



## Autumn 2024

Welcome to our Autumn Newsletter and our first of 2024!

We are excited to have welcomed Brooke back to work after taking 12 months of maternity leave with her second child, Zahli. Brooke will be working in the office each Wednesday. Welcome back Brooke!

In this edition of the newsletter, James provides his usual economic and market update, plus recent news around tax cuts, age pension and age care. Nicole details upcoming changes to superannuation thresholds and we have our usual recipe. We would love to know what you are cooking (or eating!). If you have a recipe you would be happy to contribute to our newsletter, we would love it receive it. Please email Katherine directly at [katherine@ambleside.net.au](mailto:katherine@ambleside.net.au) or call us on 5561 5180.

Regards, James and the team at Ambleside.

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## Market Update

**Market performance.** The ASX 200 currently stands at 7696, compared to 6899 twelve months ago. The market started a strong rally in early November 2023, that has seen multiple record highs over the last few weeks. This start of this rally coincided with interest rates reaching the current high of 4.35%, and the expectation there would be no further increases. Markets are forward looking and most analysts believe the next rate change will be a reduction.

**US economy.** The situation in the US is similar with the S&P 500 also reaching record highs over the last few weeks. Their recent interest rate decision kept rates on hold but, like Australia, predictions are rates will be reduced later in 2024. A big unknown in US politics is the presidential election in November, which may see Donald Trump return to the White House. Interestingly, last time Trump was elected, the US share market went up, and kept going up.

**Geopolitical events.** Ongoing world events continually threaten to impact the world economy and markets. Depending on how you classify a war, there are currently 183 regional and local conflicts underway around the world. When these remain local, they don't have a big impact on world markets, however the Russia/Ukraine and Israel/Palestine conflicts (in particular), threaten to break out and draw in other countries.

**Cost of living.** Cost of living continues to be a major concern in Australia, with low income earners, renters and those with high debt, most affected. Inflation peaked at 7.8% in December 2022 and is now down to around 4%. The target is 2.5% so there is still some way to go. The major drivers for inflation are currently food, rent and insurance.

## Stage 3 Tax Cuts

After much speculation, the stage 3 cuts will come into force on the 1<sup>st</sup> July 2024, albeit with some changes. This will result in most Australians paying less income tax and is estimated to cost \$106 billion over the next three years.

The plan was originally devised by the Liberal government in 2019 and the changes recently made by Labor will see low and middle income earners get a bigger cut. A person earning a salary of \$50,000 per annum will save \$929 per year \$100,000 will save \$2,179 per annum, \$150,000 will save \$3,729 and \$200,000 per annum will save \$4,529.

## Age Pension Increase



From the 20<sup>th</sup> of March, the age pension will increase by around \$20 per week for many Australian's. The pension is indexed twice yearly with the next review on 20<sup>th</sup> September. In addition, the upper thresholds for the assets and income tests have increased, which will mean more people are eligible for support.

The age pension is a critical part of retirement planning, with around 65% of retirees receiving a full or part pension. Subject to the assets and income test, people are eligible for age pension from age 67. This was previously age 65 and changed gradually from 2017. For many years, the Liberal government had a policy to lift this to age 70 by 2050, however this has been (temporarily?) abandoned.

It's also worth noting the situation in NZ is quite different. The qualifying age is 65 (rather than 67) and all people receive the payment, regardless of income and assets. The maximum rate each member of a couple receives is slightly lower however. In Australia the amount received is \$21,876 per annum in Australia and \$18,002 in NZ. This has caused some major political arguments, with many saying the program is not affordable and changes need to be made.

## Age Care Review



The Age Care Taskforce has recently handed down its final report to Government, including 26 recommendations on the way forward. It is well understood age care is in a crisis, with around 70% of facilities running at a loss in 2022. The government also points out it funds around 75% of age care facilities and 95% of home care packages. Age care will also increase in demand over the next 40 years as Australia's population ages and needs more support.

There have also been some major changes to the level of care provided: age care staff must now allocate more time with each resident, each facility must have a registered nurse on duty 24/7, and age care workers have received a substantial pay rise.

Perhaps not surprisingly, the review calls for two major changes: 1. increase how much people pay for their care if they have the means to contribute; and 2. keep people in their own homes, with support, for as long as possible before moving into age care.

## Contribution caps to increase from 1 July 2024

Following robust wage growth, workers will have the opportunity to channel additional funds (with favourable tax treatment) into their superannuation accounts, as contribution limits are raised for the first time in three years.

Effective the 1<sup>st</sup> of July, concessional (pre-tax) caps are set to increase from \$27,500 to \$30,000, while the non-concessional cap will rise from \$110,000 to \$120,000.

Experts suggest that mortgage-free individuals with ample disposable income, pre-retirees seeking to bolster their retirement savings, and small business proprietors stand to benefit the most from this opportunity to bolster their superannuation reserves.

Indexation of the limits was triggered when the Australian Bureau of Statistics reported average weekly ordinary time earnings (**AWOTE**) rose 4.5 per cent, seasonally adjusted, in the year to November 2023.

AWOTE needed only to rise by 0.7 per cent to spark the adjustment.

“These changes were expected, and alongside the stage three tax cuts applying from 1 July 2024, mean some may have additional disposable income to contribute more to super,” SMSF Association chief executive Peter Burgess said.



“The change is linked to AWOTE so the rationale there is that as salaries increase then the caps should also increase over time,” he said.

The three-year bring forward non-concessional (post-tax) contribution limits will increase from \$330,000 to \$360,000, unless they have been triggered by the 30<sup>th</sup> June 2024. If they have, then the \$330,000 limit will still apply.

The increase does not apply to the \$1.9 million total super balance limit, however lower sub-limits will apply due to being based on the contribution caps.

As a reminder, the superannuation guarantee caps will increase to 11.5% from the 1<sup>st</sup> July 2024, and will reach 12% from the 1<sup>st</sup> July 2025.

- Nicole O’Sullivan

## Kellie's Salmon and Chive Log

### *Ingredients*

- 250g cream cheese, softened
- 3 tablespoons sour cream
- 3 spring onions, chopped
- 420g red salmon wrap
- 1 teaspoon black pepper
- ½ cup pecan nuts
- 80g fresh chives

### *Method*

Hand beat cream cheese, sour cream and lemon juice until smooth. Stir in all other ingredients (bar the chives). Lay a piece of cling wrap on your bench and place the mixture on the wrap forming a log shape. Then wrap the mixture with the cling wrap and place in the fridge for several hours.

Once set, take out and roll in the chopped, fresh chives.

You can also change how you present the log, you could wrap in smoked salmon, mix shopped pecans and chives (per the picture below) to change how our present.



### Mariel's Fab Four!

Favourite food?

**Crispy Fried Chicken**

Favourite holiday destination?

**Beach**

Favourite TV show?

**The Australian Idol**

Favourite app on your phone?

**Instagram**