PLANET WEALTH

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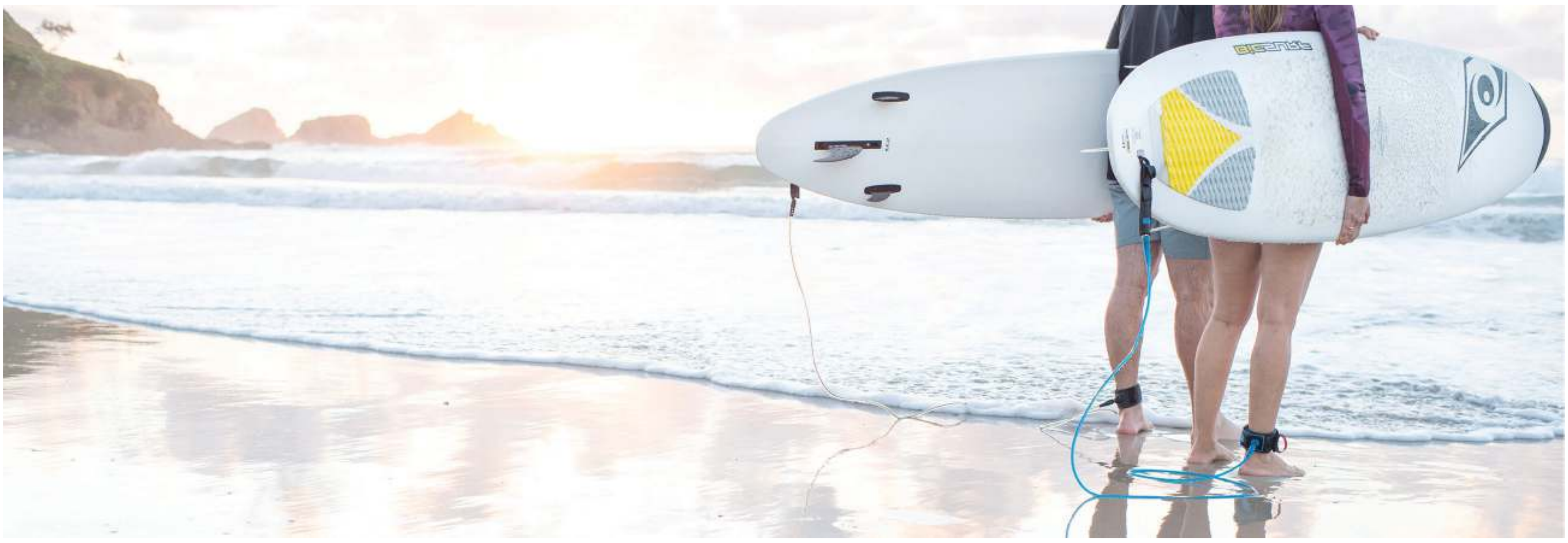

Newsletter - November 2019

Welcome to PLANET WEALTH and to the latest edition of our newsletter,

Over the past few months we have been revisiting our Brand, our Value Proposition and how we can help you achieve your goals. As part of this process we have changed our name and revamped our Logo.

Our articles cover a range of topics which we hope you will find interesting. We aim to keep you informed of changes as they happen, but we also want to provide ideas to help you live the life you want – now and in the future.

In this edition we discuss “How to stay Financially well” and provide you with information on “Superannuation Changes” and “How to Reboot your Retirement”.

If you would like to discuss any of the issues raised in this newsletter, please don’t hesitate to contact us.
In the meantime we hope you enjoy the read.

All the best,
PLANET WEALTH

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Rebooting for retirement

As retirement comes into view, it's time to imagine a new you for the post-work age.

You remember your first day at school, your first job, your first home. And now your final pay check is in sight. That's quite an achievement.

As with other big life events, retirement triggers choices that shape your future. It's time to take stock and reboot your life. It makes sense to make sure you're ready when the time comes so you can minimise surprises and maximise your new free time.

For instance, if you're downsizing your house or vehicle, you might consider how shedding assets and acquiring new ones affect your tax position before you retire.

