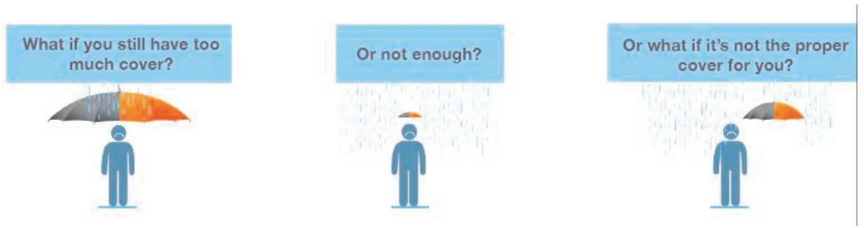
Do You Have Too Much Insurance Cover?

In Australia, Life Insurance and TPD Insurance is typically included in your super – by default. Generally this is a good thing, but if you're one of the 4 in every 10 Australians who have more than one super fund, it may not be a good thing at all.

Why? Because, unless you've opted out of insurance with your other funds, you're essentially duplicating your cover AND your premiums. As you can see below, this can have a massive negative impact on your retirement savings.

Unfortunately, this is not always easily fixed by simply consolidating your super into one fund. You need you need to be sure that you're making a good choice. And that can be more complicated than most people think. For example, what if you choose to consolidate with a more recent fund and then you're no longer covered for a pre-existing condition? Here are three other aspects to consider as well:



There's simply too much at stake to take the DIY option or just assume you're properly covered by default insurance in super. The smart thing to do is get professional advice and make sure you, and the people who depend on you, are properly covered – by an insurer with a track record for swift payment of claims. *(Source: RI Article Hub)*

Saving for Retirement: Hacks for Parents With Dependants

You can build your retirement savings while supporting your dependants.

Providing for your dependent children doesn't have to come at the expense of saving for retirement. There are ways you can build a sufficient nest egg while supporting your children.

Saving for retirement

Forced saving can be your ally in building your retirement fund. Making voluntary contributions to your superannuation through salary sacrifice may boost your nest egg. You can make concessional super contributions of up to $25,000 each financial year – including your employer's super guarantee contribution. The government will tax your salary-sacrificed contributions at 15 per cent, which could be much lower than your marginal tax rate.

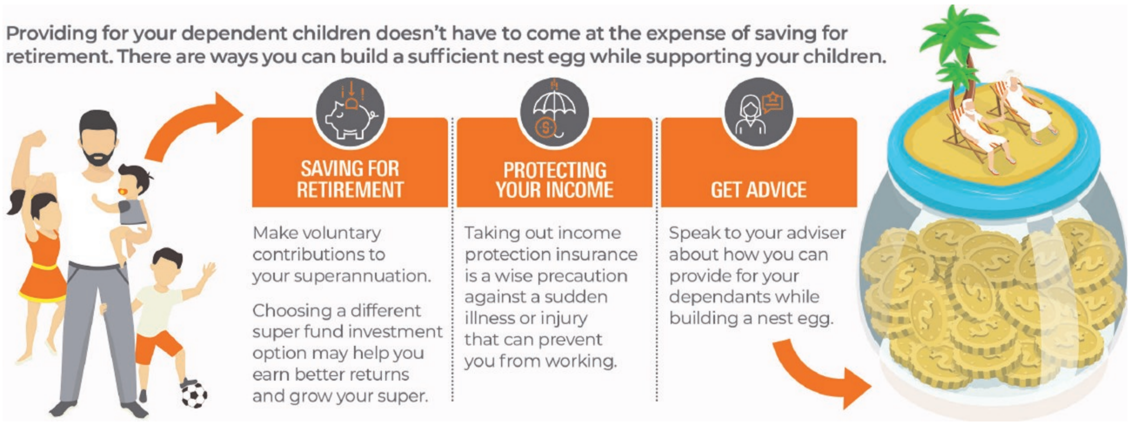
It may also be worth looking at how and where your super fund invests your money. Choosing a different investment option may help you earn better returns and grow your super.

Super can be a difficult subject to get your head around. Speak to your adviser about how you can boost your super by making voluntary contributions or changing your investment options. Your adviser can also discuss with you some retirement saving options beyond super.

