THE BUDGET EDITION
MAY 2018

360°

LETTER FROM THE EDITOR

It's hard to believe we've hit the Budget edition of 360°Magazine already! It still feels like the year has only just begun.

2018 was a reasonably quiet year for superannuation members in the Federal Budget, though there was one change that could significantly impact those with small balances. It's an idea to keep an eye out for more news on this policy in the coming months. There were also some tax reductions announced for middle and low-income earners, as well as extensions to social security payments and homecare packages. I'm sure quite a few of the proposals announced on 8 May will interest many Intrust360° clients. You can find out all the details on page 2.

Of course, the announcement of the Budget also signals the end of the financial year is fast approaching. An important thing to keep in mind at this time of year are the tax incentives that are available to you. Extra super contributions could be one way you could take advantage of these incentives before 30 June, and we consider some of these in detail on page 7.

In addition, our financial advisers have some advice to help you avoid the most common super mistakes people make on page 14. And Intrust360° financial adviser, Andrew Henderson, takes a closer look at the franking credits policy recently announced by Labor on page 20.

As always, if you have any questions about the information contained in this edition, don't hesitate to get in touch with Intrust360°. Low-cost, independent financial advice is just a phone call away on **1300 001 360.**

Kind regards,
Brendan O'Farrell

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2018/19 FEDERAL BUDGET PROPOSALS

On 8 May 2018, Treasurer Scott Morrison handed down the 2018/19 Federal Budget.

It's likely that this was the last Federal Budget that will be announced before the next general election. The Treasurer also said that the Federal Budget will reach a surplus in 2019-20. Accordingly, it's unsurprising that the focus of this year's Budget has moved away from reducing Government expenditure. Instead, the major themes of this year's Budget emphasise tax reductions for low and middle-income earners, the protection of Australian's retirement wealth, and improved access to social security benefits and aged care services.

Major tax cuts have been proposed in a new Personal Income Tax Plan, involving changes to the current tax brackets and the introduction of a new tax offset. A number of expansions to the pension work test and work bonus have also been proposed, which will provide more benefits to pensioners. The Government also wants to provide additional assistance for our ageing population, through aged care system reforms and additional investments in health services, home care and aged care services.

It's not all easy sailing though. Some of the proposals to watch out for include a change to the treatment of super balances below $6,000.

We have detailed some of the major proposals that we believe will be of interest to 360°Magazine readers. It is important to note that these proposals will need to be passed through Parliament before they can become legislation.

TAXATION

The Government plans to introduce a seven-year Personal Income Tax Plan to provide tax cuts to middle and low-income earners.

Low and middle income tax offset
A low and middle income tax offset could be introduced to provide low and middle income earners with a maximum offset of $530. This offset may be received as a lump sum on assessment once an individual lodges their tax return.

Taxable Income	Offset benefit
← $37,000	$200
$37,000 - $48,000	$200 increasing at three cents to a maximum of $530
$48,000 - $90,000	$530
$90,001 - $125,333	phase out at one and a half cents

The benefit of the offset is in addition to the existing Low Income Tax Offset (LITO).

Reduced tax brackets
From 1 July 2018, the Government plans to raise the upper threshold of the 32.5 percent personal income tax bracket from $87,000 to $90,000. This is part of an extended plan to reduce the number of personal income tax brackets to four by 2024. Under this plan, the majority of taxpayers, earning between $41,001 and $200,000, will be charged 32.5 per cent tax, while individuals earning over $200,000 will be charged 45 per cent tax.

Medicare levy
The Medicare levy rate will no longer be increased from 2.0 to 2.5 per cent of taxable income from 1 July 2019.

Small Business tax write-off
The Small Business $20,000 instant asset write-off may be extended by a further 12 months to 30 June 2019 for businesses with aggregated annual turnover less than $10 million. As a result, small businesses will be able to immediately deduct purchases of eligible assets costing less than $20,000. These assets will need to be used or installed ready for use by 30 June 2019. Only a few assets are not eligible for this tax write-off (such as horticultural plants and in-house software).

SUPERANNUATION

Retirement income products
Super funds will need to provide a new retirement income strategy to members, offering comprehensive income products for retirement. This will include simplified, standardised information and new means test rules for pooled lifetime income streams.

