

AMBLESIDE NEWSLETTER

SPRING EDITION
SEPTEMBER

What's included

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Ambleside
WEALTH ADVISERS

MARKET UPDATE



A WORD FROM THE JAMES

Welcome to our spring newsletter. It's been a quarter of moving between office and home as we've all negotiated the COVID lockdowns. We are now back in and it looks like a change in policy from the Andrew's government will reduce the likelihood of future lockdowns.

Our preference is to always meet with you face to face in our office. However, we understand COVID has made this very difficult, and you may not always be free to come to Warrnambool. We have a range of other options including video calls over Microsoft Teams, Zoom or Facetime, plus of course a telephone call. We are also making use of a system called DocuSign. This lets you securely and safely sign documents electronically using email and avoids you having to come into the office.

Last month we let you know that we are moving offices. The current Ambleside building in Koroit St has been sold, and real estate agents Harris and Wood will be moving in at the end of the year. We have an exciting move coming up to 129 Kepler St, which is the old dental surgery just around the corner and next to Bohemia Café. Right now we're busy with renovations and we will be moving mid November. I've included a few pictures of the work later in the newsletter.

I'd like to give a special congratulations to Nicole on her progress towards becoming a fully qualified financial adviser. The Banking Royal Commission of 2018 has resulted in a lot of good changes for the profession, one of which is new advisers must have a university degree, and they must complete on the job training in the form of a formal professional year before they can advise. Nicole has been very busy studying part time and she's nearly finished the university course. She has also just started the professional year and she will soon start attending meetings with Caitlin and myself. We will always check prior that you are comfortable to have another person in our meetings.

The ASX200 is currently at 7,402 and has pulled back slightly from the record high of 7,632 on the 13th August. The current value represents an increase of 63% from the low in mid March 2021.

The strong performance of the market has happened for several reasons. First, we remember that the Australian share market represents only around 2% of the global sharemarket. Our overall returns are driven to a large degree by what happens overseas. While COVID is still very much having an impact the large economies of the US, China and UK have rebounded with strong growth and low unemployment.

Second, interest rates are low and forecast to remain low until 2023. The official cash rate is 0.1% and we are seeing fixed home rates of less than 2%. The RBA have said they are waiting for inflation to increase from the current 1.75% to around 2 – 3% before they will lift interest rates.

Third, Australia has also seen a strong economic recovery with broad gains across most sectors but, in particular, banking and resources. The banks initially had concerns about bad debts arising from COVID, and the government directed them to hold back dividends. This has not come to pass and the banks have all paid strong dividends.

Forth, iron ore sales have remained strong in both volume and dollar terms. While China has put pressure on a number of Australian exports (including coal, timber, lobster, barely, cotton, wine and red meat), this has not extended to iron ore. To date, China has been unable to source iron from other places, although they are working to open up Brazil and West Africa as alternatives. This has seen the price of well over \$200 per ton, with the federal budget being based on the far more conservative figure of \$55 per ton. This has also propelled Western Australia to 5.6bn surplus, while every other state is in deficit.

Australia is also experiencing very low unemployment, with the official rate sitting at 4.6%. Looking around our town there are 'help wanted' signs in many shops, and the papers are crying out for farm labour. This is partly driven by the economic recovery, but also by the lack of foreign labour in the country with borders closed.

SCAMS



We continue to hear unpleasant stories from victims whose been scammed, so this is an important reminder of us to take extra precautions, especially when making online transactions. These include speaking directly to the person managing the collection of payment, to ensure you have the correct bank details.

If you would like more information about scams, jump on the scamwatch website or you can give our office a call.

AMBLESIDE'S FOOTY TIPPING RESULTS

The 2021 AFL season has concluded and we'd like to say thank you to our tippers who continued to participate in this year's competition. Congratulations to Stewie Rundle who finishes on top with 132, and second was Moose Manoel with 127. We look forward to next year.

THANK YOU!



MLC TAX STATEMENTS

The tax season is upon us and we're sure you're all digging through your paperwork from the last financial year. MLC have released key dates for when the following products' tax statements are expected to be released.

MLC MasterKey Investment Service Fundamentals with external fund managers
Statement release date: 29 October 2021

MLC MasterKey Investment Service Fundamentals with MLC funds only.
Statement release date: 31 August 2021.

MLC MasterKey Investment Service with MLC funds only.
Statement release date: 29 October 2021.

MLC MasterKey Rollover Bond.
Statement release date: 31 August 2021.

MLC insurance tax statements.
Statement release date: 8th October 2021



BUILDING RENOVATIONS

We thought you would like to see a few photos of the new building at 129 Kepler St. The property has been vacant for 12 months and needs a lot of love.

It was built over 100 years ago and used as a dental surgery for at least the last 60 years. At the moment, it is full of trades people and the all important painters start in four weeks!



