Autumn 2017

Welcome to the latest edition of our client newsletter and our first for 2017. As usual 2016 passed us by quicker than ever and we look forward to the challenges and opportunities that 2017 will bring.

We are delighted to announce the launch of our new client portal - Acuity Access. This will provide you with your own secure log in to our systems, you can see a holistic snapshot of your overall financial position - your current balances, investments, insurances & financial model. Your Acuity Adviser will walk you through this functionality.

We would also like to introduce our latest staff member in Trudy Martin, who has already started with us and will be working on the delivery of Access, as well as helping to manage the implementation of your strategies. Trudy has a number of years' experience in financial services and I am sure you will have contact with her over time. She brings our total staff complement to six. On a lighter note we were happy to see Ilana return form her trip back home to South Africa. She has many stories to relay, including her infamous Ostrich ride, which we are sure she would be delighted to share with you.

This editions articles cover a range of topics which we hope you will find interesting. We discuss the changes to superannuation which will come into play from 1st July 2017. We also provide you with "5 tips for healthy ageing" and an interesting article examining our excessive usage of, and obsession with, digital devices. The new Superannuation legislation creates some planning opportunities so we are busy working through our client lists, to make sure we are in touch with those affected well before 30 June.

If you would like to discuss any of the issues raised in this newsletter, please don't hesitate to contact us.

Good luck for the year.

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Super changes from July 2017

How will they impact you?

We cover some of the factors to be aware of given changes have just passed in parliament and are due to become superannuation law.

Earlier this year, the Federal Budget announcement included a proposal to introduce changes to super bigger than the likes of anything we've seen in almost a decade. Then, in September the government announced some significant adjustments to its proposal.

The revised proposed changes to super have now passed through both houses of parliament and are due to become part of Australian superannuation law. The new laws will generally affect individuals with relatively high super balances, and will change contributions rules and the tax breaks available in super with most taking effect from 1 July 2017.

Wealth accumulation limits

When it comes to converting super into an income stream pension account in retirement (where no tax is paid on earnings or withdrawals)individuals with relatively high balances—who at the moment are not limited on the amount they can accumulate—will be restricted to $1.6 million in their pension accounts.

If you're already retired, the financial consequence of having more than $1.6 million in your pension account is that after July 1, 2017 the excess will need to be taken out—either placed back into the super accumulation phase where earnings on it will be taxed at 15% or taken out of super completely. But speak with us before you decide.

Changes to transition to retirement rules

If you're an older Australian you may feel penalised by the removal of the tax exemption on earnings in a transition-to-retirement (TTR) pension as one of the appealing aspects of the TTR strategy lay in the pension account's tax-free earnings entitlement.

If you're using a TTR to boost your super while salary sacrificing some of your income, the removal of earnings' tax exemptions is likely to reduce the overall amount you end up accumulating in retirement unless you take other steps to grow your money, so be sure to speak with us about other opportunities.

Some leeway—no lifetime limit

While the government had proposed a lifetime limit of $500,000 on after-tax contributions, the proposal was not passed in parliament. Even so, depending on your circumstances, you may need to bear in mind the overall cap of $1.6 million mentioned earlier. Be sure to speak with us when it comes to planning how you'll contribute to your super.

New contributions caps for all

As expected, there will be caps placed on the amounts you're able to contribute to your super and the new caps will come into effect in July 2017.

After-tax contributions (also known as non-concessional contributions) will be capped at $100,000 per year (or up to $300,000 if you bring-forward the next two years and are under age 65). If you're planning to benefit from super's tax concessions by depositing money from an inheritance or the sale of an asset, you may need to start planning now so be sure to come and speak with us.

You may still be able to take advantage of the current limits that offer the potential (if you qualify for the bring forward rule) to deposit $540,000 before 30 June 2017—we can help you work out your options.

When it comes to before-tax (concessional) contributions, there are also new caps. So, if you make salary sacrifice payments for example you'll be limited to a maximum annual amount of $25,000. This is considerably less than the current annual caps of $30,000 if you're under 50 or $35,000 if you're aged 50 and older.

There will no longer be a separate cap for those aged 50 and over. Everyone will be limited to pre-tax/before tax contributions limit of $25,000 per year.

More super tax for more high earners

Until July next year, those earning more than $300,000 will continue to pay 30% on their super contributions while everyone else pays 15%. From July 1 2017, the salary band will be lowered. That means people earning $250,000 or more will pay 30% tax on their contributions.

A good time to follow up

We've covered some of the main points here but there are other changes that may also affect you. It's likely you'll have questions about the best course of action in the lead up to the changes and after they take effect.

Now is a good time to call us and set up a time to come in so we can look ahead and put plans in place to help you make the most of your money.

5 tips for happy healthy ageing

The best ways to sustain or improve physical, mental and financial wellbeing in your pre and post retirement years are sometimes the simplest.

If you're in or approaching retirement, you may be surprised to know when it comes to living a longer life and leading a healthier and more active lifestyle, the best methods are often easy tasks you can turn into everyday habits.

As Australians have one of the longest life expectancies in the world,[i] it's not just your physical wellbeing but also the state of your financial affairs which you probably want to keep in check.

Here are five tips to help you sustain health and create financial freedom in the years ahead.