Work test exemption
A limited, one-year exemption from the work test will be introduced for voluntary super contributions for people aged 65-74 with superannuation balances below $300,000. The exemption will allow these individuals to make voluntary contributions to superannuation in the first financial year they do not meet the work test.

Super guarantee exemption
People earning incomes in excess of $263,157 and have multiple employers, will be able to nominate wages from particular employers to be exempt from the superannuation guarantee. This will help these individuals avoid breaching the concessional contributions cap.

Inactive super accounts
From 1 July 2019, all inactive superannuation accounts under $6,000 will be transferred to the ATO. The best way to avoid this is to start contributions to your account. Intrust Super members can set up a direct debit of as little as $20 per month. This would reduce the likelihood of an account being transferred to the ATO.

Default Insurance
Default insurance will be changed to an opt in basis for certain superannuation policy types such as members that are under the age of 25 with a balance less than $6,000 and no superannuation guarantee contribution for the previous 13 months.

SOCIAL SECURITY AND PENSIONERS

Increase to the work bonus
From 1 July 2019, the Pension Work Bonus will increase from $250 to $300 per fortnight, and eligibility will expand to include self-employed retirees. This will allow eligible retirees to earn up to $300 per fortnight ($7,800 each year) without impacting their pension.

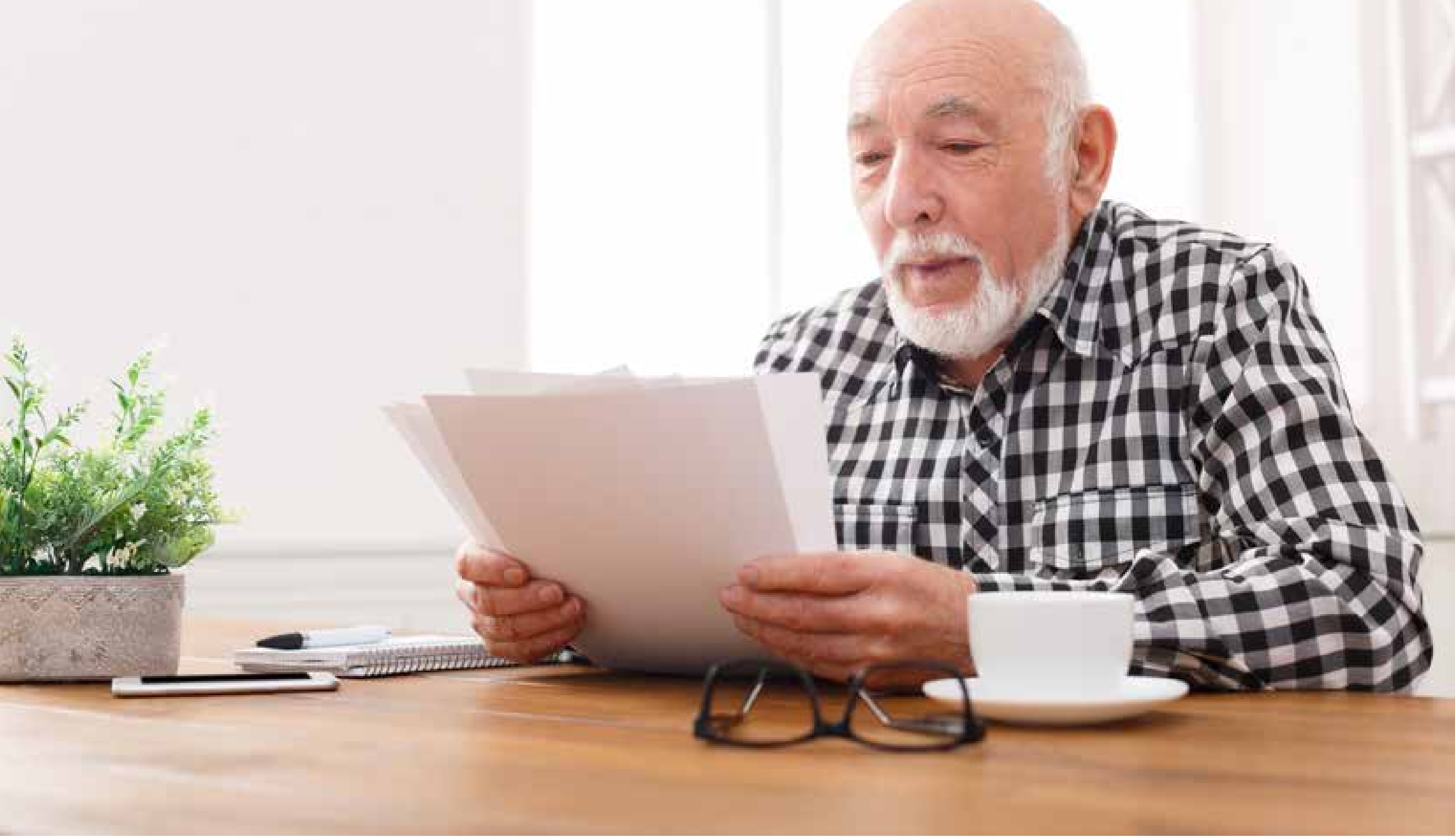
The Pension Means Test rules will also be amended to encourage the development and take-up of lifetime retirement income products. This could help retirees manage the risk of outliving their savings.

