

AMBLESIDE NEWSLETTER

WINTER EDITION

WHAT'S INCLUDED

- + A word from the principal
- + Market update
- + Election results
- + Personal injury cover for footy players and clubs.
- + Movie night
- + Business planning day
- + Caitlin's work anniversary
- + Winter warmer



A WORD FROM THE PRINCIPAL

MARKET UPDATE!

The Australian and US markets have seen very strong growth since Christmas. As at 21st June the ASX 200 was at 6,651, up 15% from the 31st December. We are closing in on the all time high, just before the global financial crisis, of 6829 which was set on 1st November 2007.

The market has done a lot more than just 'get back to where it was' as shares have also been paying regular dividends throughout this period. While international markets have also done well the Australian market is certainly a standout and over the last six months has been one of the best performing markets in the developed world.

A lot of questions are being asked on what's next with the market and is this the time to sell. As always the media seems to find reasons to be pessimistic regardless of whether the market is weaker (such as around the Christmas period) or stronger like we are seeing now. We can say with some certainty that there will be a correction at some point in the future but as always we don't know when, or what it will look like. Our philosophy remains unchanged: invest in good quality shares that generate regular dividends, be wary of the daily market news and avoid unnecessary trading. Although simple this philosophy has a long history of generating strong returns.

On 4th June the Reserve Bank of Australia lowered official interest rates from 1.5% to 1.25%. This was the first change since August 2016. The RBA clearly believes economic activity needs a boost and further reductions have been forecast. A key issues remains whether banks pass on these cuts. In the last round we saw from the big four NAB and CBA pass on the full cut, and ANZ and Westpac only part. The banks attempt to justify not passing on the cuts for two main reasons: the first is banks source an increasingly large proportion of their funds from the US, where interest rates have been rising. Second, they also need to consider the needs of depositors, who rely on cash and term deposit accounts to provide income.

Welcome to our winter newsletter. In this issue Tom looks at insurance cover provided to footy players, and Caitlin previews the Coalition policies following the election.

We have been working hard up to the end of the financial year finalising superannuation contributions and insurance. Please let us know if you have any queries as we move into the last week with the financial year finishing on Sunday 30th June. The standard electronic payment methods have expired but we are able to help with other methods of payment up until Friday.

The big news for this newsletter is the Federal election result. A lot of work was done in financial services circles on what to do if the Labor government was elected, but not so much on the Liberal Coalition holding power. The Labor government proposed a number of changes to tax and superannuation, a key one being removing franking credit refunds which I believe ultimately cost them the election.

For those of you that receive Centrelink payments the topic of deeming has been receiving a lot of attention lately. Most Centrelink payments (including the aged pension) use an income test to determine how much is paid and the income financial assets is determined using a 'deeming' formula rather than the actual amount they produce. This deeming rate is a set percentage and has not changed since 2015. Pensioner groups have raised the point that these deeming rates need to be urgently reviewed, and lowered, now that interest rates are so low. Contact us if you would like more information on how deeming affects your payments.



ELECTION RESULTS - CAITLIN

Now that the 2019 Federal Election results have been announced, Caitlin discusses the tax and super changes that are set to take place.

BUSINESS INSTANT ASSET WRITE OFF

Legislation has been passed to extend the Instant Asset Write Off to 30 June 2020. Part of the legislation also extended the threshold from \$20,000 to \$30,000, with this amount depending on when the asset was first used or installed in the business. For any assets over the threshold the immediate write off is not available, and the small business general pool or general depreciation rules must be used instead.

SUPERANNUATION CHANGES

From 1 July 2019 insurance within superannuation will become 'opt in' instead of automatic for members under the age of 25. This seemingly small change will have a two pronged effect. Firstly it will help preserve the balances of young people, who arguably don't need the insurance (good news!); but it will also increase the cost for everyone else, since the insurance is provided on a group basis, where young and typically low risk people (who claim less) subsidise the premiums of everyone else.

SALARY SACRIFICE VERSUS PERSONAL CONTRIBUTIONS

We're often asked what's the difference between these two methods of contributing to super. They are both done with pre tax money, so act as a tax deduction. In short the tax outcome is very similar, it all comes down to timing.

With salary sacrifice payments are made throughout the year, they are taken out of your regular pay before the money hits your bank account. This can make budgeting and planning your finances easier and often suits salary and wage earners who have regular incomes.

Personal contributions are usually made as a single lump sum contribution, often at the end of the year. These are most often used by business owners and farmers who want more control and the ability to 'delay' the decision until the EOFY until they know how their tax situation is shaping up.

SUPERANNUATION WORK TEST

Under current rules people aged 65 to 66 must pass a work test before contributing to superannuation. The work test will no longer need to be met to make voluntary contributions to superannuation from 1 July 2020 for those aged 65 and 66. This means the work test requirements will align with Age Pension age which will be 67 from 1 July 2023.

