stonehouse

Newsletter

Autumn 2021

After an eventful summer of weather extremes, on-again off-again lockdowns and the swearing in of a new US President, many will be hoping that Autumn ushers in a change of more than the season. As the vaccine rollout begins, there are also promising signs that economic recovery may be earlier than expected.

Australia's economy has improved and the downturn was not as deep as feared. That was the message Reserve Bank Governor Philip Lowe delivered to Parliament on February 5, citing strong employment growth, retail spending and housing. Unemployment fell from 6.6% to 6.4% in January, although annual wage growth remains steady at a record low of 1.4% after a 0.6% increase in the December quarter. Retail trade rose 0.6% in January, 10.7% higher than a year ago. While home lending jumped 8.6% in December. This helped fuel the 3% rise in national home values in the year to January, led by a 7.9% increase in regional prices.

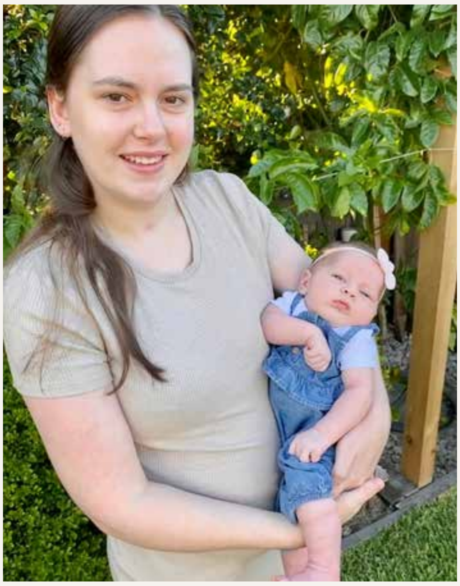
Business and consumer sentiment is also improving. The NAB Business Confidence Index was up from 4.7 points to 10.0 points in January, although 60% of businesses say they are not interested in borrowing to invest. Halfway through the corporate reporting season, 87% of ASX200 companies reported a profit in the December half year, although earnings were 14% lower in aggregate while dividends were 4% higher. The ANZ-Roy Morgan Consumer Confidence rating eased slightly in February but is still up 67% since last March's low.

Higher commodity prices lifted the Aussie dollar to a three-year high. It closed the month around US78.7c, on the back of a 31% rise in crude oil prices and an 8.5% lift in iron ore prices in 2021 to date.

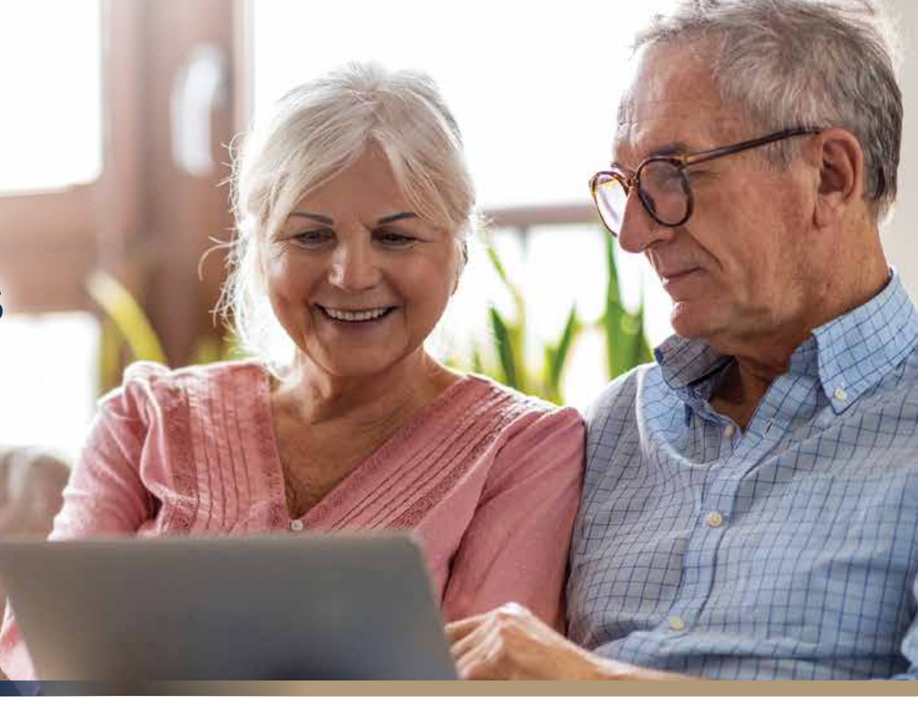
Bianca's baby girl has arrived!

