AMBLESIDE NEWSLETTER

WHAT'S INCLUDED

Winter EDITION

A WORD FROM THE PRINCIPAL

Welcome to the Ambleside winter newsletter. A special welcome to our new team member Tom, who started last month as an adviser at Ambleside. See inside for more on Tom.

The Banking Royal Commission has heard some terrible stories of poor behaviour by financial institutions. After 18 months of rejecting the idea Prime Minister Turnbull has admitted this approach was a mistake and that the commission is necessary. Personally I think the inquiry is a positive step forward and while we don't know what the findings will entail it will clean up the sector and make everyone more transparent and accountable.

In early May NAB announced they would be selling their wealth management arm MLC. Although this release was timed around the royal commission it is the result of a much longer review and partly driven by the realisation that wealth management and banking are very different cultures. The sale of MLC won't have any impact on your investments or the service you receive from Ambleside.

The federal budget was released at the start of May with the centrepiece being personal tax cuts out to 2025. It will be very interesting to see if the coalition can get these tax cuts, along with their existing proposed company tax cuts, through the Senate.

We are all set to host our next movie night on 4th July at Capitol Cinema in Kepler Street. This years movie is Oceans 8 so please join us for what will be an entertaining night.

MARKET UPDATE

The first half of the year has seen volatility on both international and Australian markets. Back in early January the US S&P 500 hit record highs that eclipsed even pre GFC levels. The Australian market saw similar results and hit a ten year high with the ASX200 reaching 6,084 in early January. Interestingly is Australia's case this was still well below the pre GFC high of 6,859.

Following these highs the Australian market pulled back 7% to a low point in early April. This was driven by inflation fears in the US and the ongoing threat of a global trade war, which is regularly fuelled by late night Tweets from President Trump.

In Australia the markets are being driven as always by a few major events. It's worth remembering that the largest 10 companies make up over 40% of the ASX 200. These 10 include, amongst others, the four big banks, BHP, Wesfarmers (Coles supermarkets and Bunnings), Woolworths and Telstra.

On the banking front the Royal Commission is dominating proceedings with the big four banks all down over 10% since the start of the year. There will be more to play out in this space but the outcomes of the commission are not likely to threaten their long term profitability.

Despite the short term performance of the banks the Australian market has largely come back from the April low to sit just below 6,000 as this newsletter goes to print.

Once again RBA interest rates have remained on hold, with no change since August 2016, and this has flowed on to sustained low borrowing rates for consumers. Although there's a lot of speculation on when they'll start moving the RBA will be looking for stronger economic and wage growth before they change their tact.

YOU'RE INVITED TO AMBLESIDE'S MOVIE NIGHT

SCREENING

OCEAN'S 8

A light hearted action comedy about eight women's attempt to pull off a heist at New York City's yearly Met Gala.

WEDNESDAY 4TH JULY 2018
AT THE WARRNAMBOOL CAPITOL CINEMA

Cocktail food and drinks will be served upstairs from 5 30 pm.
The movie will be screened at approx. 7 pm.

RSVP: To Paige or Nicole at 03 5561 5180 or info@ambleside.net.au
by Friday 22 June

FEDERAL BUDGET HIGHLIGHTS!

• Taxation proposals

FROM 1 JULY 2018	FROM 1 JULY 2022	FROM 1 JULY 2024
$530 maximum offset for low and middle income earners. Applicable from financial years 2018/19 to 2021/22	19% TAX THRESHOLD INCREASED $41,000 (from $37,000)	37% TAX BRACKET TO BE ABOLISHED
32.5% TAX THRESHOLD INCREASED $90,000 (from $87,000)	32.5% TAX THRESHOLD INCREASED $120,000 (from $90,000)	32.5% TAX THRESHOLD INCREASED $200,000 (from $120,000)

EXPECTED OFFSET BENEFIT BASED ON TAXABLE INCOME BRACKET IN FY 18/19

$90,001 to $125,333	Benefit of new tax offset gradually reduces from $530 to $1
$48,000 to $90,000	Full benefit of $530
$37,001 to $47,999	Tax relief between $200 and $530
up to $37,000	Tax relief up to $200

PROPOSED TAX THRESHOLDS

RATE	CURRENT THRESHOLDS IN 2017-18	NEW THRESHOLDS IN 2024-25
0%	Up to $18,200	Up to $18,200
19%	$18,201 - $37,000	$18,201 - $41,000
32.5%	$37,001 - $87,000	$41,001 - $200,000
37%	$87,001 - $180,000	-
45%	Above $180,000	Above $200,000

• Superannuation measures

3% CAP p.a. on investment fees for super accounts below $6,000, and exit fees banned

1 YEAR EXEMPTION from work test for new retirees with less than $300,000 in super

INACTIVE SUPER ACCOUNTS ATO will proactively reunite dormant super funds with active accounts

UNDER 25 OR LOW BALANCE SUPER MEMBERS will need to opt-in for insurance

Source:
https://www.mlc.com.au/resources/MLC/Marketing/Documents/MLC_infographic_Federal_Budget_2018.pdf

