

When can you access your super?

From 1 July 2015, new superannuation preservation ages will take effect. Those of us born after 1960 will feel the impact so it might be time to consider what this will mean for your retirement plans.

New preservation ages are geared toward encouraging maximum retirement savings. Enabling income from income streams to be tax-free after age 60 ensures superannuation savings are primarily used for funding retirement, rather than paying off the mortgage or otherwise blowing the money. The intention, of course, is financial independence in retirement. **From this July preservation ages will be as follows:**

Date of birth	Preservation age
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

The new structure means that if your birth date is anywhere from July 1960 onwards, you will have to wait longer before you can access your super savings – age 60 if you were born after 1 July 1964.

To illustrate simply how preservation and tax affects superannuation, we took a look at two clients with different situations.



Graeme is 56 and still working full time. As he is able to access his super, he came to see us about a transition to retirement strategy (TTR) which would enable him to keep working and contributing to super, while taking pension payments to make up the shortfall in his salary.

In a nutshell, Graeme's take home pay would be unchanged yet he would be able to increase his superannuation contributions to boost his super savings. Graeme plans to retire at 60, when he will convert the balance of his super to an income stream; the payments will be tax-free.

TTR strategies are gaining popularity for good reason. Ask us if a TTR could work for you too.

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Meanwhile, we met **Janette**, a 54-year-old single lady who wants to retire from work this year. Janette will need to live off her investment savings until she reaches her preservation age of 56. At that stage, Janette plans to take a lump sum to go on a cruise, then take the balance of her super in the form of a pension.



Her tax position looks like this:

After preservation age (56)		Taxed at
Lump sum	\$10,000	Marginal tax rate or 21.5% whichever is lower
Income stream	Prior to age 60	Marginal tax rate
Income stream	After age 60	Income is tax-free

Superannuation is highly complex and everyone's retirement goals differ. When you speak with us about your retirement plans, we work with you to develop a strategy that helps you achieve your goals.

IF YOU WOULD LIKE TO DISCUSS ANY OF THE FINANCIAL TOPICS FURTHER PLEASE CONTACT OUR OFFICE



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Aged care – how will it affect your family?

As older Australians make up a larger portion of our population, affordable and reliable care options for our seniors become paramount to more families.

Naturally, when investigating options for an elderly person, finding the right level of care is crucial, as is anticipating future care requirements and planning ahead.

Given a choice, most people would prefer to remain in their own homes but places are limited by the number of visiting carers and services available. The government has committed to ensuring that home care resources will be gradually increased over the coming years, including the provision of differing levels of home care. Costs associated with care are calculated on the single basic age pension and perhaps an extra income tested fee determined by the care required.

The rationale is that those who can afford to pay for care should do so, while the government will subsidise those who don't have the capacity to pay. People on full pensions are exempt from paying care costs. Fees are now capped on an annual or lifetime basis and indexed annually.

When entering care accommodation aged care residents will have the choice of paying a Refundable Accommodation Deposit or making periodic Deposit Accommodation Payments.

To safeguard against the care facility becoming insolvent and unable to repay bonds, the government undertakes to make the repayment to either the resident or their estate. Bond amounts will be recovered by the government by it levying a regular fee against the care facility.

Other key aspects of our aged care management include:

- There is no difference between high and low care so that the level of care can be adjusted seamlessly as needed.
- Care facilities are able to offer a wide range of extra-service packages. These are available to all residents for an additional fee, and residents can choose to opt-in or opt-out.
- Additional funding will be allocated to caring for patients with dementia.
- The family home remains exempt from means testing and asset testing.

In an aging society, care for older Australians is a real concern for governments, communities and families. It requires genuine and careful attention. Ongoing reviews and reforms will help, but we can assist you to create a tailored strategy that will help you plan for your own family's future.



Federal Budget 2015 – a reminder

Please remember that although the Federal Budget generates media frenzy, most of the major changes announced are only **proposed** changes.

They will not come into effect until passed by both Houses of Parliament and receive the Governor General's Assent.

No doubt there will be much debate and media attention placed on these proposed changes, but until we advise you that the changes have become law and how they may affect your financial situation, we all just have to wait and see.

Stay tuned...

What is your most valuable asset?

Is it...

- a) your house,
- b) your superannuation, or
- c) your income?

For most people, the answer is c). Without the ability to earn income we don't have the money to pay the bills and save for the future.

Financial security doesn't just mean accumulating wealth but also protecting it. Many people insure their house and car but forget about protecting their income. If you are sick or injured and cannot work, you may have savings or sick leave from your employer to keep you afloat. But after that...?

Talk to us about protecting your most valuable asset.

changes to super caps

There will be no changes to the superannuation contribution caps for the 2015/16 year.

