From:	Grow | Marinis Group
Sent:	Friday, 5 February 2016 2:48 PM
To:	Grow | Marinis Group
Subject:	Here we go Again!
Attachments:	2015 11 14 - Advertiser - Wealthy in Fear of Super Tax Hit.pdf; 2016 01 01 - QBusiness - Give Your Finances a Health Check.pdf; 2016 01 07 - News.com - Expect More Changes.pdf

Dear friends

Welcome to the February edition of eGrow – and thank you to everyone who commented on the 'bumper' January edition.

It is my aim for 2016 to issue one eGrow per month, with additional articles and opinion pieces uploaded to my LinkedIn account, or summarised on twitter for those of you who would like to hear more about the market. If you would like to learn how to use these social media forums, my team will be very happy to show you when you are next in the office.

The start to the New Year was horrible for investment markets and therefore January was an awful month for returns, but as I always say, it makes a lot of sense not to look at gains or losses reflected in your investment balance immediately after every market movement. It is a bit like taking your pulse every minute – even a small fluctuation can cause concern, when it is the long term that matters in both heart health and finance. Quarterly balance checks are more advisable and much more realistic. The market has always had unsteady patches, roughly every 5/7 years and this is nothing new.

Over the medium to long term, the stock market has always delivered strong returns per annum net of inflation over each decade. Having said that, by using a 'Marinis Buffer' strategy if you are drawing down – or by increasing your super savings during tough times – you can ride out these storms and even benefit from them!

If you are interested in reading a sensible article about the current volatility in the investment markets, I recommend you click on this link to Professional Planner - it makes a lot of sense to me.

http://www.professionalplanner.com.au/featured-posts/2016/01/19/zen-and-the-art-of-responding-to-a-sharemarket-slump-43036/

On other topics, there have been a couple of recent media articles to which I have been asked to contribute and which may be of interest to you. The first two relate to how proposed legislative changes may affect super – but of course, they are only proposals at this stage. The third article for which I was delighted to make a content and editing contribution appeared in the January 2016 edition of the Qantas Magazine in the 'QBusiness' section. It is essentially about getting your finances right.

See the articles here:

http://www.marinisgroup.com.au/assets/2015_11_14 - Advertiser - Wealthy_in_Fear_of_Super_Tax_Hit.pdf
http://www.marinisgroup.com.au/assets/2016_01_07 - News.com - Expect_More_Changes.pdf
http://www.marinisgroup.com.au/assets/2016_01_01 - QBusiness - Give_Your_Finances_a_Health_Check.pdf

My advice in respect of discussions around policy changes to super is, as always, not to worry about so called 'legislative risk'. Governments need the support of the senate to get any changes through. Bad policy is usually killed off (and as those of you who read my work closely know, I keep lobbying them to point out mistakes)! In addition, as is so often the case with governments, legislation to close one small door can leave open another one which can be used to advantage by people like me for my clients!

The best approach therefore, is not to 'jump at shadows' just as it is advisable not to blindly follow the lead of everyone else. In difficult times look to your adviser, (in this case me) and ask the question "what are you doing personally in this situation?" If the answer is not the same as the approach being recommended to you then I would suggest there is a case to look for another adviser!

May I encourage anyone whose circumstances have recently changed not to wait for your next personal review but to get in touch with me so that we can make sure your plans are still appropriate. If you know that an event such as retirement, redundancy, or perhaps an inheritance is coming your way, there may be lot we can do to help reduce the tax burden you may have.

As always, if you would like to discuss any of the issues raised in this edition of eGrow, its links or articles or your personal circumstances, please do not hesitate to contact me or any of the Marinis Financial Group team.

Best wishes

Theo Marinis B.A., B.Ec., CPA., CFP®
Financial Strategist
Authorised Representative

GROW @ Marinis

Financial Strategies (SA) Pty Ltd | **ABN** 54 083 005 930
Trading as **Marinis Financial Group** | Australian Financial Services Licence No: 326403

P 08 8130 5130 | **F** 08 8331 9161 | **E** grow@marinisgroup.com.au
A 67 Kensington Road, Norwood SA 5067 | **W** marinisgroup.com.au

Wealthy in Fear of Super Tax Hit

ANTHONY KEANE

FIRST they flagged increasing the GST and now the Federal Government is looking at tougher tax treatment of Australians' retirement savings.

As reports surfaced this week of Canberra Treasury officials examining new superannuation tax proposals, many people are worried their nest eggs are about to be squeezed by more rule changes.

However, superannuation specialists say people have nothing to fear from the latest proposals, which revolve around taxing everyone's super contributions at their marginal tax rate minus a flat- rate tax offset, perhaps 15 or 20 per cent.

