INTEGRA INSIGHTS

Great Advice Greater Life

Winter 2018

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WELCOME

to our Winter 2018 edition of Integra Insights

Unless you have been out of the country, you will have witnessed the Banking Royal Commission which has been featured heavily in the media.

Initially, I did not believe that we needed a Royal Commission rather I felt that the current regulation which is being implemented would be sufficient with what had previously been uncovered by ASIC. Well I was certainly wrong on this one, watching the stories unfold of inappropriate advice misconduct and the lack of corporate governance from management and boards of our major banking and wealth institutions, was both shocking and disappointing.

As you will know we have been strong advocate for professionalism in the Advice Industry and for the last 30 years; I personally have devoted my time and energy to ensure that consumers get advice that is appropriate, meets their needs and objectives, and is in their best interests.

Clearly, as an industry we are not there yet.
The Royal Commission is a turning point in financial services and the positives that we will see is the industry emerge as a true Profession; where above all else the consumer comes first. Changes are already happening with new education standards, a code of ethics, ASIC to approve code monitoring bodies and the formation of the Australian Financial Complaints Authority.

Other areas that will be questioned?

- The way financial advisers within banks are rewarded bonuses and KPIs
- Higher levels of audits and accountability
- Ownership of advice businesses – vertical integration
- Commissions and volume bonuses
- Professional ethics
- Licensing of Financial Advisers

As financial advisers we are authorised by Garvan Wealth Management, owned by MLC and NAB we initially chose them for their quality of licensee services, and their progressive view on advice, with the removal of commissions on investments back in 2008. We believe they provide a high level of compliance, research and technical services.

You may have read NAB is intending to disengage itself from the MLC wealth business which includes the licensee's. We are reviewing our position as an advice business to ensure we continue to operate in an environment that allows us to give high quality tailored advice to our clients.

There is nothing more rewarding than giving advice to clients that changes their lives for the better, it's a privilege and comes with great responsibility. We will continue to monitor the outcomes of the Royal Commission as it continues, and we look forward to the many changes that we have long advocated for.
If you have any questions for us because of the Royal Commission, please don't hesitate to speak with us

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Women get frank about finance

More than half of Australian women feel in control of their finances, but many are concerned about their savings and are missing out on valuable opportunities to boost their superannuation, according to new research released by MLC.

The all-female study revealed just 57 per cent of women across the country feel in control of their financial situation and have confidence they will be able to retire comfortably.

Of the 43 per cent who do not feel in control, 61 per cent said low savings is the main factor. This is in addition to the 32 per cent of respondents who said they have less than a month's worth of savings to live off if they needed to.

The research also revealed that nearly two-thirds of Australian women are missing out on valuable opportunities to grow their super, a figure that MLC is hoping to increase, and one that resonates with Sydney businesswoman and mother of two, Gail Symons.

Time to make women's financial wellbeing a priority

General Manager of MLC Advice Jasia Fabig says Ms Symons' experience is not rare, and that the research findings highlight that, while many women feel comfortable financially, more needs to be done to support them to make their future financial interests a priority.

"What we often see is that women put the interests of others before their own, and at key moments in life – divorce, death, illness, or job loss they are severely impacted.

"Only 34 per cent of the women MLC surveyed are putting extra money into their super, and we'd like to see this number grow.

Women and their money matter, and we want them to be able to weather financial storms," Ms Fabig said.

Other key findings:

• Despite 57% of women feeling in control of their financial situation overall, only 47% of single women report feeling in control of their money

• 81% of women believe they will own their own home in retirement and 77% think they'll have less than 50k left on their mortgage when they retire

• 66% of women are not participating in voluntary super contributions

• Among women who do not feel confident about saving for retirement, 74% believe that high cost of living in Australia is the reason; 48% nominated low super balance s as a factor.

Top tips for women

• Don't delay uncomfortable conversations: Divorce, illness, job loss and death all impact women's wealth, so speak with your partner, family or a financial adviser to ensure you can plan for adverse events and make sound decisions if they occur.

• Get to know your super: How much do you have? How much will you need? How can you benefit from voluntary contributions? All this will have a huge impact when you retire.

• Be independent and become an expert on your money: Know your money inside out and debt, savings, investments, insurance, and super and how all of it works for you.

• Prioritise your financial goals as well as your life and career goals: The decisions you make in work and your personal life will all impact your finances.
Your salary matters:

Your paycheque and super are vital to your financial security. Don't undersell yourself, negotiate your pay,

Fedral Budget - What it means for you?