The bay windows at the front were mostly rotted out. These have been removed and restored



The internal walls are sandstone. In many places false walls were installed to allow cables and other services to run behind. These have been removed and restored



A cinder block extension was added around 30 years ago to house the bathroom and toilet. This is being redesigned to open up and rearranged



This is an old storage room out the back. We've knocked out the walls and shelves, and this will become our new kitchen

\$250 POWER SAVINGS BONUS!



ATO ASSET DATA MATCHING

Last year, the government announced a once-off \$250 Power Saving Bonus to help eligible households with their energy bills as a part of the Victorian Government's Household Energy Savings Package. This payment will be available from 1 February 2021 to 31 January 2022 on a per household basis. Further details on eligibility and how to apply can be seen below.

ELIGIBILITY REQUIREMENTS

- You must be a Victorian residential energy consumer (i.e., have a residential electricity account).
- You must be receiving payments under one of the following concession programs:
 - Centrelink Pensioner Concession
 - JobSeeker, Youth Allowance, Austudy or Abstudy
 - Department of Veterans Affairs Pensioner Concession
 - Or hold a Department of Veterans Affairs Gold Card
- Pension Concession Card holders who are not receiving payments, and Health Care Cards holders who are not receiving Youth Allowance, JobSeeker, Austudy or Abstudy payments, are not eligible.

HOW TO APPLY

- You can apply through online following this link below
<https://powersavingbonus2.energy.vic.gov.au/>
- If you do not have internet access, give our office a call and book an appointment with us, and we assist you with your application. Be sure to bring with you a copy of your valid concession card, a copy of your electricity bill (or the NMI number which can be found on your electricity bill)

If you have any questions, give our office a call on 5561 5180.

For those of us that provide Centrelink advice, assistance and administration management, a heads up to let you know the ATO is extending its data-matching program on lifestyle assets through to 2022–23.

This means that general insurance policy details will be obtained for approximately 300,000 individuals who own:

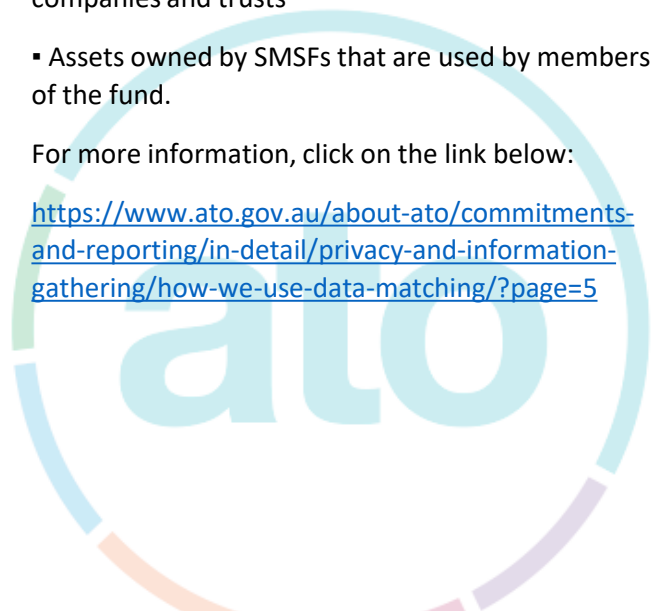
- Cars/caravans valued \geq \$65,000
- Marine vessels \geq \$100,000
- Thoroughbred horses \geq \$65,000
- Fine art \geq \$100,000 per item
- Aircraft \geq \$150,000

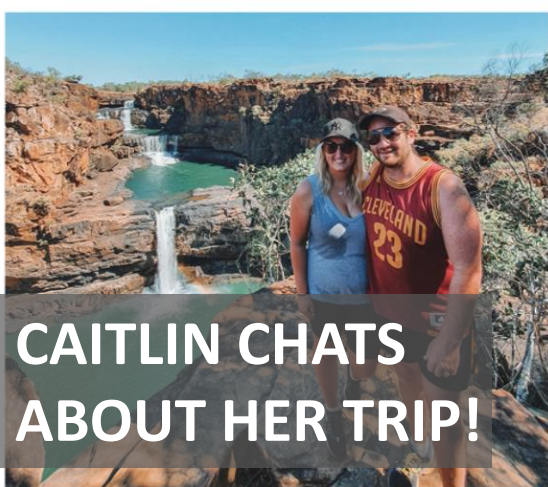
Centrelink means testing issues aside, knowing such assets are owned allows the ATO to identify and address taxation risks, including:

- Undeclared income in tax returns inconsistent with means to pay for purchase of assets
- Undeclared revenue or capital gains on disposal of assets
- Incorrect claiming of GST credits
- FBT liability for private use of assets owned by companies and trusts
- Assets owned by SMSFs that are used by members of the fund.

