.6 million will be placed on the amount of

superannuation that you can transfer to a superannuation pension. Any balance in excess of this must remain in an accumulation account where earnings are taxed at a maximum of 15%. Those who already exceed this cap will be required to transfer the excess amount back to superannuation by 1 July 2017.

### Other highlights include:

- Abolition of the work test for those up to age 75 who want to make super contributions.
- The tax exemption on TTR pension earnings will be removed from 1 July 2017 - earnings to be taxed at 15%.
- From 1 July 2017, there will be no employment restriction placed on who can claim a tax deduction for personal superannuation contributions.
- The \$540 p.a. tax offset on spouse contributions has been opened up with proposed increases to the threshold to \$37,000 and the age limit to 75 starting 1 July 2017.
- From 1 July 2017 a low income concessional contribution tax offset of up to \$500 is available if your adjusted taxable income is less than \$37,000.

Your Matrix adviser can provide more details on how these changes may affect you.

# THE WINDOW OF OPPORTUNITY LOOMS.

It seems like Christmas was only yesterday, but believe it or not, the end of financial year is just around the corner. That means it's time to look out for opportunities to save on tax and boost your wealth accumulation plans.

There is no better time than the end of financial year to make a review of your financial situation to see what openings you can take advantage of to further your financial goals.

The stakes are high and time is tight, so we have summarised the key opportunities here to get you inspired to take action now.

With lots of noise coming from Canberra about superannuation concessions being under the microscope, it makes it doubly important to make sure you maximise all the benefits while you can.

Both sides of politics are walking a political tightrope in their quest to balance the budget without killing off incentives for individuals to self-fund their retirement. With an election on the horizon, who knows where the chips will fall on super concessions in the next couple of years.

## Top up while you can

One area that has already seen

changes in the last few years is that of contribution caps. These caps relate to maximum annual limits on any before tax contributions you make in a given year, (such as salary sacrifice arrangements or tax deductible contributions). Going above these limits may incur tax penalties.

The good news is that for this financial year the caps will remain as they were last year:

- \$30,000 if you are under 50 and
- \$35,000 if you turn 50 during this tax year or if you are older.

If your contributions this financial year have not reached the caps, then you now have the opportunity to top up and receive the concessional tax benefit on those contributions. The recent rumblings surrounding super tax treatment and the proposals announced in the Federal Budget means there is no certainty on what these caps will be in the future, so it may be wise to speak to your Matrix financial adviser now if you want to take advantage while you can.

## Spouse contributions can trim your tax

Another tax saving possibility is the spouse contribution scheme. If your spouse is not

employed or has part-time work with an income of less than \$13,800, then you can make contributions to their super on their behalf and claim a tax offset.

A maximum offset of \$540 is available if the spouse income is \$10,800 or less and you make an after-tax contribution of at least \$3000 to their super. The tax offset is progressively reduced until the spouse earns \$13,800 or more in a year.