Currently, most workers get 15 per cent tax deducted from their employer and salary sacrifice super contributions, which mean people on higher tax rates get bigger benefits than lower-income earners.

CEO of the Association of Superannuation Funds of Australia, Pauline Vamos, said governments managed tax change by first trying to assess the potential political fallout.

"There's nothing concrete here – it's all about what kind of appetite does the community have for change," she said.

QUESTIONS AND ANSWERS

HOW DO SUPERANNUATION TAXES WORK NOW?

For most Australians, compulsory employer super payments and personal salary sacrifice contributions are taxed at 15 per cent. There are also low tax rates on the funds' investment earnings.

WHAT HAS BEEN PROPOSED?

A flat-tax offset for all Australians, set at perhaps 15 or 20 per cent below their marginal tax rate, would mean middle and higher-income earners may get taxed more on super contributions while low-income earners would effectively pay zero tax.

"People get scared because they're worried about it being retrospective... worried about not having time to plan.

"We have a long way to go – the community will have their chance to vote on this as part of the next election."

Marinis Financial Group managing director Theo Marinis said he had received phone calls from clients wondering how they should react to the latest proposals.

"They shouldn't be worried. Quite often governments float balloons to see what will happen," he said.

Mr Marinis said a flat-rate tax offset for all workers' super appeared fairer than the current system.

"It's simpler and more transparent – the top end of town is getting hit the same as the bottom end," he said. Plus there's a potential revenue boost for the unbalanced federal budget.

"They reckon doing it will save them over $6 billion a year," Mr Marinis said, adding there would not be draconian rule changes to super. "That just won't get through the Senate."

Ms Vamos said while the proposed changes would benefit low income earners, middle income earners needed help too and the new approach would affect people's take-home pay.

QBUSINESS

Finances that are on the money

January 2016

Qantas Media are happy for us to share the story 'Give Your Finances a Health Check' which appeared in their January 2016 Qantas Magazine featuring quotes from Theo Marinis.

We appreciate this opportunity and the ability to share it with our clients and associates.

Please read the article below or click on the link to their website.

http://travelinsider.qantas.com.au/

Financial Strategies (SA) Pty Ltd trading as **Marinis Financial Group**
T 08 8130 5130 | F 08 8331 9161 | A 67 Kensington Road, NORWOOD SA 5067
E admin@marinisgroup.com.au | W marinisgroup.com.au
ABN 54 083 005 930 5067 | AFSL No 326403

STORY BY TIM BLUE
ILLUSTRATIONS BY STEVEN MOORE

Give your finances a health check

It's time to talk about the "R" word - retirement - because it isn't as far away as you might think. But how to maximise your funds? Here are some suggestions for futureproofing your finances.

"MAKING your money work smarter for you is all about organisation," says financial strategist Theo Marinis. And what better time than the start of a new year to get organised and be smart about where your funds are going?

You know the basics. If you haven't got a good financial adviser, get one. Make a budget, write a will and move as much cash as you can afford into superannuation, even in your twenties. Bear in mind the golden rule of money: time matters. Apart from a lottery win, the really big collect comes with the magic of compounding - earning interest on interest. It's a rule for all ages and circumstances but it works best when you start early.

Practise the rule of "thirds": for every after-tax dollar of income, spend one-third of the total on essentials - food, transport, mortgage; one-third (at most) on travel, entertainment, clothing and drinks; and save the remaining third.

You will have already negotiated the lowest home loan rate you can and identified your savings. Now use them to knock down debt, build super and contribute to an investment portfolio. Need help with that? Here's a toolkit of strategies to fine-tune your financial future.

KNOW THE GOAL

As a rule of thumb, a 60-year-old couple wanting $50,000 a year will need income-earning assets of around $1 million in addition to the family home.

Accumulating such wealth requires a well-defined investment strategy that meets specific needs while keeping an eye on risk levels. David Sokulsky, from UBS Wealth Management, says most people have their house, savings and the majority of their investment portfolio in Australia. "It feels comfortable as there is perceived security in proximity and familiarity," he explains. "But after decades of strong economic performance, many are overexposed to Australian assets just as the economy is slowing."

People may need to get out of their comfort zone, he says, "and look offshore for greater opportunities and reduce Australian specific risk".

Ever thought of buying overseas shares – maybe in a Japanese manufacturer or an American retailer? One way is through an Australian based managed fund focused on one region, such as the United States or Asia, or perhaps a collection of the so-called emerging markets of Asia and Latin America.

A financial adviser will know fees and performance figures over time; look for those with at least a three-year track record.

You can do much the same on the Australian Securities Exchange through an ETF (exchange-traded fund), which holds a range of stocks gathered by a particular region or sector, such as global property or resources.

