Prepare for Life

LIFE FINANCIAL PLANNERS Pty Ltd

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IN THIS ISSUE

- Change is as a good as a holiday
- Getting assistance at home
- Managing money made easy
- Are you keeping up?

CHANGE IS AS GOOD AS A HOLIDAY

By Peter Kelly

No matter where we turn – change seems to be a constant part of everyday life. It reminds us that things we have come to accept as normal are never the case. Moreover; this applies to all aspects of life.

In early May 2016, the government brought down a budget that heralded significant changes to superannuation. At the time of writing most of the superannuation announcements were due to take effect from 1 July 2017.

However – within a week of the budget being released both Houses of Parliament were dissolved, and a general election was called for 2 July. The legislation required to support the budget changes cannot be passed until after a new government is sworn in, and whether the changes will be legislated at all, or occur in a different way, will depend on the outcome after polling day.

With the focus of mainstream media being firmly upon the recent election, it is easy for some of the good news from the budget to be lost in the sea of coverage.

Nevertheless; the 2016 budget included some positive announcements that will enable many Australians to prepare for a better retirement. But on that point; there were also a couple of measures that have not been as popularly received. As we all know, the negatives tend to be more newsworthy, and in this instance, the media has had a field day.

The reality is – no matter which political party or coalition of parties forms the next government – superannuation, tax, and social security policies are going to be subject to ongoing tinkering. This will be due to the government of the day making the changes they believe are necessary to ensure fairness, and a financially responsible outcome, for the Australian taxpayers.

For the main part – we are in favour of the changes that provides the best outcome for us individually. However; sometimes we need to sit back and accept that a change might not provide the best possible outcome for us personally but, in a broader sense, it is probably best for the wider community.

No matter which way you look at it; Australians still live in a 'lucky country'.

We have a superannuation system that allows us to build significant wealth for our retirement. It is a tax effective environment, and supported by compulsory employer sponsored contributions.

In addition, we have a social security system that provides a government-sponsored safety net for those who (through circumstances) have been unable to adequately do so on their own for their retirement. We are not 'cast out' and left to fend for ourselves, or become a financial burden on our families.

Even if relying exclusively on the age pension – it is adequate to support a modest retirement lifestyle.

At the end of the day we need to get used to the fact constant change is here to stay.

What we can change, however, is our perception and our ability to adapt; ensuring we live our lives to the fullest.

GETTING ASSISTANCE AT HOME

By Mark Teale

Rent Assistance (RA) is an additional payment made to individuals who are paying rent and who are also in receipt of a Social Security income support payment, or the Family Tax Benefit (Part A) above the base level.

The amount of RA you are eligible to receive will depend on a number of questions. These include:

- **Are you single or a member of a couple?**
- **Do you have children?**
- **Do you share the property that you are renting?**
- **How much rent are you paying?**
- **Are you paying board and lodgings?**

If you are paying government rent in 'public housing' to either state or territory governments you are, unfortunately, not generally eligible for RA.

For those of you whose home is a boat, motorhome or caravan, mobile home, or a unit in a retirement village; the weekly fees (including site and maintenance fees) that you pay could also mean that you may be entitled to RA.

RA is paid at the rate of 75 cents for each dollar of rent above the minimum rent amount – up to the maximum rate depending on your family situation.

For example, a single person paying rent of $250 per fortnight would be eligible for a RA payment of $100.50 per fortnight. To be entitled to the maximum RA payment of $130.40 per fortnight then someone would need to be paying rent of (at least) $289.87 per fortnight.

If you are a member of a couple, or have children, the calculation will be slightly different. This also applies to those people who are sharing, paying board and/or lodgings.

If you do happen to be travelling overseas then RA can be paid for a period of 26 weeks (depending on the regulations associated with the portability of the income support payment you may be receiving). You should also note that RA can be affected by the income and assets test.

Like all government payments; the rules and regulations on which a person's eligibility are based upon are complicated, and not always easy to follow.

But if you think you do have an entitlement to RA, and you are currently not receiving this payment, please contact your financial adviser to test your eligibility. It is worth doing so – the extra income could certainly make your life that little bit easier!

MANAGING MONEY MADE EASY

By Mark Teale

Sadly, managing our personal finances is not one of the skills they teach us at school. It is not easy, and for many, the thought of preparing and managing a budget is just – well – boring.

This is what usually happens... We are paid for the work that we do. Payment is usually on a weekly, fortnightly, or monthly basis (or even at irregular intervals if we are self-employed; or rely on investment income).

And somehow we have to make our pay last for 7, 14 – or even – 30 days. It all comes down to pacing ourselves.

However – you know how it is!

A few days before the next pay is due to be deposited into our bank accounts; we usually run out of money.

There is simply not enough from the last pay left to get us through. We stop spending, we borrow money from family or friends, and we give the well-worn credit card a workout! (With the best intention of paying it back on the next pay day), or we may even think of visiting our neighbourhood 'pay day lender'.