## Co-contribution incentive still applies

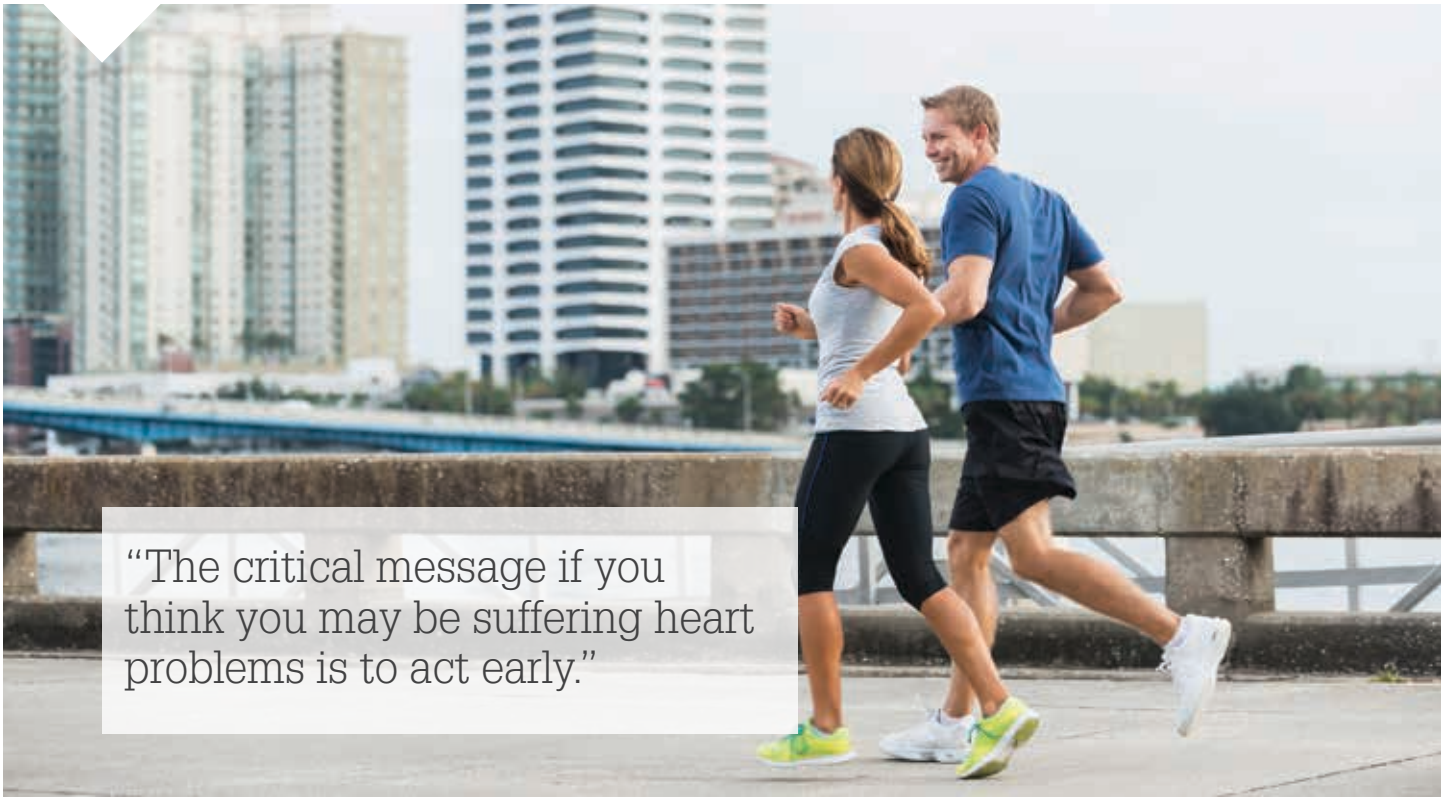
Another incentive that is still valid this tax year is the government co-contribution scheme. This scheme gives you the chance to have the government chip in up to \$500 to your super if your income is less than \$35,454 and you make voluntary after tax contributions to your super.

The rate of co-contribution is 50 cents for every dollar you contribute. If you earn more than \$35,454 the rate of co-contribution reduces on a sliding scale until it cuts out completely at \$50,454.

Your Matrix adviser is ready to show you how you can make the most of your entitlements and grow your retirement independence, so talk to them now if any of these opportunities are of interest.



“There is no better time than the end of financial year to make a review of your financial situation.”



“The critical message if you think you may be suffering heart problems is to act early.”

## GETTING TO THE HEART OF THE MATTER.

The Heart Foundation has just completed its annual Heart Week event. It's an opportunity to shine a light on the prevalence of heart disease in the community and what can be done to reduce the risks and achieve a more successful recovery.

Part of the Heart Foundation's mission is to educate the public and health professionals on what can be done to prevent heart disease and rehabilitate those who suffer from it. As an insurer that is interested in improved health outcomes we want to support this goal by sharing some insights that may be helpful to you.

### Just how big are the risks?

Cardiovascular disease (CVD) is a major cause of death in Australia, with 43,603 deaths attributed to CVD in Australia in 2013. That's 30% of all deaths, with one Australian every 12 minutes. It is estimated over 350,000 Australians have had a heart attack at some time in their lives.<sup>1</sup>

### It's not just men who are affected

While more focus may be given to men when discussing heart disease it is also an issue for women. It may come as a surprise to know that heart disease is the number one killer of Australian women and is four times more likely to be a cause of death than breast cancer.<sup>2</sup>

The good news is that a lot of these deaths are largely preventable and there is much that we can do to reduce our risks.

### What are the causes?

The major risk factors include high blood pressure, high cholesterol, excess weight and obesity, physical inactivity, low fruit and vegetable intake, alcohol and smoking. Nine in ten adult Australians have at least one risk factor for CVD and one in four have three or more risk factors.

### What can you do about it?

Many of these risk factors relate to lifestyle, which means that it is possible to influence your risk of heart disease by adjusting to a healthier lifestyle. This includes:

- Eating a higher proportion of vegetables, wholegrains, fruit, nuts, legumes and fish.
- Making good fat choices, such as olive oil
- Choosing reduced full fat dairy products, salt
- Regular physical activity, such as 2.5 to 5 hours of physical activity of moderate intensity per week
- Do muscle strengthening activities on at least 2 days each week.
- Sit less and walk more.

### Be aware of symptoms

Although chest pain or discomfort are common symptoms of a heart attack, this is not universal and the symptoms may present in other areas of the body. This includes pain, pressure, heaviness or tightness in areas such as the jaw, back, shoulder, neck and arms. The symptoms

for men and women can vary and research has found that women are less likely to experience chest pain.

The critical message if you think you may be suffering heart problems is to act early. For more information on warning signs and what to do visit [heartfoundation.org.au](http://heartfoundation.org.au).

