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Sometimes when choosing investments, avoiding unnecessary mistakes and achieving a reasonable overall return on an investment is more important than finding the best investment return.

Financial planning is an ongoing process that evolves as your needs change, so flexibility and constant reviewing of your financial plan by an objective professional can help to keep you on track with your goals. A financial planner's job is not to sell you financial products, but to understand your specific needs and come up with the best financial strategy for you, which could significantly improve your financial future.
Let's look at some basic rules for building and preserving your wealth in the years ahead.

Pay yourself first

Make sure that you regularly set aside some of your income before you're tempted to spend it. Before long you'll have enough to consider a range of investment options.

Invest for growth

Over the longer term, growth investments such as shares should give you a better overall return than cash-type investments, but of course you have to select fair value investments and expect some volatility.

Too good to be true

Steer clear of investments with unrealistically high returns and most of the highly tax-driven investments that you may read about towards the end of the financial year – they're often riskier than they appear.

Invest tax effectively

Remember that money invested in Australian shares or managed share funds can earn you imputation or franking credits. These effectively reduce your tax payable leaving you with more after-tax income. With good advice, you could also consider borrowing modestly for investment.

Make the most of super

Superannuation is still the most tax-effective form of retirement saving for most people. By being subject to a lower rate of tax, your superannuation investments generally compound faster than non-super investments.

Spread your risk

Don't put all your eggs into the one basket – maintain a balanced approach to investment. It is generally beneficial to be invested across a few different asset classes such as shares and property. Often if one asset class performs poorly, another may perform strongly. A diversified approach can keep your investments growing steadily.

Yours sincerely,

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IN THIS ISSUE

TOPICS THIS QUARTER

Who Gets your Super If You Pass Away? (it may not be who you think)

If you pass away suddenly, your superannuation may not necessarily go to the people you want. Many people do not realise that under Australian law, the trustee of your super fund could actually have control over who gets your money when you die. So how do you make sure your super goes to the right people?

Things to think about before helping your kids buy a home

House prices have risen hugely in Australia in recent years, especially on the Eastern seaboard. This has led to a lot of parents helping their children to afford their first homes. But this isn't always as sensible and straightforward as it seems – there are a number of things parents should be thinking about before taking on such a big commitment.

Berry Financial Services – Holiday Opening and Closing times

December – January Office Hours

Who Gets Your Superannuation if you pass away? – It may not be who you think

If you pass away suddenly, your superannuation may not necessarily go to the people you want. Many people do not realise that under Australian law, the trustee of your super fund could actually have control over who gets your money when you die. So how do you make sure your super goes to the right people?

The law on super fund death benefits

Unlike the rest of your assets, your super fund is not covered in your will. This is because you don't actually own your super fund – it is being held for you by a trustee. Legally, the trustee has responsibility for how your death benefit is awarded.
Most super funds allow you to nominate the person or people you want your death benefit to go to, and depending on the type of nominations you make, your super fund trustee may legally have to abide by your wishes.
However, if you fail to nominate anyone, the decision will be made by your trustee. While your trustee will usually award your death benefit to one or more of your dependants or to your estate, there are no guarantees of this. Even if they do, it is likely to take a lot longer for the beneficiaries to receive their money. It can also be the cause of fighting within your family, as some of your dependants may not receive what they think they deserve.
This is why it's highly advisable to nominate the people you want your super money to go to in the event of your death.

Who can be a beneficiary of your super fund?

Legally, only your dependants can be named as beneficiaries of your super fund. Super death benefits recognise dependants as:

- A spouse
- Children of any age, including adopted children
- Anyone else who depends on you financially, or who you have a mutual financially dependant relationship with, such as a relative who lives with you.

You can't nominate anyone who isn't classed as a dependant to benefit from your super fund. The only way non-dependants can benefit is if you name them in your will and nominate your estate as the beneficiary of your super fund.
Nominating your estate means that your super fund becomes an asset when you die, and can be divided up according to your instructions in your will, by your personal legal representative.

How to nominate beneficiaries

The first step is to check that your super fund allows you to nominate beneficiaries. If so, there are two types of nomination you can make:

- **A Binding Nomination.** Under a binding nomination, your trustee legally has no say in where your super death benefit goes – they must pay it to either the dependents you have nominated, or your estate. Binding nominations only last for three years, and your super fund should let you know when a binding nomination is about to expire. If you die without renewing it, your death benefit will automatically be paid to your estate and divided up according to your will.
- **A Non-Binding Nomination.** A non-binding nomination only acts as a guide to where your money should go – your trustee still has the final say, and is not legally obliged to abide by your wishes, although most will take them into account.