Protecting your income

While you're building your fund for old age and supporting your dependants, it's important to protect your current income in case you're not able to work due to an illness or injury. Taking out income protection insurance is a wise precaution against a sudden illness or injury that can prevent you from working. This policy may provide a monthly income to support you and your family during your recovery and help you stay on track with your financial commitments.

It's also crucial to ensure your dependants are looked after if you die or became seriously ill or disabled. Having life insurance, total and permanent disability cover, and trauma insurance can help you protect what's important to you.



Get advice

Balancing your need to prepare for retirement and your responsibility to your dependants can be tough. But keep in mind that help is available.

Speak to your adviser about how you can provide for your dependants while building a nest egg for your own comfortable retirement.

(Source: RI Article Hub)

RETIREINVEST

RI advice
Retirement Advice Specialists

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RI Toowoomba & Ipswich

In this Issue

Jeff's Jottings

Welcome to Spring!

The bureau of meteorology has said we will be looking at warmer than average days and a drier season all round which isn't what we want to hear at the moment with the drought. Our thoughts are with the farmers as they struggle through another dry season.

Another Prime Minister?! Scott Morrison is our 30th Prime Minister and our 5th in 5 Years. Government changes are always very interesting for us due to inevitable policy changes. We will be watching this closely and will inform you with any changes that may affect you.

Last month Celeste, Dene, Caroline and myself attended our annual Re-Connect conference in Melbourne. The conference is a great opportunity for our advisers to network with other RI Advice colleagues, expand our knowledge and learn about new and upcoming changes for our industry.

Should you have any queries about your finances, as always, please feel free to call our office and speak to our friendly team.

Kind regards,

Jeff English

CEO & Senior Financial Adviser

Market Insights

Emerging market tensions will not evaporate, but they may subside for now. The CBA Global Markets Research team assesses the recent emerging market volatility, with a close look at Turkey and the implications of a weaker Lira. They also explain the impact this is having on the Australian dollar – particularly against the strengthening USD.

The Turkish Lira has consistently depreciated since 2008. The depreciation in the Lira has reflected consistently high Turkish inflation. Turkish inflation has printed at an average of 8.5% since 2008, and high Turkish inflation expectations have become embedded throughout the Turkish economy. Since the beginning of the year, the Turkish Lira has declined by more almost 60% against the USD

Turkish real interest rates have been largely negative since 2010, as the authorities' prioritised economic growth over inflation. This was, (and remains), an inappropriate policy setting for an emerging market economy with a large current account deficit (6.3% of GDP).

Turkey's President Erdogan refused to be pressured by recent economic and political developments. The U.S. Administration recently imposed sanctions and tariffs on steel and aluminium imports from Turkey, but indicated they would drop the tariffs in exchange for the release of a U.S. pastor held by the Turkish authorities. Turkey's Erdogan stated we will say "*bye-bye to those who are ready to give up their strategic partnership*" referring to the U.S. and the NATO alliance.

Erdogan also ruled out future agreements with the IMF which have added further uncertainty for market participants. A short-term lift in Turkish interest rates (or implementation of capital controls) may stabilise the downward pressure on the Lira. But Erdogan has stated he is not willing to lift interest rates because they are a "trap" making the rich richer and the poor poorer.

The implications of a weaker Lira

The depreciation in the Lira makes it more expensive for Turkish borrowers to repay unhedged debt denominated in foreign currency. The depreciation in the Lira has fuelled concerns Turkish borrowers will be unable to repay large quantities of debt denominated in foreign currency. In particular there is concern over the exposure of European banks to Turkey.

The Bank for International Settlements (BIS) statistics show European banks have around $US170bn exposure to Turkish banks and non-financial corporates. Spanish banks' exposures to Turkish banks and non-financial corporates are around $US80bn. French banks also have large exposures to Turkish banks and non-financial corporates ($US38bn).

The Lira's depreciation will lift local inflation from its already high level of 15.9%, and this, along with a weakening in Turkey's economy, is the biggest risk to the health of locally-denominated Lira loans.

