

Dear Friends

Happy New Year

Let's hope the 2021 financial year is better than the last six months or so. We have no guarantee of improvement, however – so the best strategy will be... to stick with your strategy!

As I write this, the ASX is recovering and getting closer to its high of 7,199.79 in February 2020... but as we know, that can change tomorrow.

The American election will have an impact on Australian investment markets, and who knows if there will be a further dive due to a COVID-19 second wave, the end of JobKeeper or the halving of JobSeeker back to normal levels.

Nevertheless, I remain the eternal optimist; I am a firm believer in positive outcomes, and therefore we should not worry about every bump in the road.

Over the course of the next 12 months there will be many life changes. Some positive, such as planned retirements, marriages, the birth of children and grandchildren, perhaps changes in careers. Inevitably, some sadness will occur. It is during these down times that our team at Marinis can reduce the stress of financial challenges.

In financial parlance, there are two distinct life phases – the 'accumulation' phase, followed by the 'draw down' phase. Generally, the better we do in the first phase, the easier the second phase will be.

While not easy, when in the workforce (accumulation phase) each of us should be focused on:

1. Buying and paying off a suitable home;
2. Protecting ourselves and our assets with appropriate insurances; and
3. Contributing to superannuation, as much as we can, as soon as we can, for as long as we can.

When we reach the draw down phase, we should be:

4. Aiming to stay within the age-based pension limits;
5. Spending money to ensure the economy keeps turning; and
6. Planning an intergenerational wealth transfer or a donation to a favourite charity.

On this latter point, my advice regarding intergenerational transfers would generally be to avoid signalling your intentions of such a transfer to the beneficiaries, as inheritance expectations can sometimes create problems. I prefer estates (as far as possible) to be directed first as superannuation contributions, as the beneficiaries will generally be older (and hopefully wiser) when they are able to receive the benefit.

If you are fortunate enough to be able to tick off the last three points, own your home and have more than \$1.6m in super (\$1.6m each if a couple) there are a range of additional investment strategies which can be deployed. One of these relates to the rediscovery of an old favourite, the 'tax paid' Investment Bond (previously known as an Insurance Bond). This under-utilised investment vehicle is extremely tax and intergenerationally friendly. More information is available in my recently published article in Alan Kohler's InvestSMART magazine [here](#).

Tax Time:

Having weathered the COVID-19 lockdown, I asked my friend and family accountant Marco Piteo for some general points to pass on to you. Marco advises:

- If you work from home, keep appropriate records. From 1 March to 30 June the ATO is allowing us to claim 80 cents per hour for the cost of depreciation of furniture and equipment and phone, internet, gas and electricity expenses incurred in working from home.

- If you have Income Protection insurance, the premiums are probably tax deductible.
- Group Certificates and Health Insurance statements are no more. Details will be available via your tax agent or through MyGov, depending on how you lodge your income tax return.

The top tax tip: Record keeping. If you are claiming expenses as tax deductions keep the tax invoices and make sure you have completed the relevant diaries to show a pattern of usage, such as vehicle logbooks and travel diaries for claiming travel expenses.

There are many different record keeping requirements for different expenses. We suggest speaking with your tax agent or taking the time to look at the ATO website, which has a multitude of calculators and information available to assist in understanding claiming tax deductible expenses.

Media:

If you are interested in reading any of my recent media articles, including the response from the Prime Minister to our recent correspondence, please click [here](#).

Personal Update:

One of the great privileges of living in Australia is arguably having the best health system in the world. I'm pleased to tell you that on 20 July – I plan to access it – for hip replacement surgery.

My surgeon says I should be back at full strength, and pain free, by mid to late August. In the meantime, if you require our support, please don't hesitate to contact Jason, Kristina, Stacey, Ashleigh, Thuy-Anne, Alison or any of our team, at any time.

(I also expect that I will be bored rigid, and as soon as my rehab is finished for the day, as I'm sure you ALL know, I WILL be back on emails ASAP).

As always (until 19 July... and then when I'm recovered) if I or any of the team can be of assistance, please don't hesitate to get in touch on (08) 8130 5130.

Kind Regards,

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