More access to homecare
From 2018-19, the Government will implement new policies to help people stay at home longer and remain healthy and independent for longer. These policies include the introduction of additional high-level home care packages and care places. New services to assist those seeking information about aged care will also be available.

If you have any questions about how the Federal Budget proposals could impact you, get in touch with Intrust360° today. Give us a call on **1300 001 360.**

WHAT'S THE MAGIC NUMBER?

ASFA's latest retirement standard



The Association of Super Funds of Australia (ASFA) has updated its estimation on how much a 65-year-old will need in retirement. This estimation is known as ASFA's "Retirement Standard" and is updated every quarter. ASFA calculate the amounts for comfortable and modest living standards and also take into account access to the Age Pension. See Table 1 below for ASFA's latest calculations.

Table 1 – Retirement balances for a comfortable or modest lifestyle (for those aged around 65)

	COMFORTABLE LIFESTYLE		MODEST LIFESTYLE*	
	Couple	**Single**	**Couple**	**Single**
Total super balance	$640,000	$545,000	$70,000	$70,000
Annual income	$60,264	$42,764	$39,353	$27,368

Source: ASFA Retirement Standard, March 2018

*The total super balance required for a modest lifestyle are the same for both couples and singles, reflecting the impact of receiving the Age Pension. The figures in each case assume that the retiree(s) own their own home and relate to expenditure by the household. This can be greater than household income after income tax where there is a drawdown on capital over the period of retirement. Single calculations are based on female figures.

ASFA also provides a breakdown of what retirees can afford on either income (as well as on the Age Pension).

Table 2 – Comparing retirement lifestyles

	COMFORTABLE	MODEST	AGE PENSION
House repairs and renovations	Replace kitchen and bathroom over 20 years	No budget for home improvements. Can do repairs, but can't replace kitchen or bathroom.	No budget to fix home problems like a leaky roof
Household goods and services	Better quality and larger number of household items and appliances and higher cost hairdressing	Limited number of household items and appliances and budget haircuts	Less frequent haircuts or getting a friend to cut your hair
Utilities	Can run air conditioning	Need to watch utility costs	Less heating in winter
Eating out	Restaurant dining, good range and quality of food	Take out and occasional cheap restaurants	Only club special meals or inexpensive takeaway
Internet	Fast internet connection, big data allowance and large talk and text allowance	Limited talk and text, modest internet data allowance	Very basic phone and internet package
Clothes	Good clothes	Reasonable clothes	Basic clothes
Holidays	Domestic and occasional overseas holidays	One holiday in Australia or a few short breaks	Even shorter breaks or day trips in your own city
Health services	Top level private health insurance	Basic private health insurance, limited gap payments	No private health insurance
Transport	Owning a reasonable car	Owning a cheaper more basic car	No car or, if you have a car, it will be a struggle to afford repairs
Activities	Take part in a range of regular leisure activities	One leisure activity infrequently, some trips to the cinema or the like	Only taking part in no cost or very low lost leisure activities. Rare trips to the cinema.

Source: ASFA Retirement Standard, 2018

Once you have an idea about how you wish to live in retirement, you can better understand how to set yourself a savings goal. Just remember, Intrust360° is always here to help. Simple super advice is available straight over the phone - just call **1300 001 360!**

DO YOU STILL HAVE ROOM IN YOUR ANNUAL CAPS?

