



Money Matters

Autumn 2017

Welcome to this Autumn edition of the personal finance newsletter from Richard Shermon at Reserve Financial Consulting. With the warm weather now behind us and the end of the tax year only a couple of months away now is a great time to be reviewing your financial plan.

Make the most of your superannuation tax concessions!

With the end of the tax year only a couple of months away this is a good time to check you are making the most of your superannuation tax concessions in order to give your retirement savings a boost. Here are some of the concessions which might be available to you depending on your personal circumstances.

1. If your total income for this tax year is likely to be less than \$51,021 then consider making a contribution to your superannuation fund of up to \$1,000 as you may qualify for the Government co-contribution of up to \$500.
2. Concessional contributions, which typically comprise of employer contributions (including salary sacrifice) and personal contributions claimed as a tax deduction, are a great way to boost your superannuation savings. This is because the contribution is only taxed at a rate of 15% rather than at your marginal tax rate if taken as income. These contributions are capped at \$30,000 for the 2016/17 tax year (\$35,000 if age 49 or over on 30th June 2016). If your income is above \$300,000 then the tax rate on your concessional contributions increases up to 30%.
3. If you are nearing retirement and looking to boost your superannuation consider making a non-concessional contribution of up to \$180,000 before the end of the tax year. If you were under the age of 65 at any time in the financial year you may bring forward up to 2 future years' entitlements. Where these bring forward rules are used, total non-concessional contributions made in a 3-year period (starting on the 1 July of the first financial year in which non-concessional contributions exceeded \$180,000) cannot exceed \$540,000.
4. If your spouse is expecting income (which is defined as their assessable income plus reportable fringe benefits plus reportable employer super contributions) below \$10,800 then you might consider making a contribution of up to \$3,000 to boost their superannuation as you might then qualify for a spouse contribution tax offset of up to \$540.

If you would like to discuss any of these ideas further then please give me a call on 0401 357 071.

Visit www.reservefc.com.au for more details

Private Health Insurance Premiums Increase Yet Again!

Many people with Private Health Insurance will have recently received notification of yet another rate increase effective from 1st April 2017. These increases have been around 5% this year which is well in excess of inflation. The net premium increase is actually slightly higher than 6% when you factor in the reduction in the Private Health Insurance Rebate.

This is a good time to review the cover you have and see if you can obtain a better deal by changing the type of cover as well as your provider.

For example, you might want to consider if your Extras cover is offering you value for money and if obtaining Top Hospital cover only from a members own health fund could lower your premiums. Also, by accepting a higher excess per claim (say \$500 rather than \$250) you could also reduce your premiums.

To compare different policies each Health Fund has to produce a Standard Information Statement so that you can make sure you are comparing "apples with apples". Also if you decide to use a comparison website service be aware that not all Health Funds may be represented so you might not be obtaining the best deal in the market.

There is great website for product searches: <http://privatehealth.gov.au/>

Here are some examples of the monthly premium rates (before any Federal Government rebate or loadings) being quoted by various Health funds for Top Hospital Cover only, excess of \$500 and no co-payments. The rates are for two adults with dependant(s) cover.

Provider	Product Name	Monthly premium^
Bupa	Top Hospital Cover \$500 Excess Family	\$415.80
HCF	Premium Hospital \$500 Excess	\$418.30
Latrobe	Top Hospital CoverWise with \$500 Excess	\$365.44
Medibank	Top Hospital Essentials \$500 Excess	\$394.90
NIB	Top Hospital \$500 Excess	\$526.34

^Source: www.PrivateHealth.gov.au

As you can see there is quite a large variation in monthly premiums which should make it worth your time to shop around!

Choice have written a [good buying guide to Private Health Insurance](#) if you would like further information.

Macquarie wins Retail Superannuation Fund of the year.

Regular readers of my newsletter will know that I don't like to place too much emphasis on industry awards. However, it was pleasing to see Macquarie win the Retail Superannuation Fund of the year at the Roy Morgan Customer Satisfaction Awards. I often recommend Macquarie Super and Pension Manager to my clients (I use this plan for my own superannuation savings) due to its competitive pricing, excellent product features and wide investment choice. Therefore it is good to see their customer service being recognised based on customer satisfaction ratings across Australia.

Updated Financial Services Guide

Please note that I have an updated Financial Services Guide (issued on 20th April 2017 as Version 7.1). A copy can be downloaded from my web site at www.reservefc.com.au or by clicking on this link [Financial Services Guide](#)

Some common questions regarding the changes to superannuation rules from 1st July 2017

There are a number of changes to superannuation rules that are due to come into force from 1st July 2017. Here are some of the common questions I have received concerning these changes:-

1. Is the concessional contribution limit really reducing to \$25,000 for everyone for the next financial year? Yes, I am afraid this is the case. Many employed people will need to review their salary sacrifice arrangements to ensure they don't exceed this limit during the next financial year.
2. Is there a \$1.6m limit on how much a married couple can have in superannuation? There is no limit to the amount of money that you can have in superannuation. However, there is a limit to how much any one person can transfer into a pension when they retire (or hold in an existing pension) and not pay any tax on the investment earnings. This limit is currently \$1.6m and it applies at an individual level not as a couple.
3. Any defined benefit pensions I receive don't count towards this \$1.6m limit? Many defined benefit pensions will contribute towards the \$1.6m limit (at approximately 16 times their annual pension rate as at the 1st July 2017). The rules are complicated for defined benefit pensions and financial advice would be recommended in these circumstances.
4. If I have more than \$1.6m in super can I put any more money into super after 1st July 2017? Yes you can but only concessional contributions (eg. Superannuation guarantee, salary sacrifice and deductible personal super contributions). If your super balance exceeds \$1.6m as at 1st July 2017 you won't be able to make non-concessional contributions during the next financial year. Also, the non-concessional contribution limit is reducing from \$180,000 to \$100,000 for the next financial year.
5. Are there any changes applying to Transition to Retirement pensions? Yes, the main one is that the tax exemption for investment earnings will be removed from 1st July 2017. This will reduce the attractiveness of this strategy and it may make sense to commute the pension back into accumulation phase or make it a full account based pension if you have satisfied a condition of release. The full account based pension will continue to enjoy the tax exemption on investment earnings subject to the balance transfer cap restrictions.

How can you obtain quality financial advice?

By contacting Reserve Financial Consulting which is a financial planning business based in the Bayside area. I specialise in providing advice in the area of Investments, Insurance, Superannuation and Pensions.

I am the Managing Director of the business and I have over 25 years experience in the financial services industry in the UK, Singapore and Australia.

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I provide advice to my clients on a fee for service basis and no commission is received on any of the products I may recommend. A typical financial plan costs approximately \$2,500 (plus GST) to research, prepare and implement.

Please give me a call to set up an initial appointment to discuss any personal finance issues or concerns that you may have. I am sure I will be able to help.



There is no charge for the first meeting

Important information. This newsletter has been prepared to provide you with general information only. It is not intended to take the place of professional financial and taxation advice and you should not take action on specific issues in reliance on this information. In preparing this information we did not take into account the investment objectives, financial situation or particular needs of any particular person. The case studies in this newsletter are hypothetical and are not meant to illustrate the circumstances of any particular individual. Before making an investment decision, you need to consider (with or without the assistance of an adviser) whether this information is appropriate to your needs, objectives and circumstances. You should obtain a copy of the relevant Product Disclosure Statement (PDS) before making a decision to invest in any financial product. This information is provided for persons in Australia only and is not provided for the use of any person who is in any other country.