Can you change your super fund beneficiaries?

You should review your nominations every time your personal circumstances change, to make sure your money will actually go to the people you want. If you get married or have children, you're likely to want to include your spouse and children as beneficiaries. Equally, if you get divorced, it's advisable to remove your ex-spouse as a beneficiary – otherwise, if you die, they could benefit and your new family or other chosen dependents could lose out.

Do different super funds have different policies?

While most super funds will allow you to nominate your chosen beneficiaries, they can have different policies on this. Ultimately the decision about how your death benefit is paid, and who it is paid to, depends on the governing rules of your individual super fund. You should contact your fund to find out what their policies are.

It is always a good idea to consult us

Any advice contained in this article is of a general nature only and does not take into account the objectives, financial situation or needs of any particular person. Therefore, before making any decision, you should consider the appropriateness of the advice regarding those matters and consult your financial planner.

Things to think about before helping your kids or grandkids buy a home

House prices have risen hugely in Australia in recent years, especially on the Eastern seaboard. This has led to a lot of parents helping their children to afford their first homes. But this isn't always as sensible and straightforward as it seems – there are a number of things parents should be thinking about before taking on such a big commitment.

How safe is it to be a guarantor?

Many parents now act as guarantors to enable their children to buy their first properties. This often reduces the cost of the child's mortgage, as it is secured on their parents' home as well as their own. This is why it's a significant risk to take. In the event of your child being made redundant or falling ill, they may find themselves unable to keep up with the repayments. The responsibility then falls on the guarantor – in extreme cases, the parents can lose their own home.
Acting as a guarantor on your child's mortgage can also affect your own ability to borrow. If you need to take out a loan for something else, the additional risk of your child's property may cause lenders to decide you won't be able to repay another loan and turn down your application.

Is it a good idea to pay your child's deposit?

Paying a deposit on your child's property helps them with the initial outlay and then leaves them with sole responsibility for paying the mortgage. This is often seen as a more responsible option, particularly as it's all legally documented – you have to sign a statutory declaration stating that your child is not expected to repay you for the cost of the deposit. Banks look upon it as a gift, and it can also be an effective way of preparing your child for the financial responsibility of a mortgage, as they are likely to have to keep the money in their bank account for a period of time – usually three to six months, depending on their mortgage lender and policy. This is to demonstrate to the lender that they are capable of being sensible with their money, so they're likely to be able to pay back a home loan.
However, it's not without risk. For a start, if your child ends up getting divorced, the money you have invested in them could ultimately go to their ex-spouse. The other main problem is that many parents are over-generous in the properties they pay deposits on. This can cause future financial hardship for their children, who end up living in properties they can't afford to run.

What about going into partnership with your child?

Some parents now choose to buy a property in partnership with their children, but like all partnerships, this can have its own problems. Your child may meet a partner who ends up moving into the property with them, at which point they're likely to want to make changes and have more financial control over their home.
There's also the risk of either the parents or child being tempted to draw equity from the property to pay for something they want, which can cause feuds within families and leave everybody's financial security at risk.

Where's the money coming from?

If you plan to help your child financially, you should think carefully about where you're going to get the money from. A lot of parents now are drawing money from their superannuation accounts to help their children buy property. If you go down this route, you need to consider the fact that you're likely to live longer than previous generations, and you may need the extra money to pay for your own care in old age.
Some parents are getting around this by having a "granny flat" arrangement, where they sign their property over to their child in return for the child agreeing to care for their parents when they're old. However, this can cause problems where there is more than one child in the family – you want to be able to treat all your children equally, but you can only sign the property over to one of them.

Get the right advice
Ultimately, if you do intend to help your adult children get onto the property ladder, the right solution is something for you and your children to work out between you. As with all financial arrangements, it's highly advisable to seek independent financial advice and make sure everything is documented legally, so there can be no disputes in the future.
It's also worth remembering that not all support has to be financial – your child can benefit just as much from your help with saving tips and drawing up a financial plan to make sure they stay on top of their home loan repayments. This can also bring you closer to them, as sometimes it's worth more than money just to know you have someone on your side to help you make those big decisions.

"Merry Christmas From the Berry Team"

From the Ladies at Berry, we hope you have a wonderful and safe Christmas and New Year.

Our office will be closed from Tuesday 19th December 2017 through till the 8th January 2017.

If you require anything prior to this time please feel free to contact our office on (02) 6584 5655