

June 2013

Mortgages and Lending

(Provided by One10 Mortgage broking services)

What is the RBA Up To?

Last month the RBA decided to lower the cash rate by 25 basis points to 2.75 per cent. Amongst other reasons for this rate cut, it mentioned the global economy was likely to grow slower than first expected this year, before picking up next year.

Here in Australia, the RBA mentioned growth was close to the mark in 2012 overall, but slowed in the second half of the year, and has yet to pick up in 2013.

Despite this, it's good news for consumers, who continue to enjoy record low interest rates.

However, where to from here? The RBA has indicated that it will consider further rate cuts, despite a growth in the housing market, citing factors outside of the property market that continue to create economic uncertainty.

Whether or not this happens, clients still enjoy great rates and would not be wrong to consider locking in at least part of their mortgage on a low fixed rate.

HOW THE PROPERTY MARKET IS GOING

Looking back at this time last year, after getting off to a very slow start, the year went on to pick up and we saw strong growth during the second half of the year compared to the first.

Some factors that would have contributed to this no doubt are the interest rate cuts and the overall improving consumer sentiment.

This has continued in the early stages of 2013 and we expect to see it continuing throughout the year, further strengthen buyer demand.

HOT OFFERS

With rates at all-time lows and lenders fighting for consumer loyalty, here is a selection of the best deals currently on offer:

Top-3 Variable Rates*

AMP	= 5.15%
Macquarie	= 5.19%
ING	= 5.23%

Top 1, 3 and 5 Year Fixed Rates*

1-Year	ING = 4.79%
3-Years	ING = 4.84%
5-Years	ING = 5.29%

**Based on a loan amount of \$425,000 and a loan to value ratio of 80%*

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There Are Plenty Of Good Reasons To Quit Smoking

If you have ever taken out any form of life insurance, you would have been assessed on a number of factors that can impact your health. No doubt one of the questions you would have been asked was whether you smoke.

Each year in Australia, it's estimated that around 19,000 deaths are related to smoking.

According to the Australian Institute of Health and Welfare, smoking increases the risk of coronary heart disease, stroke, heart failure, peripheral vascular disease, lung cancer, cervical cancer and osteoporosis.

The added risks of smoking are also reflected in what you pay as your insurance premiums each year – with smokers generally required to pay more for cover than non-smokers, all other things being equal.

But that's not to say that can't change. If you quit smoking, and stay that way, you can ask for a re-assessment of your insurance premiums.

Former smokers may be eligible for a premium reduction if:

- You haven't smoked tobacco or any other substance in the past 12 months.
- You have no intention of resuming smoking of tobacco or any other substance in the future.

- You haven't been advised that you have a medical condition associated with your history of smoking.
- You have not been advised to quit smoking on specific medical grounds.

If you would like to discuss or review your life insurance needs, contact Life strategies on

02 9487 8200 or email us at

yourfinancialcoach@lifestrategies.net.au

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Superfund Updates

Announcements by the government pre the May Budget haven't all been passed into law but the following changes to note are:

Concessional Contributions limited to \$25,000 for everyone in year 2012/13 with onerous tax on Excess Contributions (ECT) was in force to 30/6/13. However from July 1 2013 ECT will be modified to being taxed at the individuals marginal rate plus an interest charge and the excess can be withdrawn.

Note Concessional Contributions for next year (2013/14) increase to \$35000 if you are aged 60. For the following year from July 1 2014 if you are over 50 then you can access the \$35000 cap as well.

Pension Assets will only have tax free exemption up to \$100,000 pa for each individual and earnings over this amount will be taxed at 15%.

For Trusts

Don't forget that by distribution decisions to beneficiaries should be made by 30/6/13 and preferably minuted or discretionary trusts otherwise there can be quite severe tax consequences.

Individual Updates

There are a few changes to note:

Net Medical Expenses tax offset - to be phased out by 1/7/19 but for most individuals over the next two years. If a NMETO claim is made in 2012/13 then you are eligible for 2013/14 year (and similar rule for the year after).

Baby Bonus – to be abolished by 1/3/14 instead Family Tax Benefit to increase and is payable in the year following baby's birth

Work Related Self Education expenses will be limited to \$2000 cap from 1/7/14.

Medicare Levy – to increase by 0.5% to 2% from 1 July 2014 to fund the National Disability Insurance Scheme. The low income level will increase for 2012/13 to \$20,542 for individuals.

Co-Contribution to Superfund from the government, proposed in the Budget to be \$500 for \$1000 contributed.

For Businesses

Super Guarantee Levy changes to 9.25% from 1 July 2013 so consider if this is to be borne by the employer or if it is part of the employee's remuneration package. Also for workers over 70 SGC will be payable.

Concessional Depreciation for small businesses, consider if appropriate to bring forward capital expenditure.

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Do I Need to Lodge a Tax Return in 2013?

As tax time approaches, everyone needs to be aware that there are some important changes that may affect whether or not you need to lodge a tax return for 2012-13.

What is new this year?

From 1 July 2012, the tax-free threshold increased from \$6,000 to \$18,200. This means that if you earned less than \$18,200 in a financial year, you may not need to pay income tax. If you earned more than \$18,200, you will only need to pay income tax on your earnings over \$18,200.

You need to lodge a tax return for 2012-13 if:

- You paid tax, or had tax withheld
- Your taxable income was greater than \$18,200 and you were an Australian resident for taxation purposes for the full year
- You were in business – regardless of the level of your income.

The online 'Do I need to lodge a tax return?' tool, available from 1 July, can help you to work out whether you need to lodge.

Visit www.ato.gov.au/doineedtologde

If you do not need to lodge a tax return for the 2012 -13 income year (1 July 2012 to 30 June 2013), you should notify the ATO by completing a non-lodgment advice form 2013, and sending it to the ATO by 31 October 2013.

Do you have shares?

If you own shares then you may have franking credits. Franking credits are credits for tax already paid on the dividends you receive and are recorded on your dividend statement.

If you do not need to lodge an income tax return for 2012-13, you may still be entitled to a refund for any franking credits you have. You can claim a refund of franking credits by lodging an 'Application for refund of franking credits for individuals' form which is available from ato.gov.au.

For more information on these and other changes this tax time visit ato.gov.au or call **132861**.

Recent Training attended

Sharni attended –

- Self-Managed Super Investment Seminar – hosted by ASX
- Implementing FoFA: Practical Things you need to Know workshop – Hosted by FPA
- Platinum Asset Management Quarterly Adviser Conference – Platinum Asset
- 2013 Sydney FPSA PD Day
- Leadership and Development Day Quarter 1 – Pathway
- Completed SMSF Accreditation Course with Kaplan

Michael

- Continuing with CFP studies

Team Update

Barbara Rawlingson resigned from Life Strategies Accounting in June and we welcomed Jo Ampherlaw and Ben Miller to our accounting team.

Jo and Ben are both Chartered Accountants with self-managed super fund experience and Ben is also a Tax agent and Registered Company Auditor.

They are assisted by Nikki Donovan who is responsible for the administration for accounting and tax work.

Jo Ampherlaw is the main contact for accounting or self-managed super fund enquiries.



Download the QR code application on your smartphone then scan this code and it will take you directly to our website!

Contact:

Life Strategies

P: 02 9487 8200

F: 02 9487 8201

E: yourfinancialcoach@lifestrategies.net.au

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