Introducing Alexis Olivia Yates, born 2nd February weighing a healthy 9.1 pounds. Both mum and bub are doing well and settling into their new routine.

We are so happy for Bianca and her family!



Changes to Superannuation Contribution Rules for Over 65's



By Nick Webb - Director

There are requirements and age restrictions you will want to be across if you're looking to boost your super leading up to, or during 'retirement'.

If you're 65 or over, you can typically get full access to the funds in your superannuation. However, you may not be ready to retire just yet, or you could be looking to make voluntary contributions towards your retirement plan. The superannuation rules for those aged over 65 will vary based on the different types of contributions you make, so it is helpful to get familiar with these.

If you're working, the superannuation rules for employer contributions remain the same—you can continue to build your superannuation with compulsory employer contributions (using the Super Guarantee rate, if you're eligible).

If you're considering voluntary superannuation contributions through salary sacrifice (where you choose to contribute a portion of your pre-tax income), or after-tax super contributions (such as cash from an inheritance or property), you must be under 75 years of age and meet specific requirements under the 'work test' or 'work test exemption'.

Once you reach age 75, you're generally ineligible to make voluntary contributions into your super (except for downsizer contributions).

The Federal Government has recently updated superannuation laws to allow older Australians to contribute to their superannuation for longer.

Work test to apply from age 67

The government has increased the age up to which superannuation contributions can be made without having to meet a "work test" from ages 65 to 67.

What is a 'work test'?

The work test requires you to be in paid work for a minimum of 40 hours in any consecutive 30-day period in the financial year to make voluntary super contributions.

What is changing?

From 1 July 2020, the work test now only applies for people aged between 67 and 74.

People aged 65 or 66 will now be allowed to make voluntary super contributions—both concessional and non-concessional—regardless of whether they are working or not. The usual contribution caps will continue to apply, which are as follows:

Concessional contributions cap

Concessional contributions include:

- employer contributions (including contributions made under a salary sacrifice arrangement)
- personal contributions claimed as a tax deduction.

If you have more than one fund, all concessional contributions made to all of your funds are added together and counted towards your concessional contributions cap.

Concessional contributions caps

Income year	Date	Your age at this date	Your concessional contribution cap
2020-21	N/A	All ages	$25,000

Non-concessional contributions cap

Non-concessional contributions include personal contributions for which you do not claim an income tax deduction.

If you have more than one fund, all non-concessional contributions made to all of your funds are added together and counted towards the non-concessional contributions cap.

Non-concessional contributions cap

Income year	Amount of cap
2020–21	$100,000*

* If you are under 65 years old, you may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year. If eligible, when you make contributions greater than the annual cap, you automatically gain access to future year caps. This is known as the 'bring-forward' option.

Work test exemption continues to apply

The 'work test exemption' for recent retirees will continue to apply for people aged 67 to 74.

This allows people with a total super balance below $300,000 on 30 June of the previous financial year to make voluntary super contributions for 12 months from the end of the financial year in which they last met the work test. It can only be applied once.

For spouse contributions the work test exemption applies to the receiving spouse.

If you have any queries relating to these recent changes, or would like to see how these changes may be of benefit to you, please contact your Stonehouse Adviser for assistance.

Love & money

achieving financial harmony

The past 12 months have been a challenging time for many of us on a personal level, with the pandemic having a far-reaching impact on so many aspects of our lives. While the Australian economy is proving remarkably resilient, personal finances have been affected in different ways by lockdowns and government initiatives put in place to soften the economic toll of the pandemic.

Whether your finances were adversely impacted, or you came out of 2021 relatively unscathed, if you are in a relationship you and your partner's attitude towards your finances may have shifted. Given that money has the potential to be a source of conflict in relationships, it's a now a good time to get in sync to ensure you are on track to achieving financial harmony.

Check in and see where you stand financially

The first step is knowing where you stand financially. This involves looking through your shared and individual accounts and being open with each other about your saving and spending habits.

This is unlikely to make for a romantic date night given the potential for uncomfortable conversations, which is why one in three Australians admit having kept a financial secret from their partner.[i] However, by being transparent with your partner, you'll be working through issues before they snowball into a source of greater financial and relationship stress.

Discuss or re-evaluate your goals

We can all lose track of our end goals, especially when life becomes unpredictable and we need to shift focus. So that you don't move too far away from your financial goals, re-evaluate your priorities. These may have changed in the past year – maybe you've had to halt those travel plans or realised you no longer need or can't afford that new car.

