

WEALTH NEWS

Welcome

to the Spring 2016 edition of Wealth News

It's Tax Time

Here are some tax time tips to help you get the best outcome.

SMSF update

Done properly, a SMSF can be an extremely beneficial and flexible tool for managing your superannuation.

Changes to the Age Pension rules – will you be affected?

From 1 January 2017 Government changes to the Age Pension are likely to reduce many Age Pension entitlements.



It's Tax Time

Our team at AGS Accounting are in full swing with individual tax return season. Here are some tax time tips to help you get the best outcome with your tax return.

Claim everything you are entitled to:

Make sure you know what you can claim – we are happy to assist clients with a checklist and advice.

Working from home:

Make sure you keep a diary for four weeks to track your home internet usage and the hours you are working from home to maximise your deduction.

Logbooks:

Make sure your logbook is up to date, and for motor vehicles your logbook needs to be less than five years old. If using an older logbook, consider whether your usage pattern has changed over the years.

Employee Share Schemes:

Most schemes now provide an annual statement to participating employees, but if you have any questions relating to Employee Share Schemes, we are happy to provide the advice and guidance you need.

Planning ahead:

It's too late for the last financial year, but consider whether any changes might help reduce tax in the future. For instance, moving investments into the name of the lower income earner, using smarter super or investment strategies, and improving your record keeping processes. Contact us if you'd like any assistance with tax planning for the new financial year.

Let AGS help you with your tax

If you're not presently using AGS for your accounting services, we invite you to give us a try. Our proactive and integrated approach with planning and accounting can make a world of difference to your results and customer experience. For those lodging their own return, the deadline is 31 October, but clients who appoint AGS as their Tax Agent will generally have a later lodgement deadline.

A scenic photograph of a winding asphalt road on a steep, rocky mountain. The road curves through the landscape, with a guardrail visible. The scene is illuminated by the warm, golden light of a setting or rising sun, creating a dramatic and atmospheric effect. The sky is hazy, and the overall tone is warm and inviting.

SMSF update

Self Managed Superannuation Funds (SMSFs) have been the fastest growing segment of the Australian Superannuation industry for some time now, and the latest statistics from the Australian Taxation Office show this trend continuing. As at the end of March 2016, a total of 572,424 funds were in existence, holding the retirement savings of almost 1.1 million members. Reflecting volatile investment markets, the total value of assets declined from almost \$574 billion to just over \$570 billion during the March 2016 quarter, and finished only slightly up (0.05%) over the previous 12 months.

Why are they so popular?

Done properly, a SMSF can be an extremely beneficial and flexible tool for managing your superannuation, and AGS Financial Group can help with all aspects of your SMSF journey.

Key benefits of a SMSF can include:

- Ultimate control and flexibility – over
 - investments
 - insurance
 - taxes and
 - estate planning
- Ability to borrow and leverage your investments (eg property, shares)
- Full transparency
- Better retirement outcomes and investment confidence.

Is it for me?

There are many factors to consider, but your AGS Financial Planner can help you assess the suitability of a SMSF for you and your family, and advise you on all aspects of SMSF. We generally recommend a minimum of \$150,000 in super assets before even considering a SMSF, as there are a number of fixed costs that warrant a larger balance to justify. As the statistics above show, the average SMSF balance is around \$1 million. And don't let the term "Self Managed" deter you - most SMSFs are run by professionals for the investors, but with full control and visibility.

If you are interested to know more about SMSFs – either establishing your own, or getting advice and assistance on an existing SMSF – please [contact us](#) today.

Changes to the Age Pension rules – will you be affected?

From 1 January 2017 Government changes to the Age Pension are likely to reduce many Age Pension recipient's entitlements. It's important that you understand how the changes could affect you.

Increase in the Assets Test threshold

The Assets Test threshold is the amount of assets pensioners can hold before their pension starts to reduce under the Centrelink Assets Test. The table below shows the current and new thresholds from 1 January 2017.

Pensions		Current Asset Test limits		2017 Asset Test limits	
		Threshold	Cutoff	Threshold	Cutoff
Single	Homeowner	\$209,000	\$793,750	\$250,000	\$542,500
	Non-Homeowner	\$360,500	\$945,250	\$450,000	\$742,500
Couple (combined)	Homeowner	\$296,500	\$1,178,500	\$375,000	\$816,000
	Non-Homeowner	\$448,000	\$1,333,000	\$575,000	\$1,016,000

Increase in the 'taper rate'