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On Tuesday 8 May 2018, the Treasurer, Scott Morrison, released the Government's 2018-19 Budget. This year's Budget has an emphasis on retirement planning and contains several important considerations which may affect both retirees and pre-retirees, explored further below.

It's important to note that at this point in time, these proposed measures are not yet law and may be subject to change.

Personal income tax bracket thresholds
Over a seven year period the Government has proposed changes to the personal income tax thresholds and to phase-out the 37% tax rate, described in the following table:

Rate	2017-18	2018-19 - 2021-22	2022-23 - 2023-24	2024-25
Nil	Nil - $18,200	Nil - $18,200	Nil - $18,200	Nil - $18,200
19%	$18,201 - $37,000	$18,201- $37,000	$18,201 - $41,000	$18,201 - $41,000
32.5%	$37,001 - $87,000	$37,001 - $90,000	$41,001 - $120,000	$41,001 - $200,000
37%	$87,001 - $180,000	$90,001 - $180,000	$120,001 - $180,000	bracket removed
45%	$180,000+	$180,000+	$180,000+	$200,000+

Two per cent Medicare Levy retained
The Government will retain the Medicare Levy rate at 2.0% and will not proceed with the proposed increase to 2.5% of taxable income from 1 July 2019.

Low and Middle Income Tax Offset
A new non-refundable Low and Middle Income Tax Offset (LMITO) will be introduced. The LMITO will be a temporary measure applying from 2018-19 until 2021-22.
The maximum annual offset will be $530 and will cut out for those with a taxable income above $125,333 per annum.

Low Income Tax Offset
From 1 July 2022 the annual Low Income Tax Offset (LITO) will increase to $645 and will cut out for those with a taxable income above $66,667 per annum.

Increase to Medicare Levy low-income thresholds
The Medicare Levy low-income threshold will be increased as follows:

Family Status	2017 - 18	2016-17
Single	$21,980	$21,655
Single, eligible for seniors and pensions tax offset (SAPTO)	$34,758	$34,244
Couple	$37,089	$36,541
Couple, eligible for SAPTO	$48,385	$47,670
Additional threshold for each dependent child	$3,406	$3,356

Superannuation work test exemption
From 1 July 2019 the Government will introduce an exemption from the work test for voluntary contributions to superannuation. This is available for retirees aged 65 to 74 with superannuation balances below $300,000 in the first financial year that they do not meet the work test.

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The exemption will be available for 12 months from the end of the financial year in which they last met the work test.

Increasing the maximum number of members in self-managed superannuation funds
From 1 July 2019, the maximum number of members allowable in a new or existing self-managed superannuation fund (SMSF) or small APRA fund will increase from four to six.

Retirement income framework
The Government will require superannuation trustees to develop and offer members retirement income products that provide them with income for life, no matter how long they live.
The Government will consult with industry to confirm the approach and commencement date.

Means test rules for lifetime income streams
From 1 July 2019, the Government has announced new social security means test rules for lifetime retirement income stream products purchased on or after that date.
Under the proposed rules:
• 60% of the purchase price of a lifetime income stream is assessed as an
asset until age 84, or a minimum of five years, thereafter 30% is assessed as an asset for the rest of a person's life; and
• A fixed 60% of all lifetime income stream payments will be assessed as income.
Grandfathering will apply for retirees who purchased a lifetime retirement income streams before 1 July 2019, meaning they will continue to be subject to the current rules. Additionally, retirees with a term and/or account-based income streams are unaffected by this measure.

Expanding the Pension Loan Scheme
From 1 July 2019, the Government will expand eligibility to the Pension Loan Scheme to include all Australians of Age Pension age. Under this measure eligible individuals can obtain a loan (secured against the individual's property) in order to receive a regular fortnightly pension payment of up to 150% of the maximum pension rate. Eligible pensioners who take up this option are able to repay the loan at any time or on the sale of the property and a fortnightly compounding interest rate of 5.25% currently applies.

Introduce an Income Test for Carer Allowance
From 20 September 2018 the Government will introduce a $250,000 annual Income Test threshold for the Carer Allowance (currently $127.10 per fortnight) and Carer Allowance (Child) Health Care Card.

Providing better access to aged care
The Government will provide an additional 14,000 new high level home care packages over four years from 2018-19 in addition to the 6,000 high level packages previously proposed in the 2017/18 Mid-Year Economic and Fiscal Outlook.
The additional home care packages will be complemented by the release of a further 13,500 residential aged care places and 775 short term restorative care places.

For further information regarding these proposed changes, speak to us and we will look at your personal circumstances and assess how you will be affected.

To Downsize or Not?

The kids have moved out and the house is starting to feel empty as well as costing a lot to maintain. So is it time to sell up and buy something smaller? We look at the pros and cons of downsizing the family home.