Delaying retirement preparations until later in life probably seems logical. It's likely your financial obligations will be easier then – once children move out of home and mortgages are paid off, you'll have some more room financially. Maybe then you can start to contribute large chunks of money to your super in preparation for retirement.

Unfortunately, the annual contribution caps might restrict this strategy somewhat. Currently, after-tax contributions are capped at $100,000 and before-tax contributions at $25,000. This could limit the amount you can contribute to your super if you leave it until a few years before retirement.

An alternative strategy could be to contribute as much as you can afford over a longer period of time. Making smaller contributions over the long-term could give your super more time to grow (as a result of compounding). And now is the perfect time to be looking at your annual contributions. If you haven't yet reached your contribution limits for 2017/18, there's an opportunity to make some extra contributions before the financial year is out.

THERE'S MORE OPPORTUNITY THIS YEAR!

This financial year, some rules have changed, making certain contribution strategies more widely accessible. For example, eligibility for the spouse contribution tax offset has increased. If you or your spouse earn less than $40,000, a tax offset might be available after making spouse contributions. If you (or your partner) have some money to spare, the extra boost to your super or tax return could be worth taking advantage of.

In addition, you can also make tax-deductible personal contributions. This means you can contribute a lump sum to your super (from your bank account, for example), and turn it into a before-tax contribution by claiming a tax deduction. Importantly, you will need to notify your super fund that you intend to claim a tax deduction before you submit your tax return.

TAKE ADVANTAGE OF THE INCENTIVES AVAILABLE

If you are a low-income earner, there are some other incentives you could take advantage of with some extra contributions. The first is the Low Income Super Tax Offset. If you earn less than $37,000, you may be entitled to a refund on any tax paid on before-tax super contributions. This tax refund is capped at $500 and is paid directly into your super account.

You could also be entitled to the Government co-contribution if you earn less than $51,813 and make an after-tax contribution to super. The amount you can receive from the co-contribution is tapered, and depends on your income and the amount you contribute. If you're eligible to receive the maximum, the Government may contribute 50c into your super account for every dollar you contribute, capped at a maximum of $500. The extra cash could be well worth your while if you can afford the extra contributions.

IMPORTANT:

To qualify for a tax deduction on your personal contributions, you **must** notify your super fund **and** your tax agent if applicable of your intent to claim the deduction, **before** you submit your tax return. If you do not, your claim will not be processed and you will not receive a deduction on your contribution.

TALK TO US ABOUT BEGINNING A LONG-TERM STRATEGY

If you think you have the financial capacity to make more contributions to super, and you want to be sure you're employing the most effective strategy, come in and talk to Intrust360°! Our financial advisers can assist you with boosting your super in a tax-effective way. Just call **1300 001 360.**

SIDE JOBS IN RETIREMENT

Have you ever thought of retirement as the chance to discover your dream career? Seems unlikely, doesn't it? Retirement, after all, means giving up work. Why spend your time starting a new career if you've just left your working life behind?

There are actually many reasons working in retirement could be beneficial. You could experience an area you've always wanted to work in. And if you're successful, spending time on a hobby could earn you an income as well. It's really just a different way of looking at the next stage of your life.

Turn retirement into an opportunity
When you're retired, and no longer reliant on an ongoing income to meet your financial obligations, it's a good time to start pursuing the activities you really love. If you can earn some money while doing so, that's just a bonus.

Whatever you're interested in – photography, baking, writing – it's likely there's a professional avenue you could pursue. Many online stock photo companies will pay you royalties for any photos that are licensed to clients. If you have a spare room in your house, that's an opportunity to redecorate and rent out the room. Nail that home-cooked breakfast and you could easily earn a great reputation as a boutique Bed and Breakfast.

Fill your time and earn an income
These days it's easy to earn an income autonomously. Even if you're just looking for something to occupy your time in retirement, there are plenty of options at your fingertips. Best of all, you can choose your own hours and work as much or as little as you want.

Ridesharing services and food delivery are just a few of the ways you could earn some money driving around town. You could even sign up to walk and look after pets. You'd have all the joy of a four-legged companion and none of the financial obligations – in fact, you'd even be paid for it!

Interested? Talk to us!
Of course, earning an income could have an effect on your Centrelink entitlements if you're receiving the Age Pension. But there is a Work Bonus available for pensioners who choose to continue working.

