

Cashflow: Top Tips to Keep in Mind

We all like a good cost saving tip, even if it is something we already know, it never hurts to revisit some top tips and take a look at our current situation to see if there are savings to be made.

Any little savings we make throughout the year can be diverted to a bigger savings pool such as an investment portfolio or term deposit to help build wealth over time.

Check your super

If you are not completely aware of what you have in your super fund and how it is performing now is the time to do a quick investigation. Having one fund, instead of multiple funds may save you on fees. Being with a top performing fund rather than a default fund could mean a higher return on your investment, which really adds up over time. Making sure you are only paying for what you need is important, if you are paying for insurance when you have a separate insurance policy this could be an expense you get rid of. However, there is not a one size fits all approach, which is why tailored financial advice could help to find a super solution that suits your individual circumstances.

Salary sacrifice

This is a good way to reduce your taxable income and boost your super. Some of your pay is diverted to your super fund, hence reducing your taxable income, and this money is taxed within the super fund at only 15%. The other benefit of course is that it boosts your super fund and with the power of compound interest over time you can set yourself up for a nice retirement lifestyle.

Utility costs

Reviewing your utility costs each year can be a great way to make little savings add up. By reviewing the contracts you are on, asking the provider for a better deal or getting onto a pay-on-time contract that offers a discount are simple ways you can save on utilities. Consider ways you can be smarter with your utilities at home – buy energy efficient appliances, turn off lights when you are not using them, take shorter showers, install a water tank, be conscious of your use of utilities.

Consumption

Whilst you don't want to deny yourself too many little luxuries or conveniences, looking at your levels of consumption could expose some cost savings. Consider walking or taking public transport rather than driving everywhere, only buy what you need at the grocery store rather than stockpiling, reduce the number of times you eat out or buy coffees by one less a week, don't rotate your wardrobe items until you have worn out existing items, take advantage of free activities in your local area such as the library, beach, bushwalks which will connect you with the community and save money on entertainment.

A professional financial adviser can help you with cash flow and budgeting and then help you divert your savings into a vehicle that will start making you some money. *Source: RIArticle Hub*

CASHFLOW: KEEPING TOP TIPS TOP OF MIND

1 CHECK YOUR SUPER

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2 SALARY SACRIFICE

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3 UTILITY COSTS

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4 CONSUMPTION

Looking at your levels of consumption could expose some cost savings.

TIME TO GET SERIOUS ABOUT SAVING

RETIREINVEST

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RI Toowoomba & Ipswich

Jeff's Jottings

All eyes were on Canberra on Tuesday 2 April with the release of the Federal Budget 2019 by treasurer Josh Frydenberg.

"The country is living within it's means!", he declared, stating the budget surplus is \$7.1 billion and there will be \$45 billion of surplus over the next 4 years. In this issue we will breakdown what was delivered in the budget and how it may affect you.

Please don't hesitate to contact the team at RI Toowoomba if you have any questions or queries that are concerning you.

The management team recently returned from RI's National Conference in Japan. We always enjoy the opportunity to meet with our peers and gain valuable insights into world events and international markets. The many world class speakers and motivators have reinvigorated us to face the challenges of 2019. It was also humbling to receive recognition of 20 years as an authorised representative of RI Advice Group and I would like to thank my dedicated team and loyal clients for their support and trust over that time.

Kind Regards,

Jeff English

CEO & Senior Financial Adviser



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Federal Budget 2019



Superannuation

Superannuation contributions for older Australians

From 1 July 2020, there will be no work test for people aged 65 and 66 when making concessional and non-concessional contributions. Currently, you need to work at least 40 hours over a 30 day period to contribute.

Also, the three-year bring-forward for non-concessional contributions is proposed to be extended to people aged 65 and 66 which means they could contribute up to \$300,000 in non-concessional and \$25,000 concessional contributions in one year.

Spouse contributions

From 1 July 2020, you can continue to receive spouse contributions up to age 74, up from age 69, if the work test is met. This will help couples even up their super balances as they near retirement.

Protecting Your Super Package

In March 2019, the Protecting Your Super Package legislation passed. This means:

- if you have a super balance of below \$6,000, administration and investment fees will be capped at 3%
- from 1 July 2019, you will no longer be charged an exit fee

- if your account has been inactive for 16 consecutive months your insurance cover will cease.