If you're an empty nester or retiree who owns their own home, chances are you've considered whether it makes sense to downsize your home. While there can be financial and other benefits in selling up, it's important to consider whether it's the right move for you.

The pros
Downsizing your home can be a great opportunity to make a lifestyle change for the better. If you've always dreamed of making a sea-change or tree-change, this could be your chance. Or perhaps you'd like the convenience of a new apartment in a vibrant part of town, or the sense of community and extra support offered by a retirement village.

Moving into a smaller home can be less expensive to manage, with lower rates and electricity bills. It can also reduce the amount of work you need to do to maintain your home, with less cleaning and gardening required.

As you get older, mobility may become an issue, and a home with easy access and fewer stairs can mean you're able to live independently in your own home for longer. Selling up may also mean you can move to an area with better facilities for seniors, such as easy transport and access to healthcare.

Financially, downsizing to a less expensive property can free up the equity you've built up in your home.

You can then use the extra money to go travelling, help out the kids, or simply boost your retirement income.

The cons
However, downsizing does have some drawbacks, both on an emotional and financial level.

To start with, moving is often ranked as one of life's most stressful events. And this can be particularly true if you've lived in your home for a long time, and are leaving a lifetime of memories behind. If you're leaving the area, you may also find it hard to replace the support of neighbours and friends, and you may miss the security of familiar surroundings.

It's also worth considering whether your new home will have space for your children or grandchildren to stay, if that's a priority for you.

If you're selling for financial reasons, it's important to understand how the money will affect your government entitlements, like the pension and other aged care benefits.

Currently, Centrelink doesn't include your home in the age pension assets test. But if you downsize, any cash you have left over will be counted as an asset potentially reducing the pension you receive. Remember too, that moving is expensive, so be sure to factor in all the costs involved, including stamp duty, before you put the house on the market. Decide what's best for you

The government introduced initiatives for older Australians who are downsizing their home, the ability to contribute some of the sale proceeds into Super without passing the work test, these new rules come into effect for the 1st of July 2018

If you're thinking of downsizing it's important to get some practical financial advice that's based on your personal situation and needs. So before making this life-changing decision, come and see us.

Meet the team

Deborak Kent
Deborah co-founded Integra Financial Services in 1996, and has over 25 years' experience as a professional financial adviser. She prides herself on developing long term rewarding relationships with her clients and providing financial guidance throughout their stages of life. She has a thorough understanding of consumer, investor and market behaviour that allows her to share her knowledge and experience with her clients.

Deborah enjoys clearing the confusion of seemingly endless rules and regulations so her clients can get on with enjoying the things that matter most to them.

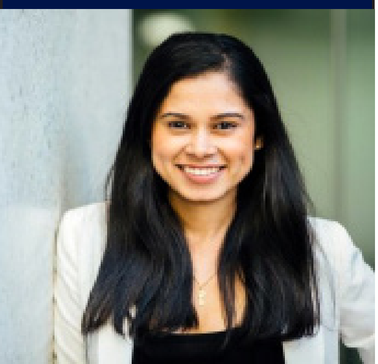
Deborah is a Certified Financial Planner CFP, has a Diploma in Financial Planning. She is a member of the Association of Financial Advisers (AFA) and Financial Planning Association (FPA) and the Australian Institute of Company Directors (AICD)

Anthony Pears
Anthony joined Integra Financial Services in 2000, and has over 15 years' experience as a professional financial adviser. He helps clients achieve their financial objectives and lifestyle goals by providing strategically focussed financial planning advice and solutions.

He enjoys working with his clients who have challenging but realistic expectations who values his advice and support. Anthony prides himself on continuously expanding his knowledge and education so his clients can be confident with receiving the most appropriate advice and solutions for their needs.

Anthony is a Certified Financial Planner CFP, has a Diploma in Financial Planning and a Bachelor of Business. And he is also a SMSF specialist and a member of the SMSF Association, The Association of Financial Adviser (AFA) and Financial Planning Association (FPA).

Lara Parker-Kent
Lara has been with Integra for over 10 years, and is part of the Client Service team. She has been responsible for delivering friendly, efficient service to our clients over the years, she is the friendly face that greets you when you arrive and is a very valued team member



Payal Sharma
Payal recently joined the Client Service Team at Integra in the role of Client Service Officer working with our Advisers to meet all the ongoing needs of our clients. Payal is working to one day become a Financial Adviser.

Integra Financial Services
Suite 4, Level 6, 91 Phillip Street
Parramatta NSW 2150

info@integranet.com.au
(02) 9891 2855