



NEWSLETTER SEPTEMBER 2016

Trusted Independent Advice

More than Numbers

Budget Savings

The Budget Savings (Omnibus) Bill 2016 has received Royal Assent. The law contains a number of measures relating to budget savings, with some relating to tax laws. Some of the measures include:

- changes to the limiting of the energy supplement to new welfare recipients
- introducing Sch 21A which provides an income limit of \$80,000 on payment of the Family Tax Benefit (FTB) Part A supplement.
- reduction to R & D incentives.

What the government superannuation announcements mean for you

The government recently announced superannuation changes including, scrapping the \$500,000 lifetime non-concessional cap and removal of the retrospectivity. This is good news for superannuation savers.

The most significant change, is the reduction of the non-concessional contributions (NCC) cap from \$180,000 per annum down to \$100,000 per annum (from 1 July 2017). You will still be able to use the 'bring forward' rules, making a maximum of \$300,000 in non-concessional contributions over 3 years. However, it is proposed that when your account balance reaches \$1.6million, you will no longer be able to make non-concessional contributions.

So for the 2016/17 financial year the current rules apply - \$180,000 of non-concessional contributions (or \$540,000 for the 3 year bring forward).

Other changes announced include the retention of the work test for 65 – 75 year olds.

These constant changes make it difficult to keep track of what you are supposed to be doing in this space. We urge you to contact us to ensure that you have considered all relevant matters before making any significant contributions to super.

Here is the current state of play (or proposed state of play) as to super changes around contributions:

1. The work test will remain in place for 65-75 year olds (40 hours in 30 days) (government announcement).
2. Personal deductions will be allowed for all individuals for superannuation contributions, regardless of employer support (yet to be passed).
3. Retention of LISC/LISTO (yet to be passed).
4. An increased spouse income threshold (for spouse contribution) (yet to be passed).
5. Removal of \$500,000 lifetime cap for non-concessional contributions (NCC) (government announcement).
6. Reduction of NCC annual cap from \$180,000 to \$100,000 pa – 3 year bring forward rule still allowed (government announcement). From 1 July 2017.
7. Introduction of balance cap for NCCs – when the balance is >\$1.6m you cannot make further NCCs (government announcement). From 1 July 2017.
8. New 'catch up' for concessional contributions (ie 5 year catch up proposed in budget) delayed start date of 1 July 2018 (government announcement).



The Money Quiz

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Understanding your own view of money is one thing. But there are also a few elements of basic financial literacy we all should be aware of before we make decisions about any major investment. The regulator ASIC has drawn up a 7-question quiz. See how you do.



How much do you know about the basics of investment?

Take this short quiz. <http://bit.ly/2ceD9QD>

7 Essential Money Questions Sure to Start a Conversation

1. What lessons about money did you learn from your parents?
2. What does the word “money” conjure up for you?
3. How many children would you like to have when you retire?
4. How do you think your children feel about that?
5. Tell me about your financial situation.
6. What are the most important things in your life?
7. What does the prospect of “retirement” look like to you?



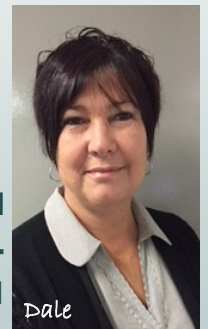
Many of us thought we knew what “retirement” meant once upon a time, and perhaps some of us still do. Financial independence. Not having to work at a job to survive. Travel. A particular age span.

Retirement means doing what I want, when I want, with whom I want. Once we figure that out, a successful retirement is just a matter of filling in the activity calendar and inviting others along.

If you would like help formulating achievable financial goals and assistance to enable you to fulfil those goals, or simply like a second opinion, please do not hesitate to contact us.

Changes
CPAUS&G

**There have been a few changes at
MGH Financial Planners.**



Rosie Hicks continues to work as a *Chartered Accountant*, and also practices as the *Financial Planner* for MGH Financial Planners. Rosie is ably assisted by Dale Johnstone. Dale is cheerful and friendly and joined our firm in the role of Financial Planning Support. Dale has a background in financial planning with over 7 years experience within the industry. When your are in Dubbo, call into our Dubbo office to meet all our friendly, helpful staff.