The Turkish central bank was forced to aggressively raise interest rates in April and June from 8.0% to 17.75%, reflecting Turkey's high inflation, recent Lira depreciation, and elevated political risk.

High interest rates will have a negative impact on the ability to recover loans. Consensus estimates show Turkish GDP growth is expected to print at around 3.3% in 2019. There are downside risks to these projections, particularly with inflation lifting. Consequently, there is the risk that Turkish loan impairments will increase considerably over the coming quarters.

European bank exposures to Turkey, while large in nominal terms, do not constitute a large part of total aggregate lending or profitability for European banks.

The efforts announced by the Turkish central bank to stabilise the Turkish Lira appear to have helped. These measures were announced by the Turkish central bank after the initial steep depreciation on 13 August.

Turkish developments are unlikely a repeat of

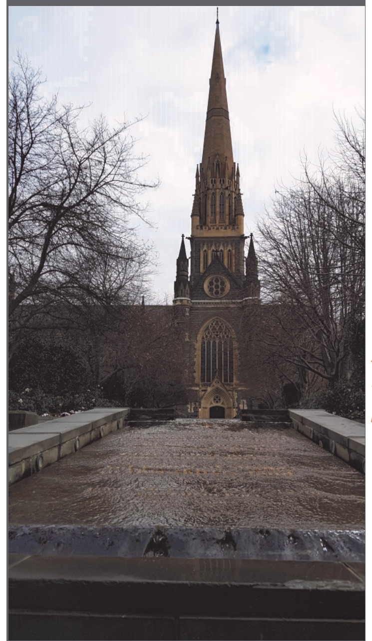
(Continued on Page 2)

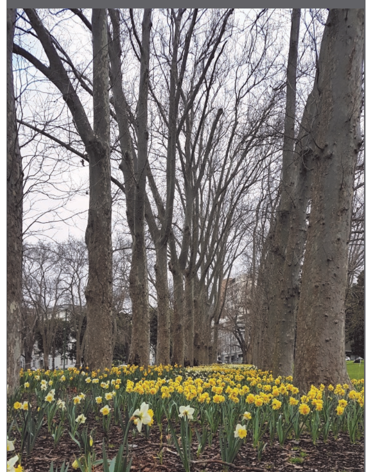
RI Re-Connect Melbourne 2018

In August, our advisers Jeff, Celeste and Dene attended the annual RI Advice Group Re-Connect Conference in Melbourne at the Park Hyatt Hotel, next to the elegant St Patrick's Cathedral.

The main theme of the conference was around updated regulatory changes within our industry and an inspiring guest speaker Stephen Scheeler, former Facebook Managing Director.

Celeste and Jeff took some lovely photos of the Cathedral and scenery surrounding the hotel.





(Continued from page 1)

"Greece" for European banks, the euro and global financial markets. European banking exposure is relatively small and Turkey is not in the Eurozone.

Impact on Australian dollar

The Australian dollar / US dollar is under pressure because a stronger US dollar with the AUD/USD falling close to 7% year to date. There are several reasons for the depreciation. The timing of the commencement of the Reserve Bank of Australia tightening cycle is expected to be later, with the first rate hike now expected by CBA in November 2019. Softer commodity prices and a lower terms of trade, helped by a marginal softening in the global economy are also factors as is an economic slowdown in China. Overall though the Australian dollar is expected to remain around current levels in the near term before drifting higher, supported by a narrower Current Account Deficit, currently 2.3% of GDP, compared to a 30-year average of 4.2% of GDP.

Other emerging markets

Emerging market tensions will not evaporate, but they may subside for now. With the US Federal Reserve on track to raise interest rates again in September, and the USD set for further strength, there is the risk that emerging market currency volatility could re-emerge at some point.

Some of the concern comes from a build-up in emerging market USD credit (bonds and bank loans). This totalled US$3.7trillion, or 11% of EM debt at the end of Q1 2018. However this build up has been consistent with the expansion in nominal GDP. However the worry is a stronger US dollar and higher interest rates could make it more expensive for the borrowers to roll over and service this debt. Most EM economies have a favourable economic backdrop that suggests a destabilising EM debt crisis is low.