If you'd like to know more about managing the Age Pension and an income in retirement, talk to Intrust360°. Our financial advisers would love to help you earn money from a hobby, and would be happy to discuss any financial implications. Call **1300 001 360** to book an appointment.

IT'S EASY TO EARN EXTRA INCOME IN RETIREMENT!

Want some specific ideas? There are plenty of companies out there to suit retirees looking to make some extra money.

AIRTASKER OR FREELANCER

www.airtasker.com.au | www.freelancer.com.au

If you've got skills as a handyman, a web designer, a gardener or in IT – even just a ute you could use to help someone move – there's work to be found on Airtasker. Sign up online, set up a profile and start browsing through the available categories. There's a whole range of jobs that people are seeking help with – just apply for any that suit!

AIRBNB

www.airbnb.com.au

Got a spare room? Looking for a house-sitter while you're on holidays? Airbnb allows you to share your home with tourists and visitors, and earn some money while you're at it. You can choose whether to make just one room available, or share your entire house while you travel elsewhere. We suggest you check your local council's regulations first. It's easy to set up a profile online. Just take a few photos, describe the facilities guests will have access to, and start waiting for the bookings!

UBER

www.uber.com

All you need is a recent model car and a smartphone to become an Uber driver. Sign up online to begin the process. Once you are accepted as a driver, you'll receive jobs through an app on your phone. You can choose the hours that suit you and get to know people as you ferry them around town.

PETCLOUD

www.petcloud.com.au

Become a pet-sitter on PetCloud! Create a profile describing your home, experience with animals and any existing pets, and apply for any jobs that are posted. Spend time walking, feeding and caring for pets whose owners are away, or just offer a well-loved pet some company during the day. You can negotiate your own prices and sign up for whatever level of care you're willing to offer.

GETTY IMAGES

workwithus.gettyimages.com/en

Submit some example photos to Getty Images and complete an application form to become a contributor to Getty. If you're successful, you can start uploading your photos, illustrations and videos for Getty users to download. You'll receive royalties each time someone licenses your photo!

BRENDAN'S BANTER

THE ECONOMIC MUSINGS OF A SUPER FUND CEO

With the Federal Budget announcement out of the way, we've hit the final stretches of the financial year already. Many members will soon be waiting to hear the results of the much-hyped end of financial year returns.

Of course, short-term returns are important, but I always like to remind everyone that super is designed for the long-term. Intrust Super's team of investment managers continue to ensure our portfolios are constructed for long-term performance, and can sustain any short-term volatility.

With that in mind, let's take a look at recent market activity!

RETURN OF MARKET VOLATILITY

After the buoyancy of returns over the December quarter, the markets experienced a significant correction in early February. Although both the US and the Australian stock markets recovered shortly afterwards, market volatility has been present since.

The ongoing uncertainty can be attributed to several areas. Wage growth in the US is accelerating faster than expected, leading to increasing fears that interest rates will also rise faster. Central banks have also started unwinding stimulus previously put in place following the Global Financial Crisis. Investors are concerned that an era of cheap money (which encouraged consumers and companies to spend) is coming to an end.

As the quarter wore on and fears began to dissipate, markets were again rocked by the US announcement of trade tariffs on Chinese imports. The announcement renewed fears of a China/US trade war and, as expected, China quickly responded by announcing its own tariffs on US imports.

Despite the rocky stock markets, signs of continuing economic recovery remain strong. European economic growth continues, though its pace has slowed slightly, and US growth remains healthy. In Australia, however, economic improvement remains a little behind the rest of the world.

THE AUSTRALIAN ECONOMY

The Australian stock market performed poorly in the March quarter. The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has led to a poor performance in financials, while a significant decline in the iron price poorly affected commodities over the quarter. The stock market improved in April and early in May, however, the market continues to display volatility.

The Reserve Bank of Australia continues to keep the cash rate steady, although this seems to be doing little to encourage economic improvement. Wage growth remains persistently low and continues to affect consumer purchasing and economic growth.

MARCH QUARTER RETURNS

Although market volatility was prominent throughout the first quarter of the year, super returns were reasonably buoyant. Intrust Super's Balanced option returned 0.78 per cent over the March quarter, bringing the financial year to date (FYTD) return to 6.66 per cent.

