

Dear Fellow Clients

The more things change, the more they stay the same

One of the satisfactions in growing older is in the knowledge that truisms like this one (along with the many others which my family are tired of me repeating) are absolutely on the money.

We all entered 2020 with a great sense of optimism – and what did we get? But here we are a year later and that optimism, like the investment markets, has returned, as it should!

Last year was a microcosm of life. We saw markets reach a high, collapse – and rebound. People were born, some got ill and sadly, some died.

So, what do I expect from 2021?

With the new American administration in place, we will as usual, see a few global tensions, particularly as the usual suspects test President Biden's will. The COVID-19 vaccine rollout will see a gradual rebound in optimism, which will lead to a growth in house prices and share markets. Ethical investing as a topic will continue to grow... and as always, there will continue to be shocks.

If I have learned anything over the course of my career, it is that our cautious approach to investing **'Hope for the best and expect the worst'** is not a bad mantra. It is compatible with my **'get rich slowly – and stay rich'** philosophy.

Overall, I am quite optimistic about the next few years. I believe the COVID-19 experience has taught society, particularly business, how to manage a more flexible and efficient workplace approach. Many companies report massive increases in productivity from their stay-at-home work forces.

Zoom and other video conferencing platforms have revolutionised business meetings, saving hours of travel. We have very quickly become a digital society, however this can mean that there are some among us who are being left behind, often the elderly or the disabled.

Throughout this year, expect also to read and hear a lot more about the growth of 'artificial intelligence' (AI) and the 'Fourth Industrial Revolution' (also known as I4.0). These developments, which provide manufacturing devices with the ability to connect using 5G technology, are not to be feared; they are tools which have the potential to make our lives better and, like the Smart Phone, will quickly become part of our existence.

Check-Up

Hopefully, we have all had an annual health check-up, but we need to do the same with our finances. If anything of significance in your life has changed, let us know as soon as practicable. Some examples might include the receipt of an inheritance or a redundancy payment, a decision to retire, a relationship separation, or news of a health diagnosis. In all of these scenarios, there is the potential to make financial mistakes which could significantly cost you and/or your loved ones. We can help.

If you are still working, think about your superannuation contributions. Can they be increased (up to \$25,000 each pa) without affecting your lifestyle?

Is your life insurance sufficient – or perhaps, too much? Do you have Total and Permanent Disability (TPD) insurance or income protection in place?

Look at your debt. Can you reduce it now while interest rates are low?

Does your Will fully reflect your intentions at the moment? Is your beneficiary nomination for your super still appropriate?

Once you have reflected on the 'check-up', if you notice any gaps, please get in touch. We can help you solve any potential problems efficiently.

Media

I plan to continue to speak out about important financial planning issues during the coming year. My motivation is to build awareness of the anomalies in the superannuation, taxation and retirement systems, and point to opportunities to avoid paying more than is required, under the rules. As always, my media articles will continue to be available on our website and can be accessed [here](#).

And One More Thing

In December I achieved my 'superannuation preservation age' of 58. Therefore, as you would expect, I am now taking some of my own advice. My Transition to Retirement (T2R) pension commenced immediately on my 58th birthday... not because I plan to retire (in fact, my recent hip replacement has made me feel like working even longer than I had originally anticipated) but because I am now able to take advantage of the tax benefits the T2R strategy provides.

As our clients, many of you will be aware that I have been an advocate of this strategy since it was legislated (well over a decade now). Some of you may remember my 2008 book 'Sexy Super?' which highlighted the benefits of the T2R approach, and indeed, many of you are already enjoying these benefits.

Consistent with my commitment never to recommend anything to my clients unless I am prepared to do it myself (and to remain completely transparent about it) I am delighted to share the following outcomes:

Due to the T2R tax offset, I will save \$10,500 pa in personal tax, draw \$70,000 pa less in gross salary and make up the cash flow from my T2R pension. As a result, that \$70,000 now remains in the company, saving a further \$8,750 pa in tax. Overall, my T2R strategy will save approximately \$20,000 in tax each year – a saving which I intend to apply to our super (between myself and Julie) over time.

As always, if I or any of the team can be of assistance, please don't hesitate to contact us on (08) 8130 5130 or via email to admin@marinigroup.com.au.

Best wishes for a great 2021 – I really look forward to sharing the journey with you.

Kind Regards,

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