SPOUSE CONTRIBUTIONS

The age limit for spouse contributions will increase from 70 years old to 74 from 1 July 2020. Additional flexibility will be provided by the removal of the work test for those aged 65 and 66. This would enable spouse contributions to be made for the receiving spouse without the need to satisfy the work test up to age 66. From age 67 to 74, the work test would need to be satisfied by the receiving spouse or work test exemption applies

CHANGES TO SUPER GUARANTEE

Although a while off the increases to superannuation guarantee are scheduled to increase the current rate of 9.5% to 10% on 1st July 2021, then moving to 12% by mid 2025. Interestingly the Grattan Institute is calling on a freeze to these changes as they believe it will put the brakes on future wage increases.

CAITLIN'S 8 YEAR WORK ANNIVERSARY!

During the month of April, Caitlin celebrated her 8 work year anniversary. We are grateful for Caitlin's hard work and dedication she has shown over the years while working at Ambleside. To celebrate, we thought we'd share a few flashback pictures of Caitlin during her time at Ambleside. 😊



CHANGES TO INSURANCE IN SUPER

From 1 July 2019, superannuation funds will cancel insurance on accounts that haven't received contributions for at least 16 months. Your superannuation fund will contact you if your insurance is about to end.

If you want to keep the insurance, you must tell your super fund or make a contribution to that account. You may want to keep your insurance if you don't have any through another fund or insurer and you have a particular need for it (e.g. you have children or other dependants or work in a high-risk job).

Feel free to chat to our insurance guru Tom if you have any queries.

A BIT OF A LAUGH!

I took four tires to a friend's garage sale and was asking \$30 a piece. I needed to leave for a few minutes, so I asked him to watch them for me.

"Sure," he said, "but if someone offers less, how low are you willing to go?"

"Try for more, but I will accept \$15," I said, and left.

When I returned, my tires were gone. "How much did you get for them?" I asked excitedly.

"Fifteen dollars each."

"Who bought them?"

"I did!"





PERSONAL INJURY COVER FOR FOOTY PLAYERS AND CLUBS - TOM

In this article Tom looks at personal insurance provided to footy players who are registered with the Victorian Amateur Football Association.

Players who are registered with their local club can access a range of personal injury benefits. The amount covered depends on the level of insurance taken out by the club. The table below shows the usual automatic, or lowest level, of cover is bronze. An important exception to this, which includes all teams in SW Victoria region, is teams affiliated with AFL Victoria Country who have silver as their lowest level of cover. This is good news for our local teams. Ask your club secretary if you want to know more about what level your local club is covered for.

BENEFITS

Personal injury insurance can help reimburse expenses relating to medical bills not covered by Medicare, or provide larger lump sum amounts in the event of permanent disablement, incurable quadriplegia or paraplegia and even death. Expenses typically covered include physio, chiro, dental, ambulance transport and private hospital accommodation.

Expenses generally **not** covered include costs related to surgeons and anaesthetists, x-rays, public hospital costs and MRI costs. This list of what's not covered is an important reason to make sure players also have private health insurance.

The Personal injury cover applies during official matches and training sessions, travelling to and from official club activities, participation in an official club function and representative matches.

LOSS OF INCOME

Loss of income cover is also available as separate cover, but this is usually at the expense of the individual player. This benefit provides 80% of a players weekly income to a maximum of \$2,000 a week, for a maximum of 52 weeks. Depending on the level of cover taken out you must be off work for a minimum of 14 or 49 days before you can claim. By comparison income protection provides a more flexible type of cover with a greater benefit for a longer period of time.

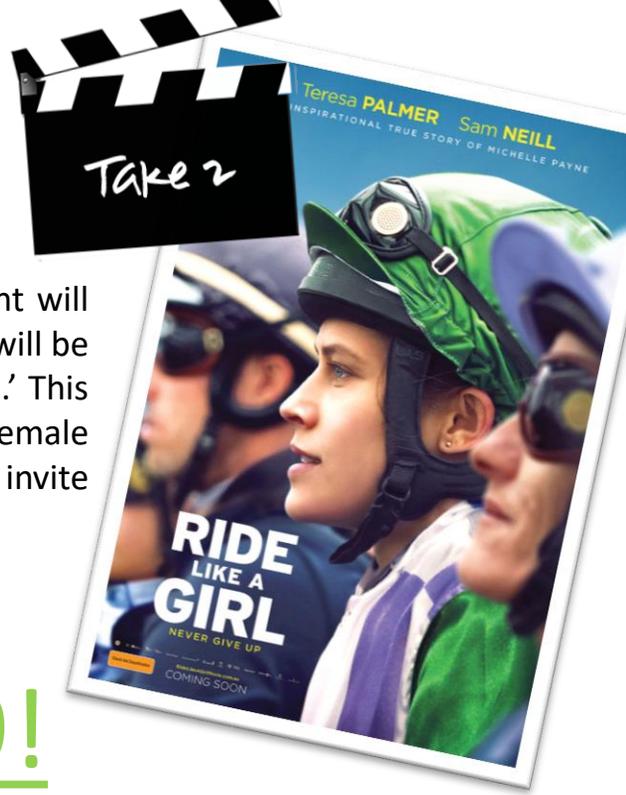
For more information visit www.jltsport.com.au/ or have a talk to us at Ambleside. JLT Sport also provides cover to Golf Australia, Cricket Australia, Surf Life Saving Australia & Australian Trainers' Association.