If you simply want to invest offshore, look at index funds that hold a collection of stocks or bonds designed to match the investment performance of your chosen market, whether it's New York, London or elsewhere. Easily bought and sold, they have the cheapest fees and the lowest risk, albeit less glamorous returns.

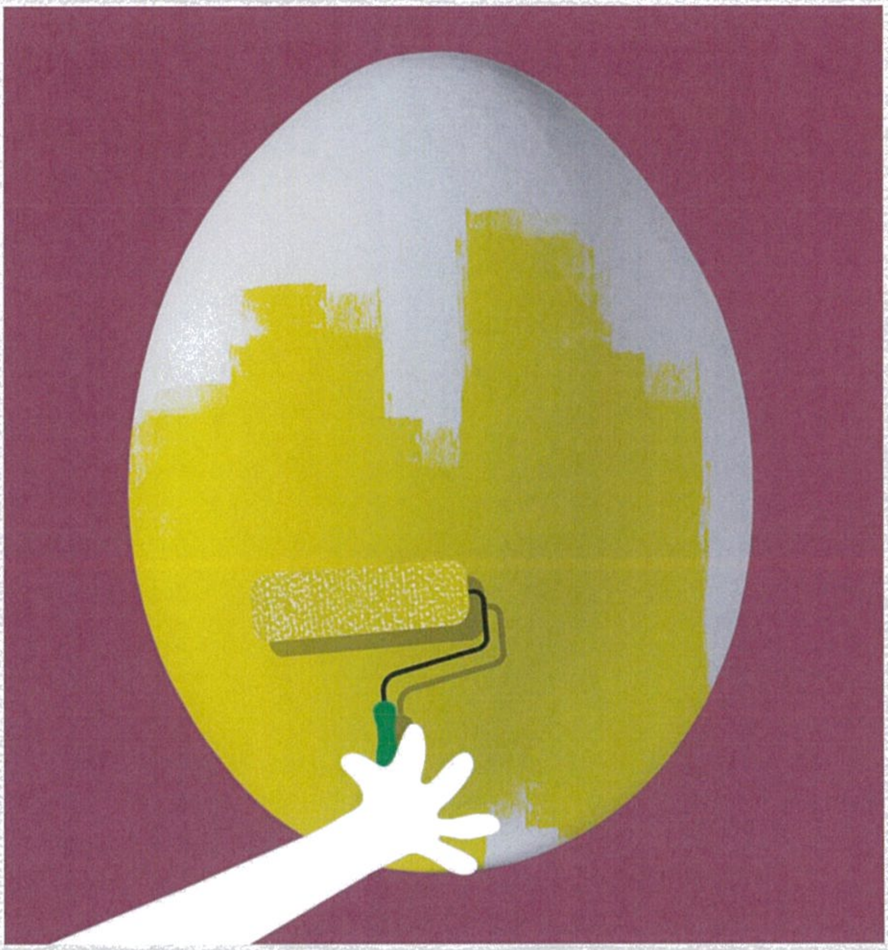
How much offshore? Up to half of your total shareholdings says Theo Marinis, although he suggests treading warily, given the lower buying power of the Australian dollar right now.

SPRINT THE STRAIGHT

If you're over 55 and still working, you need to have a "transition to retirement" strategy in place. As Theo Marinis says, it could save you – depending on your taxable income – between $4000 and $12,000 a year in tax, which will be redirected into your super.

In essence you cut (or "sacrifice") a slice of your salary and redirect it towards super. Less goes into your pocket so you appear to have a lower salary and thus pay less tax. Funds that go into super are taxed at the concessional 15 per cent rate and not your usual marginal rate, which can be much more. How much you "sacrifice" is up to you; however, exceeding the contributions caps (see right) will attract extra tax.

You can just build your super or perhaps start a pension from your super so you have an income stream to keep up your lifestyle. The latter option can allow you to reduce your working hours, too, as the pension flow tops up any reductions arising from fewer hours' work. All up, you may have started a slow drawdown of your super but the extra contributions will keep it building.



Super smart

CANBERRA has covetous eyes on our super savings. In the government's sights are over-generous tax breaks for super, caps on how much can be deposited into super accounts under today's rules and delays on when we can draw it out for our retirement years.

Act now to put away as much as you can afford while the treasurer weighs up where and how to wield the knife on tax reforms. Chances are there will be a degree of 'grandfathering', which means the current rules will apply until Parliament settles on a date for any new rules. So heap as much as possible into super while the door is open.

A well-off person could move more than $500,000 into tax-advantaged super before the end of this financial year. Here's how the numbers work. Under 50s can pay in $30,000 in concessional contributions (taxed at 15 per cent) a year, while those 50 and over can pay in $35,000. You can then make $180,000 a year in non-concessional (after-tax) contributions. And if you're under 65, the ATO will let you pull forward another two years of non-concessional contributions, for a total of $540,000 this year.

