

AMBLESIDE NEWSLETTER

WINTER EDITION JUNE 2021

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- + **New superannuation caps**



Ambleside
WEALTH ADVISERS

MARKET UPDATE



A WORD FROM JAMES

Welcome to our winter newsletter. We've been watching Caitlin and Josh's travels on Instagram with great interest and last report was they had reached the top of the Gibb River Road in northern WA and are heading for home. Caitlin is due back on Monday 28th June, just in time for winter proper. We've got some pictures for you later in the newsletter.

The sale of MLC to IOOF is on track and will be completed on 30th June. As part of this change Ambleside has transitioned and we now provide advice under the IOOF Consultum license. Most of the changes are behind the scenes and there will be little difference in how you will receive advice from us.

We've had both the federal and state budgets in the last couple of months and it was interesting to see how the government believes we will move forward from COVID. We are certainly in a fortunate position here in Australia as COVID rages in India, Brazil and other nations.

The key to opening our borders as part of the next stage of recovery, is seeing vaccination rates increase. Vaccinations in Warrnambool are now ramping up with a few us in office becoming eligible to get the jab down at the old Sam's Warehouse.

There are a number of key thresholds changing from 1st July 2021 which relate to superannuation contributions and pension. I'll cover these in detail later in the newsletter.

The ASX200 is currently at 7,295 and it has beaten the pre COVID high of 7,163 set on 20th February 2020. It was 15 months ago that we were in the grip of the COVID crash, with the market losing 39% over February and March last year, where it bottomed out at 4,402.

The recent strong run has without doubt been fueled by low interest rates and continued strong levels of government support. This was confirmed in the recent federal budget. The latest reporting season beat expectations, with business confidence at a record high. The big four banks, which make up 14% of the ASX200, have delivered strong dividends and shaken off concerns about bad debts coming out of the COVID recession.

Interest rates are steady at 0.1%, which was set by the Reserve Bank in November last year. The RBA expects this cash rate to remain steady until 2024 however we are very aware that banks independently set their rates and they may lift them before the RBA takes action.

The recovery isn't just limited to the equities market with strong growth in domestic property, farming land and stock sales. Domestic property highs are making life hard for first home buyers, with regional areas in particular experiencing very strong growth. The median house price in Warrnambool has increased 12.9% over the last 12 months to \$418,000.

With this in mind, we are seeing increasing support from parents who are helping their children buy a house. The 'Bank of Mum and Dad' is now the ninth biggest lender in the country with 60% of first home buyers receiving financial help from parents. This can be in the form of guarantors, cash gifts and / or loans.

Equity markets are expected to continue to grow during this year but we're watching two key factors. First, this growth is predicated on a successful vaccine rollout, with no mutant strains that evade the vaccine. The second is markets getting spooked by increasing inflation. Ironically, this may happen if the economy recovers 'too well'. The fear is increased inflation is usually followed by increased interest rates.

EXTENSION TO COVID-19 RELIEF FOR SUPER PENSIONS

WE'RE ON THE RADIO!



Did you know that James, Caitlin and Nicole are on the radio? Listen in at 10:30 am on weekdays on the ABC breakfast show (1602 AM).

The team provides an update on what's making news in the markets.

CAITLIN IS BACK SOON!

Caitlin will be back on deck on 28th June 2021 after enjoying long service leave over the past three months. Caitlin and Josh have explored the beautiful sceneries throughout Western Australia. We can't wait to hear all about her wonderful adventures when she gets back!

For those of you drawing account based pensions from your superannuation, the government has recently extended the reduced payment option for account based pensions.

The minimum amount you must draw from an account based pension depends on your age. For people aged under 65 this is 4% of the balance, 5% for those aged 65-74 and it increases from there.

During the early stages of COVID the government halved these rates, meaning for example that a person aged 62 only had to draw 2%. This was designed to let people draw a reduced amount and preserve their superannuation during uncertain times.

This measure was due to finish on 30th June 2021. The Government however has recently announced this will be extended to 30th June 2022.



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SOCIAL SECURITY UPDATE

Centrelink is updating their reporting system to reporting on a fortnightly basis.

You will receive an SMS, email or letter about checking your employment income and earnings if you get an income support payment and at least one of the following apply:

- you only report your income to us when it changes, or
- you only report your partner's income to us when it changes.

Centrelink needs to check your income details to see if anything has changed. For example, you or your partner might not be working anymore, have a different employer, or earn a different amount. If you get this message from Centrelink, you need to call Centrelink by the due date.

When you confirm your employment income, Centrelink will also ask you to start reporting your income every 2 weeks. The person you speak to when you call will tell you what date you must start doing this.

Reporting your income every two weeks means Centrelink has accurate information about you so they can adjust your payment if needed and reduce the chance of being overpaid.