COVERAGE LIMITS & EXCESS

The Personal Injury coverage section of the Programme automatically provides all affiliated insured clubs with the standard Bronze level of cover (with the exception of all clubs affiliated with AFL Victoria Country and AFL NSW/ACT who automatically start on the Silver level).

LEVEL	NON-MEDICARE MEDICAL BENEFITS	CAPITAL BENEFIT*	QUAD/PARA EVENTS**
PLATINUM (optional upgrade)	Reimbursement for items that are not claimable in any way through Medicare. 90% reimbursement, \$7,500 max. per claim \$50 excess per claim	Provides cover in the event of death or permanent disability. \$250,000 Maximum	Provides cover in the event of permanent and incurable quadriplegia or paraplegia. \$1,000,000 Maximum
GOLD (optional upgrade)	90% reimbursement, \$3,500 max. per claim \$50 excess per claim	\$200,000 Maximum	\$1,000,000 Maximum
SILVER (optional upgrade)	75% reimbursement, \$2,500 max. per claim \$75 excess per claim	\$150,000 Maximum	\$1,000,000 Maximum
BRONZE (automatic base cover)	50% reimbursement, \$2,000 max. per claim \$100 excess per claim	\$100,000 Maximum	\$1,000,000 Maximum

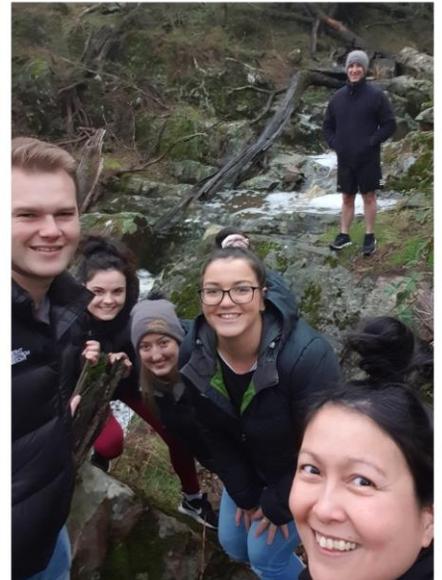
MOVIE NIGHT LOCKED IN!



We are excited to announce that our Movie Night will be held on Wednesday night 25th September. We will be viewing the Australian made film 'Ride Like a Girl.' This movie tells the story of Michelle Payne, the first female jockey to win the Melbourne Cup. Your official invite will be sent in the coming month.

BUSINESS PLANNING 2019!

This year, we mixed up our 'typical' business planning day by introducing the team to the practice of mindfulness. This technique is focussed on improving our overall health by being fully engaged in whatever is happening now and clearing our minds from life's other stresses. As we head into the busier part of the financial year, we felt it was a timely reminder for all of us to 'check in' with ourselves to ensure our body and minds stay healthy. Bring on the EOFY!!





WINTER WARMER PUMPKIN SOUP

METHOD

1. Place all ingredients, except the cream, into a large saucepan.
2. Simmer until vegetables are tender.
3. Remove from heat.
4. Blend with a stick blender until smooth.
5. Add cream and stir through (do not boil after adding cream).
6. Season to taste.

INGREDIENTS

- 750 g jap pumpkin diced
- 250 g potatoes diced
- 2 onions diced medium
- 3 chicken stock cubes crumbled
- 3 1/2 cups water
- 250 ml thickened cream
- 1 pinch salt and pepper
- *to taste

GENERAL ADVICE WARNING

General Advice Warning: This advice may not be suitable to you because it contains general advice that has not been tailored to your personal circumstances. Please seek personal financial advice prior to acting on this information. Before making a decision to acquire a financial product, you should obtain and read the Product Disclosure Statement (PDS) relating to that product. Opinions constitute our judgement at the time of issue and are subject to change. Neither, the Licensee or any of the National Australia group of companies, nor their employees or directors give any warranty of accuracy, nor accept any responsibility for errors or omissions in this document. The information in this document reflects our understanding of existing legislation, proposed legislation, rulings etc as at the date of issue. In some cases the information has been provided to us by third parties. While it is believed the information is accurate and reliable, this is not guaranteed in any way. Past performance is not a reliable guide to future returns.



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