Risk of contagion is low

First, the balance of payments backdrops in the main EM regions are not problematic. The South East Asian region has a current account surplus, and the current account deficits in emerging Europe and Latin America are small and manageable. Moreover, as a whole, EM foreign exchange reserves currently total about $US6.6 trillion compared to well under $US1 trillion in the late 1990s, although half are owned by China. The large stockpile of foreign exchange reserves provides some helpful insulation for EM economies.

Second, domestic economic conditions in the main EM regions remain encouraging, supported in part by accommodative monetary policy.

Third, most EM countries have flexible exchange rates which should act as an economic shock absorber during period of financial market stress.

Finally, research from the RBA (shows that most EM corporate borrowers have little currency mismatch on their balance sheets. So servicing that USD debt should not be problematic. For instance non-financial USD borrowers in Chile, Brazil, Mexico, Russia and South Africa tend to be commodity producers so their USD earnings generally line up with their USD debt.

(Source: Colonial First State 29th August 2018)

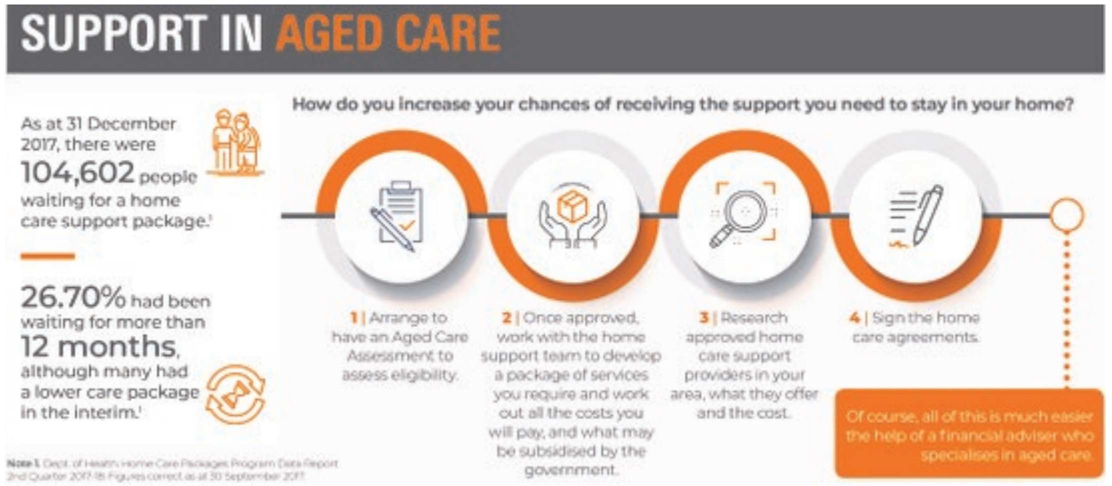
Support in Aged Care

As at 31 December 2017, there were 104,602 people waiting for a home care support package. A staggering 26.70% had been waiting for more than 12 months, although many had a lower care package in the interim.

How do you increase your chances of receiving the support you need to stay in your home?

- Arrange to have an Aged Care Assessment to assess eligibility.
- Research approved home care support providers in your area, what they offer and the costs.
- Once approved, work with the home support team to develop a package of services you require and work out all the costs you will pay, and what may be subsidised by the government.
- Sign the home care agreements.

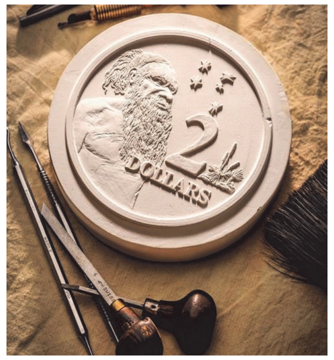
Of course, all of this is much easier with the help of a financial adviser who specialises in aged care.
(Source: RI Article Hub)



30 Years of the $2 Coin

Exactly thirty years ago, Australia's two dollar note was retired and the two dollar coin was born. On the 20 June 2018 the Royal Australian Mint (the Mint) celebrated the two dollar coin's thirtieth birthday, looking back at designs and themes the coin has marked over three decades.

The two dollar coin was introduced on 20 June 1988 following a decision by the Treasurer, Paul Keating, to replace the two dollar notes as they were damaged too easily. Since then approximately 864 million two dollar coins have been produced by the Mint.