### Protect yourself financially

One encouraging feature regarding heart disease is that survival chances are improving. In 2009, 63% of people were surviving heart attack, compared with a 45% survival rate in 1994.3

Many of those who survive go on to recover and have a normal life expectancy. While physical recovery is good news, surviving a heart attack may cause problems financially. A good recovery may depend on adjusting lifestyle, reducing working hours or lowering the stress of debt and expenses. All of these factors may require significant amounts of cash to make them possible.

This is where trauma cover can be so valuable. It can pay a lump sum benefit upon diagnosis that can allow you to make such lifestyle changes. If you want to know more, talk to your Matrix adviser about how trauma insurance can help you.

- 1 <http://heartfoundation.org.au/about-us/what-we-do/heart-disease-in-australia>
- 2 <http://www.heartfoundation.org.au/your-heart/women-heart-disease/Pages/default.aspx>
- 3 Australian Institute of Health and Welfare: Trends in Cardiovascular Disease 2012.





## A FOCUS ON MEN'S HEALTH.

Men's Health Week runs from June 13 to 19 and offers a unique opportunity for communities across Australia to put a renewed focus on male health issues and positive actions that men and boys can take to better their health.

### Health issues specific to men.

Australian men are more likely to get sick from serious health problems than women. This is due to a range of factors, including a tendency for men to be more reluctant to

get simple health checks and to ask for help. This imbalance can be seen in the male to female ratio of causes of death:

- Heart disease: 119 to 100
- Lung cancer: 150 to 100
- Colon and rectum cancer: 124 to 100
- Diabetes: 108 to 100
- Suicide: 300 to 100

### It's about wellness, not just illness.

Prevention is always better than a cure,

so it is vital that men take steps to better their health. Making radical changes to lifestyle can be difficult, due to the business of life, but making incremental changes is achievable and can have genuine positive impacts. So what are the key actions to take?

### Be physically active.

Simple activities that fit easily into your schedule, such as a brisk daily walk, mowing the lawn and biking are a great way to make a start. Try to work up to 30 minutes a day of moderate physical activity for most days of the week.

### Eat a healthy diet.

Increase the proportion of fruits, vegetables and whole grains in your diet, use fat-free or low-fat dairy and include lean meats, poultry, fish, beans, eggs, and nuts. Lower your salt, sugar and alcohol intake too.

### Stay at a healthy weight.

The equation is simple; balance the calories you take in with the calories you burn. As you age, eat fewer calories and increase your physical activity. Small consistent changes will prevent gradual weight gain over time.

More details on Men's Health Week can be found at [www.menshealthweek.org.au](http://www.menshealthweek.org.au)

1. The Australian Bureau of Statistics Leading Causes of Death by Gender (2012)

## MARKET UPDATE.

### CASH

The RBA has had interest rates on hold for an extended period and the recent appreciation of the Australian dollar will put some pressure on the RBA to further cut interest rates. The fall in our currency from around \$1.10 US dollars to down in the sixty cents range helps our exporters and aids the post mining boom rebalancing of the economy to other sectors like manufacturing. The recent rebound in the Australian dollar towards 80 US cents has hurt our exporters. If the RBA was to lower interest rates, parking cash in Australian dollars becomes relatively less attractive for foreigners and the reduced demand can cause it to move downwards.

### AUSTRALIAN BONDS

The fear of January drove investors to flee equities and seek out safe havens like Australian Government Bonds. This meant Australian bonds did well over January and into February. The turning of sentiment into March has seen some of this mini rally in bonds come off and the asset class had a small negative return over the month. However, bond investors have still seen a solid positive return over the year to date.

### INTERNATIONAL BONDS

International bonds have had a stellar first quarter this year. The heightened volatility in markets has reminded investors of the importance of bonds as effective portfolio diversifiers. High

quality government bonds will tend to appreciate in price when stocks are falling.

Later in the quarter, central banks provided some impetus for bonds to rally. The European Central Bank and Bank of Japan made additional commitments to their bond buying programs. The US Federal Reserve indicated that there would be less interest rate rises this year than previously predicted. Prices of bonds move in the opposite direction to yields. Consequently, bond investors enjoyed a capital gain as yields ground ever lower.

### AUSTRALIAN EQUITIES

Australian shares bounced back hard in March. Those sectors that had been punished the most in January benefited the most in the subsequent whipsaw rally. For example, the S&P/ASX Metals and Mining sub index lost 10% in January then put on 11% in February and 7% in March to end the quarter up a net 6%. More defensive sectors, such as healthcare, didn't do as well. The Healthcare sub index ended the quarter in the red, losing 2%.

### INTERNATIONAL SHARES

Those markets and sectors beaten up the most in January and the first half of February have rallied the hardest. For example, Chinese companies listed in Hong Kong fell 15% in January alone. In March they rallied 14%. The Australian dollar has appreciated over the quarter and so currency hedged international shares have outperformed unhedged.

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