Once the money is in the relative tax haven of a super fund, drawing it out again after the age of 60 is tax-free (provided you are in a taxed super fund), whether taken as a lump sum or as an income stream.

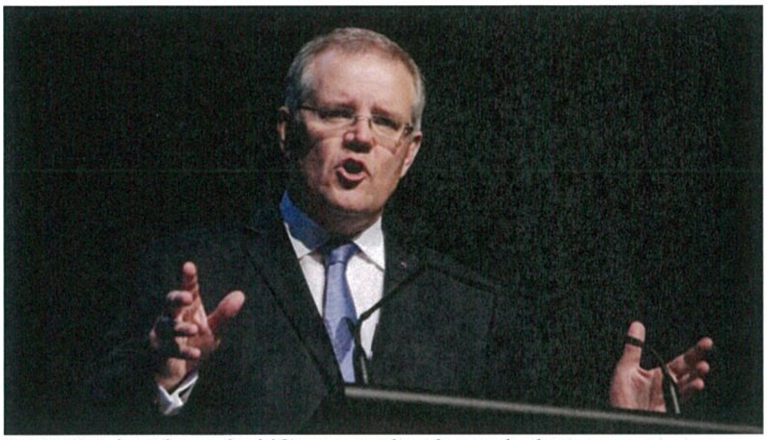
Another way to make your super work harder is to get your partner involved, with contributions splitting. Up to 85 per cent of taxable contributions – such as the boss's compulsory payments – can be directed to a spouse's super account. The wider the age gap between you, the better as the younger one helps build the partner's pot and, in time, both enjoy the elder's retirement payout.

For those on a low or medium income, the government's super co-contribution scheme will also help. It adds up to $500 to your super if you contribute an extra $1000 or more. The government's cheque scales down as your income increases, eventually to zero for incomes of $50,454 and above. It's a great way for part-time workers and "kidults" to get their super on track.

SUPERANNUATION

Expect more changes to superannuation rules this year

January 7, 20168:16pm



Scott Morrison has asked if super tax breaks can be better spent.

ANTHONY KEANE News Corp Australia Network

BIG changes to superannuation are a near-certainty as both political parties prepare to alter Australia's $2 trillion retirement savings system.

Generous tax concessions enjoyed by wealthy savers and retirees are in the firing line as the government seeks to claw back billions of dollars in lost revenue through a tougher stance on tax breaks.

Superannuation experts say low and middle income earners shouldn't feel too much financial pain from any moves, although the way their retirement savings are taxed may change significantly.

Treasurer Scott Morrison signaled the government's thinking at a national superannuation conference in November when he questioned whether the money spent on super tax breaks might be more beneficial elsewhere.

The Labor Opposition already has announced plans to scrap tax-free super pensions, targeting higher-income retirees earning more than $75,000 a year with a 15 per cent tax on their income

"There's lots of horror stories about what's going to happen with super in the future," said Marinis Financial Group managing director Theo Marinis.

He said Labor's policy was not good for people with large balances but would not affect most retirees.

Changes to come ... Theo Marinis, Principal of Marinis Financial Group. Source:News Limited

The Turnbull Government might choose a similar path, Mr Marinis said, but he hoped they did not and instead followed a proposal from 2010's Henry Tax Review of a 15 per cent tax deduction for all super contributions, no matter what your income. This would replace the current system that benefited high-income earners the most and would raise about $6 billion a year, he said.

"At the end of the day it's about raising revenue. It's equitable and it's simple. If you put in $10,000 you get a $1500 tax offset regardless of what your marginal tax rate is."

AMP Capital chief economist Shane Oliver said superannuation tax concessions would be considered as part of wider tax reform.

"The current government is quite concerned to make sure that any tax reform is seen as fair," Dr Oliver said. This could mean that a rise in the GST was coupled with a cut to super tax concessions for wealthier Australians, he said.

Tax reform ... AMP chief economist Shane Oliver says we are progressive.Source:News Limited

Dr Oliver said Australia already had a "quite progressive" tax system, with 17 per cent of taxpayers paying 63 per cent of income tax revenue raised.

He said he would not be surprised to see super changes announced, but doubted that they would hurt low and middle income households, and did not believe any would come into force until after the next election. "It's still going to remain the most tax-preferred way to save for retirement."

Accounting group RSM Australia said 2016 was likely to see a number of changes to super because both major political parties agreed it was time to reduce the system's burden on tax revenue.

RSM Australia director Brad Eppingstall said potential changes included capping the level of tax-free income for retirees, limiting tax concessions on super contributions and taxing withdrawals from super.

"As we head towards a likely election at the end of the year, super tax concessions will play a bigger role in the debate," he said.