Numerous designers were invited to contribute designs for the two dollar coin based on a brief to include a representation of the head and shoulders of an Aboriginal Australian, the Southern Cross and Australian flora. The chosen design was prepared by Mr Horst Hahne, with inspiration taken from an original artwork by Mr Ainslie Roberts.

"In 1988 the two dollar coin joined Australia's circulating currency and with it came the opportunity to honour the original inhabitants of Australia on our coins," says Ross MacDiarmid, CEO of the Royal Australian Mint.

"In the 30 years since, the two dollar coin has continued to celebrate Australia's history and culture. There have been many special edition commemorative designs marking Anzac Day and Remembrance Day, as well as milestones such as Her Majesty Queen Elizabeth II's 60 years on the throne."

To acknowledge thirty years of the two dollar coin, the Mint has produced a commemorative set that unites twelve of the designs that have entered into general circulation, including Anzac Day and Remembrance Day releases.

"The set is a celebration of the heritage, creativity and engineering excellence for which the Royal Australian Mint is renowned," says Mr MacDiarmid.
(Source: Australian Mint Website)

Save for Your First Home Through Super

A new scheme may help you make your dream of owning a home come true.

High property prices have made owning a home unattainable for many prospective first time buyers. But the First Home Super Saver scheme, passed by the Australian Government in December 2017, may help keep their dream of buying their first home alive.

The scheme helps you save for your first home by allowing you to use the concessionally taxed superannuation environment to build a house deposit. Eligible voluntary contributions are limited to $15,000 in any one financial year and $30,000 across all financial years. They include voluntary concessional and voluntary non-concessional contributions.

You can withdraw eligible contributions, plus associated earnings, from 1 July 2018 to buy or build a first home. You may be allowed to withdraw 100 per cent of eligible non-concessional contributions and 85 per cent of eligible concessional contributions.

Check if you're eligible

To be eligible to have your contributions released, you must be aged at least 18 and must not have owned property in Australia or asked the Commissioner of Taxation to release funds previously under the scheme. If you have owned property, you may still qualify if the Commissioner determines that you have suffered a financial difficulty that led to the loss of your property.

The Australian Taxation Office will assess eligibility to withdraw contributions on an individual basis. This means you and your partner or a family member may each apply for a release of contributions to buy the same property.

Once your super fund releases your contributions, the Commissioner of Taxation will withhold tax. This will be calculated at your marginal tax rate – less a 30 per cent offset.

You have up to 12 months from the time you receive the first amount to sign a contract to buy or build a house. If you need more time, you may apply for an extension of up to 12 months.

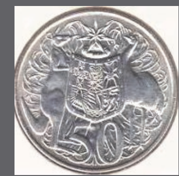
Get advice

It's important to seek professional advice before you consider making or withdrawing voluntary super contributions to buy your first home. Talk to your adviser to see how the scheme can work for you.
(Source: RI Article Hub)

Money Fun Facts

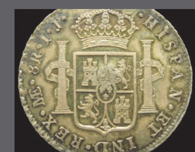
Many of Australia's one and two cent coins were melted down to be turned into the bronze medals for the Sydney Olympic Games in 2000. These coins had been to many places in the country, and had been touched by many different people. Not only did we melt the coins together, but we melted together enough stories to say that everyone in Australia was part of those Olympics.

Did you know that the 50 cent coin was once circular like our other coins? It changed its shape in 1969 because it looked and felt too much like the 20 cent coin.



Before decimal currency, many Australians enjoyed the Christmas tradition of putting threepences and sixpences in their Christmas puddings, to be found by lucky family members during Christmas lunch. Sadly, decimal coins are made of different metals and are not suitable to mix with food.

The dollar sign is believed to have originated from old Spanish eight *reale* coins (the coins known to pirates as "pieces of eight"). The reverse of these coins features a pillar of Hercules with a ribbon wrapped around it… looking very much like the $ symbol we now know so well.



Since her coronation in 1953, five effigies of Her Majesty Queen Elizabeth II have appeared on the obverse of Australian coins.

(Source: Australian Mint Website)