CORE SUPER, EXECUTIVE SUPER AND SELECT SUPER RETURNS AS OF 31 MARCH 2018

	Stable	Conservative^	MySuper I Balanced	Growth	Combined Shares^	Cash	Bonds [fixed interest]	Property	Australian Shares	International Shares
Monthly	0.18%	0.09%	-0.47%	-0.79%	-1.70	0.17%	0.68%	2.76%	-2.58%	-0.92%
FYTD	3.67%	4.35%	6.66%	8.33%	9.35%	1.47%	2.47%	8.42%	6.72%	11.96%
Rolling 1 year	5.74%	6.74%	10.45%	12.57%	13.17%	1.98%	3.41%	20.10%	8.57%	17.51%
Rolling 3 years	4.79%	5.11%	7.09%	8.29%	8.07%	2.18%	2.63%	13.39%	7.21%	8.36%
Rolling 5 years	5.76%	7.02%	10.02%	11.99%	12.50%	2.55%	3.99%	11.41%	9.86%	15.22%
Rolling 7 years	5.87%	6.57%	8.72%	9.79%	10.29%	3.08%	5.13%	10.42%	8.59%	11.95%
Rolling 10 years	5.28%	5.13%	6.42%	6.35%	6.78%	3.54%	5.90%	6.26%	6.29%	6.76%

As investment markets move up and down over time, it is important to remember that past performance is not an indication of future returns. Please note that the investment returns shown above have been rounded. This means there may be minor discrepancies when adding to achieve the compound return.

*The Conservative and Combined Shares investment options are available in Executive Super and Select Super only.

TRANSITION TO RETIREMENT [TTR] RETURNS AS OF 31 MARCH 2018

	Stable	Conservative	Balanced	Growth	Combined Shares	Cash	Bonds [fixed interest]	Property	Australian Shares	International Shares
Monthly	0.18%	0.09%	-0.47%	-0.79%	-1.70%	0.17%	0.68%	2.76%	-2.58%	-0.92%
FYTD	3.67%	4.35%	6.66%	8.33%	9.35%	1.47%	2.47%	8.42%	6.72%	11.96%
Rolling 1 year	6.05%	7.13%	10.95%	13.12%	13.92%	2.06%	3.57%	21.63%	8.78%	18.24%
Rolling 3 years	5.23%	5.71%	7.80%	9.11%	8.76%	2.46%	2.91%	14.86%	8.11%	8.98%
Rolling 5 years	6.27%	7.99%	11.08%	12.93%	13.27%	2.92%	4.52%	12.53%	10.91%	16.13%
Rolling 7 years	6.42%	7.38%	9.55%	10.49%	10.86%	3.46%	5.86%	11.33%	9.36%	12.56%
Rolling 10 years	5.86%	5.77%	7.03%	6.78%	7.15%	3.70%	6.86%	6.94%	6.82%	7.22%

As investment markets move up and down over time, it is important to remember that past performance is not an indication of future returns. Please note that the investment returns shown above have been rounded. This means there may be minor discrepancies when adding to achieve the compounded return.

SUPER STREAM RETURNS AS OF 31 MARCH 2018

	Stable	Conservative	Balanced	Growth	Combined Shares	Cash	Bonds [fixed interest]	Property	Australian Shares	International Shares
Monthly	0.18%	0.04%	-0.63%	-1.02%	-2.00%	0.20%	0.74%	2.97%	-3.00%	-1.20%
FYTD	3.97%	4.88%	7.18%	8.95%	10.33%	1.73%	2.70%	9.21%	7.48%	13.12%
Rolling 1 year	6.36%	7.68%	11.50%	13.77%	14.94%	2.32%	3.80%	22.51%	9.56%	19.47%
Rolling 3 years	5.33%	5.89%	7.98%	9.32%	9.08%	2.55%	2.98%	15.14%	8.37%	9.36%
Rolling 5 years	6.34%	8.10%	11.19%	13.06%	13.47%	2.97%	4.56%	12.69%	11.07%	16.37%
Rolling 7 years	6.47%	7.46%	9.62%	10.58%	11.00%	3.50%	5.89%	11.44%	9.47%	12.73%
Rolling 10 years	5.89%	5.82%	7.08%	6.84%	7.25%	3.73%	6.89%	7.02%	6.89%	7.33%

As investment markets move up and down over time, it is important to remember that past performance is not an indication of future returns. Please note that the investment returns shown above have been rounded. This means there may be minor discrepancies when adding to achieve the compound return.