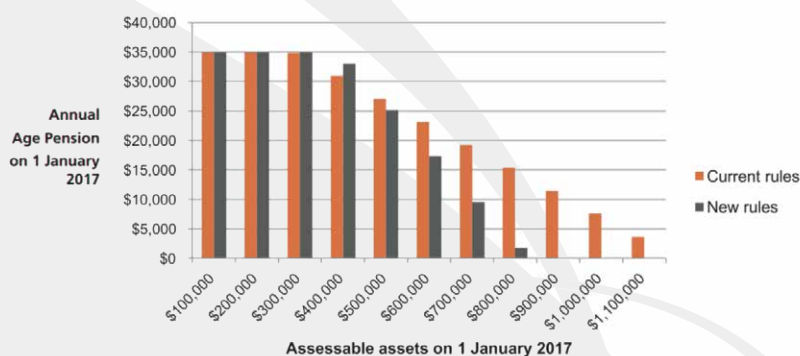
The Assets Test thresholds have increased but so too has the taper rate. The taper rate is the rate at which the Age Pension reduces as assets increase. From 2017 the taper rate will increase from \$1.50 a fortnight to \$3 a fortnight. This means the maximum Age Pension a pensioner can receive will be reduced by \$3 per fortnight for every \$1,000 of assets they hold above the Assets Test threshold.

How the changes could affect your Age Pension

The higher Assets Test thresholds will generally mean:

- Age Pension recipients with an asset value 'around' the thresholds are likely to see an increase in their Age Pension entitlement, and
- Age Pension recipients with assets significantly above the threshold are likely to see a reduction in their Age Pension – in some cases to zero – as a result of the increased taper rate.

Chart 1 – The effect on Age Pension for a couple (homeowner) as at 1 January 2017



Source: Based on information released by the Government (Scott Morrison's press release titled 'Fairer access to a more sustainable pension').

How AGS can help

There are a number of ways AGS can help you with these upcoming changes – such as:

- Assessing the impact on you
- Checking and if necessary correcting your records with Centrelink
- Adjusting your plans to maximise any entitlements; and
- Adjusting your plans to balance your need for income as well as ensuring your funds last.

For any advice or assistance please contact us today.

Investment Update

(With thanks to AMP Capital Investors and MLC Investments Limited)

September 2016

As has been the case for quite some time, the quarter ending on 30 September was one of volatility and mixed results across major markets. The Australian share market initially declined, and then bounced back to just below its starting point. The US market declined somewhat, and through September in particular displayed significant volatility. In comparison, European markets have been strong, particularly the UK.

What were the key factors driving markets?

Key concerns for the markets at present include speculation on when the US Federal Reserve (Fed) will move on raising interest rate. Jobs growth and economic activity has moderated ahead of the Presidential election, leading to a delay by the Fed to raise rates.

The health of the European banking sector is a second factor causing concern, with the banks exhibiting low capital ratios and profitability. In spite of this, broader European economic activity has been solid, with positive business surveys supporting an overall rise in the markets, and painting a positive outlook.

At home, unemployment has again edged lower, job vacancies have risen, and an increase in commodity prices has both stimulated the mining sector, as well as contributed to an increase in the Australian dollar.

Outlook and Final thoughts

Short term, expect more volatility from the US as we edge closer to the election.

However over the medium to long term, we anticipate moderate global growth to continue, delivering positive returns from growth assets.

Low bond yields look set to persist, hence the valuations for shares and property look attractive, as do alternate yield assets such as infrastructure, commercial property and corporate bonds.

Economic indicators – 30 September 2016

1 Year %, excluding dividends	
Australia: ASX 200	6.30
Japan: TOPIX	-8.30
China: CSI 300	1.60
UK: FTSE 100	13.60
US: S&P 500	12.70
Australia: Current at 30 September 2016	
AUD / USD	0.77
Official interest rates %	1.50
Aus 10-year bond yield %	1.91

For more information:

AGS Financial Group Pty Ltd

ABN: 70 093 990 946

Phone 1300 665 182

www.agsfinancialgroup.com.au

Office locations:

Sydney: Crows Nest, Caringbah, Baulkham Hills

Melbourne: South Melbourne

Brisbane: Milton

Adelaide

Crows Nest

12-14 Falcon Street
Crows Nest NSW 2065
Tel: 02 9966 8188
Fax: 02 9966 8199
Outside Sydney: 1300 665 182

Caringbah

Level 1, 34 Banksia Road
Caringbah NSW 2229
Tel: 02 9525 0766
Fax: 02 9525 9349

Baulkham Hills

Level 1, 4 Columbia Court
Baulkham Hills NSW 2153
Tel: 02 9899 7566
Fax: 02 9899 7522

Melbourne

Level 1,
103 / 153-161 Park Street
South Melbourne VIC 3205
Tel: 03 8548 6454

Brisbane

Milton Business Centre
Level 3, 349 Coronation Drive
Milton QLD 4064
Tel: 07 3085 6627

Adelaide

Level 3, 97 Pirie Street
Adelaide SA 5000
Tel: 08 7099 1224

E: info@agsfinancialgroup.com.au

W: www.agsfinancialgroup.com.au



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