Limits will remain the same as last year:

Concessional (before tax) contribution cap (age as at 30 June 2015)
\$30,000 per annum (up to age 49)
\$35,000 per annum (age 49+)
Non-concessional (after tax) contribution cap
\$180,000 per annum or \$540,000 over three years

It's important to note that Super Guarantee contributions on salaries of more than \$315,000 per year will be in breach of their caps without anything else being counted. Contact us if you need assistance in this area.

Is your business your super?

Many self-employed people view the sale of their business as their retirement fund – their superannuation. So just like ensuring superannuation investments are being well managed, business owners need to plan ahead to ensure their business can continue to provide a reliable income after they retire.

One of our clients, Dale, is a typical example of this expectation – he is an accountant working from his custom-built office attached to his house. He wants to retire in a few years, and has always assumed that he can sell his business and retire on the proceeds. Although he advises his clients they must plan ahead, amazingly he has failed to follow his own advice and has never documented a succession plan.

Dale understands the value of the loyal client list he has built up over 20 years. Those clients will continue to need good accounting advice in the future, and their fees will provide an ongoing income stream to the business that services those needs. If Dale can transfer his clients' loyalty to another accountant, then it represents an asset he can sell. Its potential value will be a multiple of this income stream.

To plan his succession, Dale could explore a few options. He could employ a junior accountant to train up with a view to having him or her buy his business. Or he might be able to sell the business to an established accounting firm and continue to work with his clients as he transfers their loyalty to the new owner.

Any sale proceeds Dale receives will be treated as a capital gain, which would normally be subject to tax. However, a number of concessions are available to small business people, particularly when it comes to retirement. These concessions should reduce or eliminate any capital gains tax payable on the proceeds of the sale of the business.

Business succession confronts many small business operators. It's not a case of one size fits all. The specifics of the succession plan will vary from business to business, and it may present a significant challenge for independently-minded owners. After all, it means progressively giving up control and letting go of the day-to-day running of something they have created personally. It's sometimes a good idea to engage a business consultant to help design and guide the succession strategy.

For many people, converting a business into an asset that can be sold for a six or seven figure sum could be the most profitable use of their time between now and their ultimate retirement. If you're a small business owner, ask yourself, what does your retirement fund look like? If you don't have an answer, talk to us sooner rather than later. Then you can get back to running your business knowing your 'superannuation' is being well managed.





Blogging for a living

Weblogs, or blogs, have risen in popularity dramatically over recent years, with mums, dads, kids and everyone in between posting their blogs on the internet for the world to follow.

Blogs are essentially online diaries, administered by individuals or groups. Readers can usually comment on content and this level of interaction has made blogs a site for the global exchange of ideas.

You don't need to be a professional writer to have a blog (although it does help if you write well) and topics are as varied as the writers themselves. There are host sites where you can find a community of thousands of bloggers in individual pages. Many of the writers

have real talent and are able to engage and amuse readers to such an extent that they actually make money from their blog. Having thousands of people reading your blog on a regular basis is of great interest to advertisers keen to spread the word about their clients' products and services – and who willingly pay for this exposure. To this extent, a good blog writer can quite possibly make a decent living by sharing their lives with others.

Many sites offer free hosting for bloggers, Type “blog hosting” into your favourite search engine and you will find many services to choose from.

If you've always fancied yourself as a writer and you have an interesting story to tell or are an expert in a particular field, why not try your hand at blogging? Who knows, it could be your next career!

Mouth-watering meat loaf

This recipe is great for those nights when you get home late and don't feel like cooking. Using a microwave it's simple, quick and oh so scrumptious! It will become a family favourite.

Ingredients:

500g premium minced beef **1 packet** Maggi Beef Stroganoff Mix
2 x tablespoons finely chopped capsicum (any colour)
1/4 cup tomato sauce
1 egg **1 tablespoon** dried parsley flakes
1 tablespoon dried chopped chives **250ml** cottage cheese

Method

1. Lightly beat egg.
2. Combine mince, sauce mix, capsicum, sauce and egg. Mix well.
3. Flatten mixture out on a sheet of plastic wrap to form a rectangle.
4. Combine herbs and cottage cheese. Spread over meat mixture taking care not to go too close to edges.
5. Roll up meat gently (use plastic wrap to help with rolling).
6. Gently transfer meat roll into a microwave safe dish, making sure ends are sealed.
7. Discard plastic wrap.
8. Microwave on high* for 15 minutes or until meat is cooked.



Alternatives:

Instead of beef mince use turkey mince, and replace Stroganoff Mix with Maggi Chicken Chasseur Mix. (or other flavours that match the meat you've chosen)

Serve with roast vegetables or salad.

Serves two and is tasty either eaten hot immediately or refrigerated.

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