Having your finances in order is important, but there's more than money to enjoying the fruits of your new phase of life. Here are five ways you can make sure retirement's a milestone not a millstone.

1. Think mind and body

Without a clear idea of how you'll spend your time, the initial euphoria of the untouched morning alarm can give way to anything from boredom to panic. Most of your 24 hours may be unstructured, so figure out how you'll spend it wisely.

You might try something new. Perhaps now is the time to keep bees, join a choir or learn archery. If you have a partner, remember to involve them in the planning. Even if they don't fancy joining you on a skydive, they may see a chance to learn how to take better action pictures.

Travel is near the top of many wish lists in retirement. If you don't have the funds for a Caribbean cruise, there are a host of cheaper options around Australia and even beyond. And now you'll have more time to spend, without worrying about annual leave quotas, or who'll look after your business while you're away.

2. Have a purpose

A rest is as good as a change. Although it's great to have unstructured time to think and dream, boredom can be a damaging state of mind, particularly if it's prolonged.

If you're already physically active, this can be a great time to extend yourself, embrace something new like yoga, or aqua aerobics. If you're healthy but know you could improve, you might sign up for a sponsored cycle ride or walk to help a cause you care about.

3. Catch up on what you've missed

Many of us put off expanding our passions while we're working because we don't have time.

If you've always wanted to read the classics, now might be your chance to explore the jewels of world literature. Reading is brain expanding and inexpensive. Books older than 70 years from the death of the author are out of copyright and therefore cheap in print or even free on your Kindle.

4. Follow your heart, not the herd

Many people downsize coming up to retirement. A smaller property usually means lower utility bills and maintenance.

But it's not for everyone. If your spare bedroom has the right natural light for your artist's studio or you just love your lemon trees, you might be better off staying where you are and saving yourself the real estate fees and hassles.

You're facing a change in life, but you don't have to change for change's sake. Put yourself and your loved ones first.

5. Listen to the voice of experience

As with so many things in life, you can learn from experts. Talk to people you know who have already retired, and see what worked for them, and what they wish they'd put in place before they took the plunge.

Consider what will make you happy in the years beyond work, so you can live the life you want.

Finally, if you haven't yet given these things serious thought yet, don't panic. You've dealt with other changes in your life, this is just another one.

Think of it as a new adventure.
Let's face it, you've earned it.

Superannuation changes

Learn more about the latest super reforms and what they could mean for you.

Putting Members' Interests First legislation

Putting Members' Interests First (PMIF) law was passed in September 2019. It aims to prevent certain people being charged for insurance inside their super that they may not need.

The PMIF law affects:

- members with a super balance under $6,000
- new members aged under 25

People with a super balance under $6,000

Under the new PMIF laws, super providers will check the balance of all super accounts with insurance on 1 November 2019.

Where an account balance is below $6,000 (and no exemptions apply), the super fund must let the member know their insurance will be cancelled, unless:

- the balance reaches $6,000 before 1 April 2020, or
- the member requests to keep their insurance.

People under 25

From 1 April 2020, super funds must not provide insurance inside super to new members aged under 25 – unless the member requests it.

Heard from your super fund about having your insurance cancelled already?

You may have been contacted about your insurance being cancelled because of government changes under Protecting Your Super (PYS) law. PYS involves cancelling insurance for inactive accounts, whereas PMIF involves cancelling insurance for low balance accounts and young members.

Protecting Your Super legislation

Effective from 1 July 2019

The Protecting Your Super (PYS) Package aims to protect super balances becoming diminished by fees and insurance premiums in inactive super accounts.

The PYS laws are different to the Putting Members' Interests First changes. PMIF laws focus on super account balances below $6000 and people aged under 25 (see details above).

There are four main areas of the PYS legislation:

1. Insurance cancelled for inactive super accounts

   Super providers must cancel the insurance inside inactive super accounts. Generally, an account becomes inactive if it hasn't received a contribution or rollover in the previous 16 months. Before cancelling, affected members must be told their insurance may be cancelled and given the opportunity to keep it.

   Members can stop their insurance being cancelled by:

   - letting their super provider know they'd like to keep it, or
   - making a super contribution or rollover (of any amount) into the inactive account.