WINTER WARMER CURRY

Ingredients:
3 teaspoons vegetable oil
1 brown onion, thinly sliced
2 garlic cloves, crushed
1/2 cup korma curry paste
400ml coconut milk
1 Continental chicken stock pot
500g baby potatoes, washed, halved
500g cauliflower, trimmed, cut into small florets
1 1/2 cup (180g) frozen peas
1/2 cup chopped coriander
Natural yoghurt, to serve
Coriander sprigs, to serve
Steamed basmati rice, to serve

Method:

Step 1
Heat the oil in a saucepan over medium heat. Cook the onion, stirring, for 5 mins. Add the garlic and curry paste and cook, stirring, for 2 mins or until fragrant.

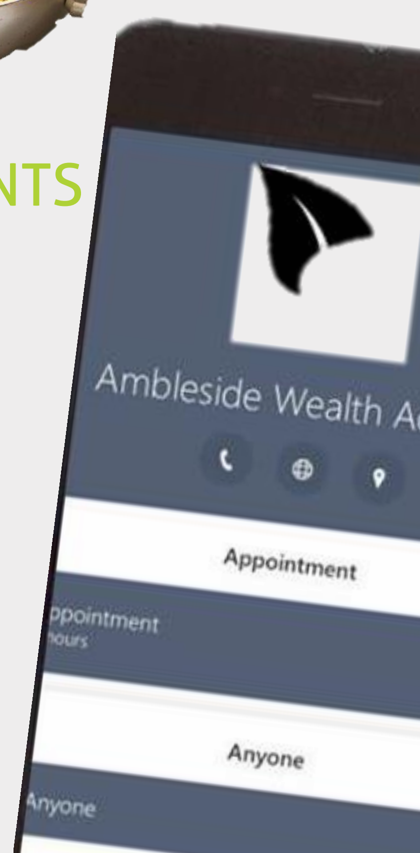
Step 2
Stir in the coconut milk, stock pot and 1 cup (250ml) water. Bring to the boil. Add the potato and cauliflower. Reduce heat to low. Simmer, covered, for 20-25 mins or until potato is tender. Add peas and chopped coriander and cook for 2 mins or until heated through.

Step 3
Serve the curry with natural yoghurt, coriander sprigs and rice.

BOOK YOUR APPOINTMENTS ONLINE!

You can now book your appointments online! Simply go to our website, click the ‘Book Now’ button and book a time to see us that’s convenient for you!

If you’d like any help with using this option, feel free to give Nicole or Paige a call in the office! ☺



UPSIZING YOUR RETIREMENT WITH DOWNSIZER CONTRIBUTIONS

Legislation has passed that will enable people aged 65 or over to make additional super contributions of up to $300,000 per person from the proceeds of the sale of their home from 1 July 2018.

These are known as 'downsizer contributions' and they can be made on top of the existing contribution caps, without having to meet certain contribution rules and restrictions.

THE OPPORTUNITY

The downsizer contribution rules remove some of the barriers that prevent or restrict the ability to make super contributions at age 65 or over. Provided certain other conditions are met (see below) those eligible will be able to contribute up to $300,000 per person (or $600,000 per couple) from the proceeds of selling their home on or after 1 July 2018.

The contributions won't count towards the concessional (pre-tax) or non-concessional (after-tax) contribution caps and there is no maximum age limit. Also, the 'work test' (for people aged 65 to 74) and the 'total super balance' test won't apply.

KEY REQUIREMENTS

There are a number of conditions that will need to be met to be eligible to make downsizer contributions, including:

+ The individual must be aged 65 or over at the time the contribution is made.
+ The property must have been owned by the individual or their spouse (but not necessarily both) for at least 10 years prior to the disposal.
+ The contract for sale must be entered into on or after 1 July 2018.
+ The property must qualify for the main residence capital gains tax exemption in whole or part, so properties held purely for investment purposes won't qualify.
+ The contribution must be made within 90 days of the change of ownership.
+ An election needs to be made to treat the contribution as a downsizer contribution.
+ No tax deduction can be claimed for the contribution.

Other conditions may also apply. For more information, please visit the ATO website at www.ato.gov.au

Coins For Kids THANKYOU LETTER!

Lions Club of Simpson & District
A0029975A
PO Box Simpson 3266

Dear James & Staff,

Thank you so much for your kind donation to Coins for Kids. The amount raised was almost $1,800.00 which demonstrates the generosity of our community and the businesses in our area. The Children had a wonderful day placing the coins on the line's which measured 210 metres. They also enjoyed the BBQ drinks and ice-cream. All these funds will be donated to **Australian Lions Children's Cancer Research Foundation** with the school children opting to give half of these funds to the ALCCRF. What a fantastic effort, and once again the Lions Club and the Fundraising Committee wish to say thanks. In time we hope that there will be a cure for all types of Childhood Cancers with the assistance of our money raised.

Yours Sincerely,
Biddy, Helen And Marie

FRIDAY'S WE GO CASUAL FOR A CAUSE!