1. Physical activity

Information from the Australian Medical Association[ii] shows that regular exercise has the potential to:

- **Increase** life expectancy
- **Reduce** the risk of some cancers, cardiovascular disease, type 2 diabetes and osteoporosis
- **Reduce** high blood pressure and the risk of falls
- **Improve** bone health and body mass index
- **Ease** feelings of stress, anxiety and depression
- **Enhance** mobility and balance.

The Department of Health and Ageing recommends at least 30 minutes of exercise five days a week and that being active in 10 to 15 minute slots can also work just as well.[iii]

Different forms of individual or group exercise may include:

- Brisk walking
- Golf or bike riding
- Gym sessions
- Pilates, tai chi or yoga
- Water aerobics
- Swimming, sailing and dancing.

You can locate activities near you via Active Ageing Australia if you're looking for ideas.

2. Regular check-ups

While many health issues can be aided with physical activity, you may need to talk with your doctor, physiotherapist, podiatrist or local fitness centre about the type and amount of activity you can do.

The Department of Health and Ageing has tips on different exercises and where to start.

Making time for regular check-ups is a great way to take care of your overall health and ensure you stay on top of any issues before they escalate.

3. Mental stimulation

Researchers believe many supposed age-related changes are in fact lifestyle related. Memory loss, for instance, can reportedly be improved by 30 to 50 per cent simply by keeping the brain active.[iv]

Some ways to do this could include:

- **Taking up a hobby** – YourLifeChoices and About Over 50s have lots of ideas
- **Getting involved** in social activities and excursions through groups like Probus
- **Helping others** – you can find a national database of opportunities at GoVolunteer
- **Enhancing your tech skills** through the Australian Seniors Computer Clubs Association
- **Getting a full or part time job** – check out BeNext for suggestions
- **Reading, Sudoku, card games, crossword puzzles and chess.**

4. Support network

Staying motivated is important so choosing hobbies or physical activities you like and having a buddy you can team up with may make it more fun.

By keeping up a routine and social connectedness you're more likely to maintain a greater sense of wellbeing.

There are also social support services that can help you to maintain an active social life by having someone visit you in your home, or by arranging visits and outings in the community.

5. Financial wellbeing

With Australians having one of the longest life expectancies in the world today, one of the catches is that a longer retirement will cost you more.

According to an AMP.NATSEM report, the reality is the majority of Australians won't have enough savings to live comfortably when they retire.

It's important to think about your finances as well as your health as both will affect how comfortably your current and future lifestyle will be.

Planning ahead can make the world of difference and remember, it's never too late to get physically and financially fit.

Produced by AMP Life Limited

i http://www.treasury.gov.au/PublicationsAndMedia/Publications/2015/2015-Intergenerational-Report
ii https://ama.com.au/position-statement/physical-activity-2014
iii http://www.activeandhealthy.nsw.gov.au/assets/pdf/stayactive_web_final.pdf
iv https://www.betterhealth.vic.gov.au/health/healthyliving/healthy-ageing-stay-mentally-active

Is that a driverless car in the next lane?

As technology forges ahead, we're all but chasing after it.

Life as we knew it in the 80s and 90s is now ancient history. Today, digital devices in Australia have made the way we communicate, socialise, work and behave just about unrecognisable.

The fact is Aussies are so screen-obsessed that we're walking and texting, talking and browsing, eating and researching, reading and driving—all at the same time.

Yes, not only are we glued to our devices more than 440 million times a day, 42% of us confess to doing so while driving.[i] So with the small screen overtaking the windscreen, we may be sharing the road with driverless cars already.

We've come a long way

In the late 1980s super-early adopters had to pay more than $4,000[ii] for the convenience of a portable phone. Even though it weighed a tonne, at the time it represented a turning point in communications technology.

These days around 80% of Australians carry a smartphone[i] and these affordable mini computers are keeping us connected around the clock.

A vicious cycle

Our fixation with logging on is feeding a growing fear of missing out which feeds the fixation with logging on. And on it goes.

Australians look at their smartphones more than 440 million times a day collectively—an average of 30 times a day or 56 times for younger adults.[i] And according to a 2015 survey most of us are doing it everywhere—on public transport 88% of people are connecting, at work it's 92% and 88% of us even go online when talking with friends.[i]

And with a rising 340,000 terabytes of data being downloaded every month in Australia, and one third of the population checking their devices within five minutes of waking up in the morning,[i] it may be safe to say we're becoming screen obsessed.

It's not just the younger generation…

It's true that older people have generally been slower to adopt online devices compared to younger age groups but that's changing. 95% of all users, young and old, are using their smartphones to take photos, including selfies[i]. And more than 25% of people over age 55 are using smartphones to connect via social media. That's an increase of 45% since 2014.

What's to come?

There seems to be no end in sight. Technology is changing at exciting and sometimes overwhelming rates.

We've seen a rapid evolution in the development and sophistication of like televisions, watches, fitness monitors and touchscreen kitchen splashbacks. And for some of us, the fact that the car no longer needs a key has been a revelation. But with car manufacturers now moving on from keyless ignition to driverless vehicles, it's likely we'll have even more time to fixate on our screens.

i Deloitte Mobile Consumer Survey 2015.

ii The Australian Mobile Telecommunications Association.