   Making regular contributions can prevent an account becoming inactive in the future.

2. Inactive super accounts with low balances will be closed

   Many inactive accounts with a balance below $6,000 will be closed, and the balance transferred to the Australian Tax Office. Where possible, the ATO will then connect this super money with an active account for each member.

   Exceptions apply, including if you have insurance or you ask for your account not to be sent to the ATO.

3. Cap on fees for accounts with low balances

   Fees are capped at 3% p.a. for accounts with balances under $6,000 as at 30 June of each year.

   If an account with less than $6,000 is closed before 30 June, the 3% cap applies on a pro-rata basis.

4. Switch funds without paying an exit fee

   Exit fees are banned. Everyone can now switch their super between different providers without paying a fee.

   Exit fees also won't apply where money is withdrawn, and the account closed.

Is it time to check your super?

Staying (financially) well as the years go by

Our financial priorities tend to change as we move through life

The good news from AMP's 2018 Financial Wellness Index[i] is that only 7% of Australian retirees aged 65 or over report being stressed about money. So if you're feeling the pinch earlier in life there is light at the end of the tunnel.

Let's take a closer look at how your financial wellness is likely to change and what you can do to reduce your stress levels.

Starting out

When you're starting out it's an exciting time. You know you need to start saving for the bigger ticket items but it all seems a bit abstract. Meanwhile you might be on a graduate or apprentice wage and facing peer pressure to spend. To get on top of your finances it's a good idea to start with the basics—budgeting, debt and saving. Get those right and you're on the way to establishing good habits for life.

- Start chipping away at a deposit for your first home as soon as you can, and make sure you look into government subsidies like the First Home Super Saver Scheme.
- Think about your super—the earlier you start putting more away for later in life, the more you'll benefit from the long-term effects of compound interest.
- Set yourself achievable and realistic goals—short, medium and long term.

In the thick of it

There's no time to draw breath. You're juggling frantically at home and at work…it's easy to lose track of what's going out every week, let alone the bigger financial picture.

Any talk about long-term retirement planning can seem unrealistic faced with the day-to-day demands of putting food on the table and the need to pay any school fees and keep up with mortgage repayments. You're at a stage of life when planning is critical. Are your investments inside and outside super working as hard as possible and do you have the right balance between risk and return for your life stage?

- Talk to us to help you work out how to structure your finances to achieve your goals.
- Look at the different ways to invest your money to build your wealth.
- Think about how you're going to manage education costs.
- Get your debt under control by minimising bad debt and maximising good debt.

Approaching the finish line

The end is finally in sight. The kids have flown the coop, the mortgage is either paid off or at least more manageable and your financial commitments are finally starting to diminish. You're potentially still earning a decent wage but now you have fewer outgoings you might be able to free up some more funds for your super savings. Retirement by now should be front of mind—both in terms of what sort of lifestyle you want to enjoy and how you're planning to finance it. It's important to make the most of these final years in the workforce to set yourself up.

- Find out more about whether a transition to retirement income stream is right for you.
- Start planning as early as you can to set yourself up for the retirement you want.
- Think about how much you'll need to retire comfortably.
- Look at maximising your contributions into super's tax-effective framework.
- Work out the right income option for your retirement.

Enjoying the fruits of your hard work

After worrying about money, family and work for so long you're relishing a simpler life. You've worked hard to put all the pieces in place and now it's time to enjoy a well-earned retirement. You're still concerned about interest rates, retirement income and making provision for health and aged care. And you might be keeping your hand in with some consulting, part-time or voluntary work. But good health permitting there's more time for the good things in life.

- Think about meeting the social, physical and emotional challenges of retirement by finding new ways to stay well.
- Think about how to best manage your money in retirement, including your savings, debt and estate plan.
- Start working out which retirement living option might best suit you later in retirement—whether it's renovating, relocating or moving into a retirement village or aged care facility.
- Consider what type of pension might suit you best.

Whatever your stage of life, we can work with you to help you set yourself up to achieve and maintain your financial health.

i Financial Wellness in the Australian Workplace, The Behavioural Architects, Report 2018.