The proposal to ensure insurance is only offered on an opt-in basis for accounts with balances of less than \$6,000 and new accounts belonging to members under the age of 25, did not pass into legislation. The Government will delay the start date for this measure until 1 October 2019.

Social Security

Energy Assistance Payment

A one-off Energy Assistance Payment of \$75 for singles and \$62.50 for each eligible member of a couple.

To be eligible, you must be receiving a qualifying Government payment on 2 April 2019 and be resident in Australia. Qualifying payments are the Age Pension, Carer Payment, Disability Support Pension, Parenting Payment Single, the Veterans' Service Pension and the Veterans' Income Support supplement, Veterans' disability payments, War Widow(er)'s Pension, and permanent impairment payments under the Military Rehabilitation and Compensation Act 2004 (including dependent partners) and the Safety, Rehabilitation and Compensation Act 1988.

RI Connect Japan 2019

In March, our dedicated Management team headed to Japan for the RI Annual National Conference. They were lucky enough to see the Sakura trees in blossom and enjoy a relaxing picnic in the park.



The conference is a great opportunity for our team to interact with their peers and to learn what is happening in the industry. We always come away from conference feeling energised and ready for new challenges



Congratulations to Jeff and Celeste who were both recognised at our recent conference for their support and dedication as an adviser within the RI Advice Group. Jeff received recognition of his 20 years of service and Celeste of her 10 years.



Tax

Personal income tax cuts

The Government proposes the following personal income tax rates.

- From 1 July 2022, the top threshold of the 19% tax bracket will increase from \$41,000 to \$45,000 and the low income tax offset (LITO) will increase from \$645 to \$700.
- From 1 July 2024, the 32.5% tax rate will reduce to 30%.

Low and middle income tax offset

The low and middle income tax offset (LMITO) will increase for the 2018/19 to 2021/22 financial years. After this, LMITO is not available. The maximum LMITO will increase from \$530 to \$1,080.

Proposed personal tax rates and thresholds

Tax rate	Current threshold	Threshold from 1 July 2022	Threshold from 1 July 2024
Nil	0 - \$18,200	0 - \$18,200	0 - \$18,200
19%	\$18,201 - \$37,000	\$18,201 - \$45,000	\$18,201 - \$45,000
32.5% until 30 June 2022 30% from 1 July 2024	\$37,001 - \$90,000	\$45,001 - \$120,000	\$45,001 - \$200,000
37%	\$90,001 - \$180,000	\$120,001 - \$180,000	-
45%	\$180,000+	\$180,000+	\$200,000+
Low and middle income tax offset (max)	\$1,080	-	-
Low income tax offset (max)	\$445	\$700	\$700

To help you estimate the tax benefits for your level of income, refer to the Government's online calculator

Enhancements to the instant asset write-off

If you have a small or medium business, you can immediately deduct eligible assets costing less than \$30,000. The assets must be first used or installed, ready for use, between 7:30pm (AEDT) on 2 April 2019 and 30 June 2020.

Assets acquired between 29 January 2019 and before 7:30pm (AEDT) on 2 April 2019 are subject to a \$25,000 threshold and is limited to small businesses.

The instant asset write-off is expanded to medium businesses by increasing the annual turnover threshold from \$10 million to \$50 million.

Certain assets are not eligible, for example, horticultural plants and in-house software.

Medicare levy low income thresholds

From 1 July 2018, the Medicare levy low income thresholds will be increased to reflect movements in the consumer price index (CPI).

Aged Care

Additional Home Care packages

As previously announced on 10 February 2019, the Government will provide funding for an additional 10,000 Home Care places over five years from 2018/19.

Want to learn more?

Your financial adviser can also help explain how the budget proposals might affect you. Contact our office on 07 4639 3733 to speak with your adviser.

Its Time to Close the Gender Superannuation Gap

In an ideal world, we'd retire from work when we felt like it, free to travel the world, take up a new interest or just relax. But, many women don't have that luxury. They are living longer than men but retire with 37% less superannuation.