But do not despair – what is outlined is a common problem experienced by millions of Australians on a daily basis. But there is hope.

Unfortunately; bills and living expenses are not divided into nice and even 7, 14, or 30-day instalments. They are irregular – with bills often appearing at the most inconvenient time.

However – somehow we all manage to cope. We survive from one pay day to the next, although it might be accompanied by periods of stress, anguish – and even embarrassment – when we run short of money before the next pay is received.

Let us add an additional layer of complexity. What happens if our pay interval changes from weekly to fortnightly, or fortnightly to monthly pay?

This may be due to your employer changing their payroll system, yourself changing jobs, transitioning from employment to self-employment, or due to retiring or taking a career break.

To save the day, and our financial sanity, here is a simple strategy that might work better for you. The following steps outline how it works:

1. Visit your bank, or go online, and open a new 'low-fee' account. Ideally, this account shouldn't be 'linked' to your other accounts and, most certainly, should not have ATM access. We will call this your 'pay' account.
2. Arrange for those who pay you (your employer, super fund, Centrelink, or your clients) to make their payments into this 'pay' account.
3. Divide these payments into amounts that reflect the intervals you would like to be paid (such as weekly or fortnightly).
4. Set up an automatic transfer arrangements so that the amount you have chosen is transferred from your 'pay' account to your 'everyday' bank account at the intervals you prefer.
5. Now – get on with your life! You have just set up a simple arrangement that will allow you to be paid at the intervals you prefer.

NB: Most importantly – do not link your new account to an ATM card. Not having ATM access makes it harder to 'borrow' from your 'pay' account. After all, this money is set aside to cover the next week, or next fortnight's, transfer.

Are you up for a challenge?

Instead of transferring the weekly or fortnightly equivalent of your annual salary to the 'everyday' account; why not limit transfers to 90 per cent of the weekly or fortnightly amount. This will result in each of us saving 10 per cent of salary for emergencies or unexpected expenses.

It will be hard to start with; however after a couple of pay-cycles, your spending habits will have adapted by then to the reduced pay, and you won't even miss it!

ARE YOU KEEPING UP?

It was the famous Benjamin Franklin who once said,

"An investment in knowledge pays the best interest."

While we often turn to professionals to, correctly, guide us in the right direction when we found ourselves lacking the expertise to do a job ourselves; in the digital age seeking information on your own, and gaining education, has never been easier.

The world of finance is complex and constantly changing. It can be daunting for anyone to wrap their head around, and even the most experienced of experts understand that self-education is the only way to move forward.

The digital age has provided us with a bounty of bloggers who want to unravel the world of finance, because for many of us, it may as well be another language.

Here are the top finance bloggers in Australia who are helping readers get educated.

WHAT'S NEW?

In this issue we discuss 'living in uncertain times', after the federal budget a number of changes to superannuation were proposed – so when (and if) these changes occur we will be there for you.

In this issue we also discuss managing your income. If you'd like to use our recommended Budget Planner, please let us know.

Finally, this quarter's issue includes details of some of Australia's best financial bloggers. If you ever do read something you'd like to know more about, we'd be more than happy to discuss with you.

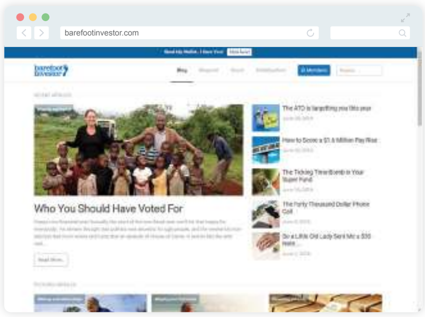
If you would like to discuss any of the issues or articles please do not hesitate to contact our office.

Canna Campbell
sugarmamma.tv

Platforms:

Audience:
Over 75,000 followers

About:
A Sydney-based financial planner, and mother-of-one, Canna Campbell started SugarMamma.TV to serve as an educational platform for everyone to access financial knowledge, experience, and information.



Scott Pape
barefootinvestor.com

Platforms:

Audience:
Over 50,000 followers

About:
Scott Pape is a syndicated columnist, bestselling author, radio host, and television presenter. As a licensed financial advisor, and director of Barefoot Investment Management, Scott Pape is known as 'the money guy' for Channel 7.

Melissa Goodwin
frugalandthriving.com.au

Platforms:

Audience:
Approximately 10,000 followers

About:
Frugal stay-at-home mum Melissa is a blogger by night. She describes herself as frugal by habit, but many times, out of necessity. She has created a blog for others to draw inspiration from when money is tight.

LIFE FINANCIAL PLANNERS Pty Ltd
Marijana Ravlich B.Bus SA Fin
Authorised Representative/Director
12/64 Murray St, West Perth WA 6005
P: 08 9322 1882 | F: 08 9322 1883 | M: 0410 549 562
marijana@lifefinancialplanners.com
www. lifefinancialplanners.com