As you and your partner are two individuals, you might not always be aligned in terms of your approaches to saving and spending. We all have different deeply entrenched views and beliefs around money and it's one area that you may never completely see eye to eye on. That also goes for goals – we all have our own dreams and ambitions. Maybe one of you sees a need to renovate the bathroom, while the other thinks the money would be better spent on a holiday. Discuss the goals you both have and be prepared for compromise to find a plan that suits the family as a whole.

Re-evaluate your priorities and how you spend

Priorities and spending habits can change over time and more recently, in response to a changed world. In 2020, 56% of Australian households surveyed believed their financial situation was vulnerable or worse due to the pandemic.[ii] You may have less disposable income and needed to tap into savings or your superannuation or access credit as a result.

It's important to acknowledge if your financial position has changed, reassess your priorities and make any necessary adjustments. This may involve taking a look at your spending and saving habits and making changes so that your dollars go towards supporting what's most important to your family. Again, it's important to discuss this with your partner and work through it together.

Develop a budget

Budgeting is an obvious step, but you'll need to ensure that the budget works for both of you and supports your shared goals. There are great budgeting apps you can use, but what you'll both need to bring to the table is a commitment to sticking with the agreed upon budget. Discuss your household needs, such as mortgage or rent payments, utilities, etc, as well as your individual needs and what your shared goals are.

Try to agree on a system that keeps you both accountable. It can be as formal as filling out a spreadsheet every week, or perhaps having a monthly family meeting around how things are tracking and if there's any room for improvement.

Money talk in relationships can be tricky as it's often a loaded and emotive topic that can bring up other issues. This is why an adviser can help with these conversations, facilitating discussions in a safe and neutral environment and providing expert advice, tailored to your situation.

Please reach out if we can be of assistance.

i https://www.moneymag.com.au/talk-money-relationships

ii https://www.bt.com.au/insights/perspectives/2020/australian-consumer-spending-changes.html

New Years Resolutions

Declan
To get my golf handicap to less than 20.

Brooke
To better my running ability. I'm aiming for 5k in 20 mins.

Claire
Lose 15k and further my financial planning studies.

Taylor
Lose 20kg.

Andrew
My goal is to have a better work/ life balance.

Jenna
Recover from foot injury and get back into exercise.

Miah
To not eat sweets and replace them with fruit.

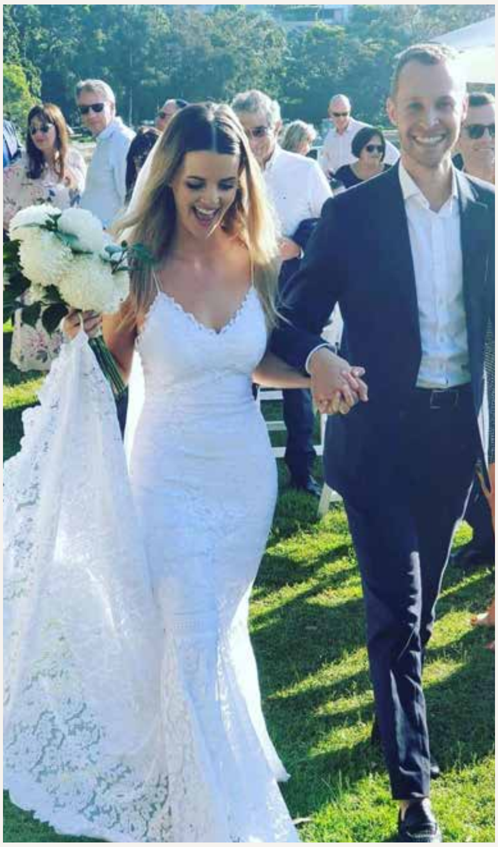
Michael
To be able to do an unassisted muscle up and complete at a crossfit event later in the year

Jeremy
Learn another language.

Oliver
Complete the Financial Adviser Professional Year and get back to playing Football (Soccer) at a competitive level after ACL reconstruction in 2019.

Congratulations!

To newlyweds Jeremy & Amy Chiel, who celebrated their wedding on a glorious day in Sydney earlier this month.



Stonehouse Financial Partners Pty Ltd
E service@stonehousegroup.com.au
W www.stonehousegroup.com.au

Facebook stonehousegroup.au
Linkedin https://au.linkedin.com/in/stonehouse-wealth-management