And for vast numbers that could mean restricted choices about how they live their retirement. 40% of single women live in poverty and among married women, 44% rely on their partner's income.

This gender super gap is caused by a number of reasons.

- Women working full-time earn 18% less than men
- Women are more likely to work part-time and they generally take time out of the workforce to raise a family or look after elderly parents.
- They're not planning ahead with super contributions if they want to start a business, travel, study or take a gap year.

In 2018, women in full-time work took home an average \$25,717 a year less than men. While raising their children, women often return back to part-time work: 45% of women work part-time compared with 19% of men.

How to achieve #BalanceforBetter?

Short of major changes in the world of work and superannuation policy, the way to achieve a better super balance comes down to you. Rest assured, there's a number of ways to do it. First of all, "get educated", says Nikki Brown, Vice Chair of Women in Super.

It's advice that applies to any age. If your knowledge about financial matters is limited to checking your superannuation statement or balance on your app, learning how to drive your super more effectively doesn't have to be a stretch.

Your superannuation fund's website will provide lots of information. You can also visit an independent site such as the Australian Securities and Investment Commission's MoneySmart for easy-to-understand information about how super works and the options available to you.

For young women just starting out in their careers, retirement is hardly a pressing concern, but making your money stretch further can be. This is a great opportunity to make one of the biggest changes to your financial fortune later in life.

Start thinking about the future now

The best thing you can do is to start early in building your retirement income. A little bit extra towards your super now could grow to a bigger amount later on.

So, if you can make extra contributions to your super, on top of what your employer pays in, it could help you keep ahead⁵. And, if you speak to your employer, you can contribute to your super through salary sacrifice where your employer pays money out of your before-tax salary⁵. It means the amount is taxed at 15%, a big saving on your ordinary tax rate, if you earn more than \$37,000.

Early is best but ...

Don't think that it's too late once you hit your 40s to make a difference to your super balance. Sure, you may have stopped work for a period to have a family and you may now be working part-time. Or you may be divorced and struggling to make the rent or mortgage payments, let alone super contributions.

But, at this age, and later in your 50s and 60s, the friends of your future financial stability are continued employment (while you're working, you can contribute to super); having a budget (live within your means); getting good financial advice (understand it yourself or talk to an expert). Your 40s, 50s and 60s are where the habits of your youth start catching up with you, says Nikki. "It's probably the first time you really understand that retirement isn't that far away – and it's a really scary prospect!"

"The good news is – it's never too late to change your habits, and it's never too late to take your super into your own hands," Nikki says.

Other ways to boost your super

There are two other ways to boost your super balance. If you're married and you earn \$37,000 or less, your spouse may be able to contribute to your super, and possibly earn a tax offset by doing so. Alternatively, you may be able to split contributions with your spouse. Check with your financial adviser to see if this strategy would work for you. You may also be eligible for a boost of up to \$500 direct from the government, if you make a personal (after-tax) contribution to your super and you earn less than \$52,697. It's known as a co-contribution. Check with your fund for more information.

If that's not your thing, the next step may be to talk to a financial adviser who can assess your financial position, discuss your plans for the future and lay out some possibilities that might suit your situation. *Source: Colonial First State*

New Staff Members

We welcomed 2 new staff members into our office in March



Zachary Bichel

Zac joined the RI Team as an Adviser Assistant and has completed a Bachelor of Commerce, has four years experience in an accounting firm and 2 years experience in the financial planning industry. Zac is currently studying his Graduate Diploma of Financial Planning with aspirations to become an adviser.

Outside of work, Zac stays busy by spending time with family and friends, playing cricket, and going to the gym.

Amie Willocks

Amie joined the RI team as our Receptionist after spending 11 years in the customer service industry.

Amie is the friendly voice on the other end of the phone and the welcoming face when you visit our office.

In her spare time, Amie enjoys four wheel driving, camping and planning the next big adventure away with her husband and young son.

Office Closures

Please note the following office closures:

Easter

We will be closed Friday 19th April, reopening Tuesday 22nd April



Anzac Day

We will be closed Thursday 25th April, reopening Friday 26th April



Labour Day

We will be closed Monday 6th May, reopening Tuesday 7th May