We aim to support all local volunteers. This year, **WE ARE SUPPORTING THE SHAnKs PROGRAM,** which is a respite program for young people who have a *significant* person in their life with a mental illness. So, we will be **WEARING CASUAL ON FRIDAY'S** and making a weekly donation towards this program. If you would like to more information about this program, please have a chat to Nicole.

MEET THOMAS CARSTIEN!

Tom has come to Ambleside from a local financial planning firm where he has been servicing clients throughout South West Victoria.

His passion for working as an Adviser comes from seeing firsthand the benefits of putting the right structure in place so clients can achieve the lifestyle they want.

Being challenged, engaging with clients and working in a close knit team are what excites Tom about being a part of the Ambleside team.

Originally from Port Fairy, Tom now lives in Warrnambool with his wife Danielle. Outside of work, Tom's second passion is his love of all things fitness related, whether it be carving it up in the gym or exploring the outdoors with his beloved dogs, Hugo & Lola.

TOM'S FAB FOUR!

- Pizza from Mister Brightside
- Europe
- Hugo & Lola
- Cinderella Man

FOLLOW + LIKE US

SMART EOFY SUPER STRATEGIES

1. Add to your super – and claim a tax deduction

This financial year, there are new rules about who can claim a deduction for personal (after tax) contributions to super. In the past, you could only claim the deduction if you earned less than 10% of your income from employment. But from 1 July 2017, deductions for personal contributions can also be claimed by employees.

2. Get more from your salary or a bonus

If you're an employee, you may be able to arrange for your employer to direct some of your pre-tax salary or a bonus into your super as a 'salary sacrifice' contribution. Again, you'll potentially pay less tax on this money than if you received it as take-home pay – generally 15% for those earning under $250,000 pa, compared with up to 47% (including Medicare Levy).

3. Convert your savings into super savings

Another way to invest more in your super is with some of your after-tax income or savings, by making a personal non-concessional contribution. Although these contributions don't reduce your taxable income for the year, you can still benefit from the low tax rate of up to 15% that's paid in super on investment earnings. This tax rate may be lower than what you'd pay if you held the money in other investments outside super.

4. Get a super top-up from the Government

If you earn less than $51,813 in the 2017/18 financial year, and at least 10% is from your job or a business, you may want to consider making an after-tax super contribution. If you do, the Government may make a co-contribution of up to $500 into your super account.

5. Boost your spouse's super and reduce your tax

If your spouse is not working or earns a low income, you may want to consider making an after-tax contribution into their super account. This strategy could potentially benefit you both: your spouse's super account gets a boost, and you may qualify for a tax offset of up to $540.

For more information about how these strategies work, chat to either James, Caitlin, Anna or Tom.

FIXED, VARIABLE, SPLIT

FIND THE RIGHT FIT FOR YOU!

In Australia, there are a number of ways to structure your home loan repayments. Finding the best option may save you time and money on your mortgage. Here is some information to help you choose the repayment structure that works best for you.

Variable rate loans

Variable interest rate loans are all about flexibility. Essentially, with a variable rate loan, the interest rate moves up or down as the market moves. This means your loan repayments may also change month-to-month. If the interest rate drops, then your repayments may drop as well. However, in the event of an interest rate rise, your repayments could also increase.
Many variable rate loans come with additional features, which can reduce the amount of interest paid over the life of the loan. For example, a variable rate loan with a 100% offset arrangement links your loan account to your savings account. Any funds held in your savings account are offset against the borrowed amount, reducing the interest you have to pay.
Many variable rate loans offer flexibility in terms of increased payments, allowing you to pay off your loan faster if you have additional funds available.

Fixed rate loans

A fixed rate loan is one where the interest rate is fixed for a limited period, and immune from any movements in the market. The most popular choices are three and five-year fixed interest loans, although options ranging from one to ten years are available. Fixed rate loans allow you to make steady, regular repayments. They're great for borrowers on strict budgets, or if you're entering into a mortgage at a time when interest rates are likely to rise. In the event of a drop in interest rates, being locked into a fixed rate may mean your repayments are higher than they otherwise would be. It's also worth noting that breaking a fixed rate loan can potentially cost thousands of dollars in fees.
Additionally, many banks will charge you a fee for making extra payments towards the loan during the period it has been fixed.

Split rate loans – a foot in each camp

A split rate loan is when you break your mortgage into two loans – one with a fixed rate and one with a variable rate. It's something of an 'each-way bet'. A split loan offers borrowers protection from rate rises (with the fixed portion of the loan) alongside the advantage of rate drops (with the variable portion of the loan). Most banks will allow you to split your loans from the outset, without having to pay for two separate loan applications.
Choosing the right kind of loan depends on your personal situation, earning capacity and long-term goals for your property. Speaking with a mortgage broker can help you to figure out the best way forward, and could help you save money along the way.

Source: http://yourloanhub.com.au/2016/10/fixed-variable-split-find-the-right-fit-for-you/