berry financial services

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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 good 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 number of 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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There are changes coming to super on 1 July 2017 that will affect super contributions and the way super and retirement income is taxed. Here we explain how the changes will affect you, whether you are contributing to super, about to retire or already retired.

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To withdraw money from your super fund, either as a lump sum or through a regular pension (known as an 'income stream'), you must meet a 'condition of release'

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Superannuation changes 1 July 2017

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Who will the 2017 super changes affect?

- **Low income earners (people earning less than $40,000)**
- **High income earners (people earning more than $250,000)**
- **People who want to make extra super contributions**
- **Retirees or those approaching retirement**

If you earn less than $40,000 or are self-employed you will benefit from more flexible super contribution rules. If you are a high-income earner or have a large super balance there are new contribution limits and a balance cap that will change how much you can add to your super

Low income earners (people earning less than $40,000)

If you are a low-income earner, work part time or don't have constant income, it can be hard to save for retirement. Changes to super tax offsets and more flexible super contribution arrangements will make it easier to add more to your super.

Spouse super contributions

If your spouse earns less than $13,800 pa and you make a contribution to their super, you can claim a tax offset equal to 18% of the contributions, up to $540.

From 1 July 2017, your spouse's income threshold will increase to $37,000. Even if they earn up to $40,000, you could still be entitled to a partial super tax offset. Other restrictions apply, however this change will allow couples to get greater benefits from adding to each other's super.

High income earners (people earning more than $250,000)

Higher income earners could be affected by a reduction in both before and after-tax contribution limits.

If your combined income and super contributions exceed $300,000 you may have to pay extra tax on the excess, this is known as Division 293 tax. From 1st July, the threshold for Division 293 tax will be reduce to $250,000, meaning more higher income earners will have to pay extra tax.

Division 293 tax: An extra 15% tax on the super contributions of high income earners. There are different tax rules for members of defined benefit super funds

People who want to make extra super contributions

Many of the 2017 super changes affect personal super contributions, including tax deductions for contributions, contribution caps and eligibility for the Government's co-contribution.

Tax deductions for personal super contributions

Self-employed people and those that earn less than 10% of their income from salary or wages, can claim a tax deduction for any contributions they make to super. The contributions are then treated as 'before tax (concessional) contributions'.

From 1 July 2017, the 10% rule will be removed, making it easier for more people to make use of their concessional contributions cap.

Before tax super contributions (concessional)

On 1 July 2017, the concessional contributions cap will reduce to $25,000 for everyone. This means the amount of contributions you can make that are concessionally taxed will reduce.

However, if you have a total super balance of less than $500,000 you will be able to 'carry-forward' any unused concessional contributions cap on a rolling 5-year basis. This means carried forward amounts will expire after 5 years.

After tax super contributions (non-concessional)

The after-tax contributions cap is reducing from $180,000 to $100,000 per year. You will still be able to bring forward up to three times the cap to make larger one-off contributions, if you are under age 65 and have not reached the new transfer balance cap. The full benefit you bring forward may not apply if your total super balance is close to the balance transfer cap.

When can you withdraw your super?

To withdraw money from your super fund, either as a lump sum or through a regular pension (known as an 'income stream'), you must meet a 'condition of release'. The least complicated condition is simply turning 65 – at that age you can automatically withdraw your super even if you're still working. You can also access your super if you reach 60 and leave your job with an employer.

Otherwise, if you're under 65, to withdraw your super, in most cases you'll need to have:

- Permanently retired from the workforce – officially, this means you do not intend to work for more than 10 hours per week,
  AND
- Reached your 'preservation age' – this depends on when you were born, as shown in the table below.

Other conditions of release
Other situations may allow you to access your super before you're retired and of preservation age.
These include:

- Permanent incapacity
- Severe financial hardship
- Compassionate grounds
- Terminal illness
- Temporary residents permanently leaving Australia.

What's your preservation age?

Your date of birth	Minimum age for getting your super benefits
From 1 July 1964	60
1 July 1963–30 June 1964	59
1 July 1962–30 June 1963	58
1 July 1961–30 June 1962	57
1 July 1960–30 June 1961	56
Before 1 July 1960	55

Getting your super early usually means you have to pay more tax than if you leave it in your fund until you reach your preservation age and meet a condition of release. Note that some super funds may have stricter conditions of release, so contact your fund for details.

Aged Care

If you are looking for aged care services for yourself or for a family member there are a lot of things to consider and options to explore

Getting help at home

Most people want to stay in their own home for as long as possible. Sometimes family and friends are able to help with things like shopping, cooking and transport so you can stay in your home longer.
The Government also provides subsidised home care that can help with these everyday tasks as well as personal care, meal services and nursing care

Accommodation costs in later life

One of the largest potential costs in later life is aged care. If you become a resident of an aged care home, you may be asked to pay:

- A basic daily care fee – this fee contributes to living expenses like meals, laundry, heating, air-conditioning, and nursing and personal care
- A 'means-tested' fee that depends on both your income and assets – you will not be asked to pay more than you can afford or more than the cost of the care you receive
- An accommodation payment or charge – at present, you can only be asked to pay a bond or charge if your assets exceed an amount set by the government

- Extra fees – if you accept a room with an extra service status, you may be asked to pay an extra service amount.

You may be eligible for government assistance with the cost of your accommodation. To test your eligibility for assistance, you need to undertake an assets assessment.
Go to **myagedcare.gov.au**.

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|**moneysmart.gov.au**

The Berry Team

Julie Berry (CFP® FFPA)

Your Financial Planner

Julie has been a financial planner for over 26 years.

In her professional life, Julie's success is built on long term relationships with her clients and with providing them with quality advice and personal service. Julie specialises in giving advice to individuals and families in the following areas:

- Pre-retirement planning
- Cash flow management
- Wealth accumulation
- Superannuation and rollovers
- Retirement planning
- Centrelink entitlements
- Tax effective investment strategies
- Risk protection

Porsha Papas

Administration Assistant (Full Time)

Porsha joined Berry Financial Services in July 2015.

Porsha is currently completing a Bachelor of Commerce Majoring in Financial Planning with Deakin University.

Porsha's' role is to support our clients with general enquiries, withdrawals, shares, detailed portfolio enquiries, Centrelink and administrative requirements.

Porsha looks forward to helping with your next Portfolio inquiry.

Amanda Sitterlee

Administration Assistant (Casual)

Amanda joined the Berry team in February 2017.

Amanda's role is to support our clients with general enquiries, appointments, withdrawals, term deposits and administration requirements.

Amanda would be pleased to make you an appointment for your next consultation and/or discuss any general portfolio enquiries.

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