Even if you or your partner usually earn the same amount each pay, you still need to report small changes to us. This includes leave without pay, overtime and allowances.

You can report your income through your Centrelink online account or the Express Plus Centrelink mobile app. You can also report by calling the regular payment line 133 276.

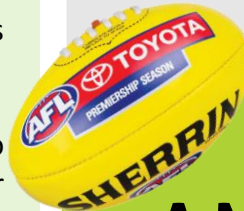
Contact Rian at our office should you have any questions.

SAVE A LIFE GIVE BLOOD

WORLD BLOOD DONOR DAY IS IN JUNE.

The Ambleside team are heading down to the Warrnambool Blood Bank this month to donate. As always, the blood bank is very keen to hear from anyone who can give blood.

Visit donateblood.com.au or contact **13 14 95** to book yourself and save up to three lives!



AMBLESIDE'S FOOTY TIPPING REMINDER

Don't forget to jump into our website to check your score on our Footy Tipping competition. Due to COVID-19, there were recent changes to the venue where games were played, but this hasn't disrupted our competition. Hopefully, there won't be any further changes throughout the season!

Ambleside WEALTH ADVISERS **AFL FOOTY TIPPING.**

Join Rules Summary **Tippers** Team History Game History League Ladder Reports

COMPETITION SUMMARY

Quick Login:

ID: (For ID use TipperID or Alias)

Password:

To enter your tips, go to the [Tippers](#) page.

Top 10 Tippers		
1st	Rundle, Stewart	69
N/F	McKinnon, Noel	66
2nd	Walker, Matthew	65
N/F	Anderson, Doreen	62
3rd	Rivett, Neil	62
4th	Anderton, John	62
4th	Taylor, Tom	61
N/F	Gardiner, Lyn	60
6th	Fitzgerald, Doreen	58
N/F	Page, Neville	58

Bottom 10 Tippers		
N/F	Gardiner, Lyn	60
6th	Fitzgerald, Doreen	58
N/F	Page, Neville	58
7th	Manoel, Peter	57
N/F	Rundle, Leo	56

SUPERANNUATION CHANGES

Contributions

The latest Average Weekly Earnings data has confirmed that superannuation contributions limits will increase from 1st July 2021.

The concessional cap, or before tax contributions increases by \$2,500 and the non-concessional cap, or after tax contributions includes by \$10,000. Also, the bring forward rule, which allows you to make three years of contributions in one year, will increase to \$330,000.

Cap	2020/21	From 1 July 2021
Concessional	\$25,000	\$27,500
Non-concessional	\$100,000	\$110,000
Non-concessional bring-forward	Up to \$300,000	Up to \$330,000

Bring Forward Contributions Age Limit Increase

There have also been also been legislated changes to the age limits for bring forward contributions. This has been on the cards for a long time and the government finally passed this legislation last week.

The bring forward contributions allow you to contribute up to three years of non-concessional contributions, or \$330,000 in a single year. Previously you had to be 65 at some time in the financial year you made the contribution. This has been extended to 67.

This will provide some people the opportunity to get large amounts of money into super towards the end of their working career. This may result from the sale of a house or farm sale, savings or an inheritance.

This legislation didn't get through without some amendments by the minor parties. This time it was Pauline Hanson's turn and she forced amendments to excess contributions charges and recontributing COVID-19 withdrawals to super. Both of these amendments benefit people contributing to super.

Carry Forward Contributions

It's also worth mentioning carry forward contributions. Unfortunately, these have a very similar name to bring forward contributions and often get confused. Whereas bring forward relate to after tax contributions, carry forward relates to pre tax or concessional contributions.

This is another way to boost your superannuation and it allows you to catch up on previous years, going back to 1st July 2018, where you have contributed less than the cap of \$25,000 per annum.

Superannuation Guarantee

The last major change is from 1st July 2021, the amount your employer contributes to your super will increase from the current rate of 9.5% to 10%. This is forecast to further increase to 12% by 1st July 2025.

This has been controversial within the government, with some wanting to scrap the increase. Some believe that an increase to superannuation payments will stop employers increasing wages.

ROS' MUM'S SPONGE CAKE

Ingredients:

- 4 eggs
- $\frac{3}{4}$ cup caster sugar
- $\frac{3}{4}$ cup cornflour (Kream corn flour, made from wheat, works best)
- 1 tablespoon custard powder
- 1 teaspoon cream of tartar
- $\frac{1}{2}$ teaspoon bicarbonate of soda

Method:

1. Beat egg whites until stiff.
2. Add sugar, add egg yolks.
3. Sift Cornflour, Custard Powder, Cream of Tartar, Bicarb Soda 3 times.
4. Fold in dry ingredients.
5. Cook for 20 minutes, or until top of sponge rises back up when touched with finger.
6. Cool on cake tray.

Delicious with passionfruit icing, fresh berries, or a topping of your choice!



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.