For more information, click on the link below:

<https://www.ato.gov.au/about-ato/commitments-and-reporting/in-detail/privacy-and-information-gathering/how-we-use-data-matching/?page=5>





CAITLIN CHATS ABOUT HER TRIP!



I was lucky enough to get away for 3 months with my husband, Josh, earlier in the year and travel around Western Australia, so I thought I would share my trip and a few pictures with you!

We kitted out our FJ cruiser with all the gear (and no idea!) and began our journey across the Nullarbor and made it into W.A in 3 days being a little nervous about borders opening and closing. Once we were in beautiful W.A we slowed right down and slowly made our way to Margaret River passing through Esperance, Bremer Bay and Albany.

We arrived in Margaret River and were lucky enough to spend the week with my closest friends to celebrate their wedding and my 30th birthday. After a lovely week with friends, we then hit the road with another couple and headed North! Unfortunately, we didn't get to spend much time in Perth as they went into a snap 5-day lockdown so we continued north up the coast. We stayed in some beautiful free camps along the way with our main focus on getting to Broome in a month.

We stopped in Geraldton for a few days as we had another close friend living and working there so were lucky to be shown around by a local and visiting all the beautiful sights including the Abrolhos islands! The following month we saw a lot of free camps, station stays, books getting read overlooking the beach and lots of cards and afternoon cheese platters. Passing through Exmouth which was a bucket list item swimming with the whale sharks. We spent a week in Broome and ticked off a huge bucket list item being the Horizontal Falls which was a trip highlight! But we definitely saved the best to last (in our opinion), being the Gibb River Road and the Kimberley's.

We spent 2 weeks crossing the Gibb River Road which included multiple river crossings, crocodiles, station stays, gorge walks and 4WD tracks. Once finally reaching Kununurra we started our trek home, doing over 3000kms in 3 days! Overall, it was a trip of a lifetime and we would go back in a second. With international borders being closed it's such a great opportunity to travel our amazing country!

PRIVATE HEALTH INSURANCE



It's been long debated as to whether it is worth taking out private health insurance or rely on the public health system. Fortunately, in Australia we do have one of the best in the world, with the Australian and state and territory governments broadly sharing responsibility for funding, operating, managing, and regulating the health system. Knowing we have a good quality public health system which is completely free, many therefore question whether it is worth paying more for private health insurance cover.

Taking private health insurance out is a personal decision and may or may not be worth it based on your own health and lifestyle needs. If you're unsure on whether private health insurance would be valuable to you, we've listed a range of aspects you should consider below.

Pros.

- You can choose your doctor and avoid public hospital waiting lists.
- You can choose to get extra cover which can be used for glasses, trips to the dentist and services like physiotherapy.
- You can avoid having to pay Medicare Levy. This is an additional tax imposed on high-income earners who do not have private health insurance. Only taxpayers with a taxable income above a certain threshold (greater than \$90,000 for singles and \$180,000 for families) will pay the surcharge.
- You can avoid the lifetime health cover (LHC) loading, which is a 2 per cent penalty on your premiums for every year you don't take out cover after you turn 31 years old. If you aren't covered on your 31st birthday, for example, and decide to take out a policy 10 years later you would have to pay 20 per cent more for your insurance each year. After 10 years of continuous cover though, the loading goes back to zero

Cons.

- Private health insurance can be expensive, especially when you take out cover for extra services.
- You may not need to claim your premiums each year, therefore you might be better off putting money aside to fund hospital services yourself.
- You might not earn above the Medicare Levy income threshold, so the avoidance of paying a Medicare Levy might not be applicable in your situation.

If you decide to take up private health insurance cover, I suggest jumping on this insurance comparison website to find a policy suitable for your needs.

Government's private health comparison service
<https://www.privatehealth.gov.au/dynamic/search/start>

Compare the market

<https://www.comparethemarket.com.au/health-insurance/>

GENERAL ADVICE WARNING

Any advice or information in this publication is of a general nature only and has not taken into account your personal circumstances, needs or objectives. Because of that, before acting on the advice, you should consider its appropriateness to you, having regard to your objectives, financial situation or needs. Past performance is not a reliable guide to future returns.

LOLA'S BANANA CAKE

Ingredients:

- 2tlb butter
- 1 cup sugar
- 1 ½ cups plain flour
- 1 tsp Bicarb Soda
- 1 tsp Baking powder
- 1 egg
- 1 tlb milk
- Pinch salt
- 3 bananas



Method:

1. Preheat oven to medium, 180C.
2. Line loaf tin with baking paper.
3. Cream butter and sugar.
4. Add beaten egg and mashed bananas.
5. Add remaining ingredients, mix well.
6. Bake in loaf tin approx. 45-60 min.
7. When cool can be iced or frosted.

Lola is a very dear neighbour of over 35 years of Ros. Sadly, she passed away several years ago.