FIVE SUPER MISTAKES WE ALL MAKE

After many years of experience in financial planning, our Intrust360˚ financial advisers have come across some common mistakes among clients seeking financial advice for the first time. Most issues are easily resolved after the first appointment!

We've put together five of the most common mistakes our advisers want to help you avoid!

1 LISTENING TO EVERYONE ELSE'S ADVICE

Many of us have taken credit card advice from colleagues, insurance advice from family members, or even investment advice from market-keen friends. But, unfortunately, unless your well-meaning friends and family are financially qualified in some way, this may not be the most accurate advice. Remember, everyone's finances and circumstances are different – what works for them won't necessarily work for you.

Karen: "I'm not working currently so that I can be home to look after the kids. We realised there was no point in me keeping any personal insurance when it's my partner that earns the money. Why would I pay the premiums if I don't have any income to make up for in the first place?"

Dave: "I'm in a similar situation. Perhaps I should cancel mine too."

Intrust360°: "Remember, if something should happen to Karen, her partner will still need to find the time (or finances) to look after their children and continue working. If Karen and Dave keep their personal insurance, their family will have some important financial protection if anything unexpected should happen."

2 LEAVING PLANNING TOO LATE

Most clients don't approach a financial planner until they're only a few years away from retirement. When you're dealing with mortgages and the cost of raising a family, super and retirement understandably become lower priorities. But if you can get a head start on your retirement plans, there's more chance that any strategies you put in place could have a better effect on your retirement savings. And the earlier you start making extra contributions to super, the longer you can take advantage of the benefits of compounding interest.

Greg: "I'm approaching 60, so I thought I'd see a financial planner and start getting my super in good shape for retirement."

Angela: "I'm only 40, I'm not even thinking about retirement yet.
I probably won't go down that path for another 10 years."

Intrust360°: "At 40, Angela is actually in an even better position to seek financial advice. She has plenty of time to implement some super strategies and get them working for her in the long term."

3 NOT MAKING USE OF EVERY CONTRIBUTION METHOD

There are so many strategies associated with super contributions, and it's very easy to stick to one strategy without realising it's not the most tax-effective one available. But it's a financial adviser's job to know all the tax offsets and incentives that are available, and work out which one might suit you best financially.

Jenny: "I've been making $1,000 after-tax contributions to my super every year, so an extra $500 is added to my super with the Government co-contribution."

Intrust360°: "Since Jenny started that contribution strategy, her income has increased enough that she no longer qualifies for the Government co-contribution. Jenny should adjust her strategy and start contributing $1,000 before tax instead, so her contributions become more tax effective."

4 FAILING TO START AN ACCOUNT-BASED PENSION

If you're over 65, even if you haven't retired, you can open an account-based pension. If you don't, you might be paying more tax than you should be. Investment earnings in an account-based Pension does not attract any tax at all. In an accumulation fund, investment earnings could be taxed at up to 15 per cent. If you're eligible to open an account-based Pension, it could be a more tax-effective place to keep your super.

Peter: "I've just hit 67, but I've no plans to retire just yet. I've just been continuing to make contributions to my super account here and there."

Intrust360°: "Opening a Pension account, such as Intrust Super's Super Stream account, after turning 65 attracts no tax to investment earnings. The sooner this is in place, the better Peter's super savings will be."

5 NOT GETTING PREVIOUS ADVICE REVIEWED

For many clients, sitting down for their first financial planning session is a great step in the right direction. But the strategy established during that first session is not necessarily going to stay as beneficial if circumstances and legislation and personal circumstances change. It's very important to get updated advice so your strategies continue to be appropriate.

Jane: "I saw a financial planner a few years ago, which was really useful. I've been continuing with the same strategy since then."

Intrust360°: "Legislation around super contributions has changed since Jane's last appointment. Her before-tax contributions have now exceeded the new annual cap. As a result, her contributions will not be as tax-effective as they were previously".

For some extra help avoiding the most common super mistakes, have a chat to the Intrust360° financial advisers about a financial strategy. Your first consultation is completely free!
Just call **1300 001 360.**

KEEPING UP TO DATE WITH INTRUST360°

Have you tried phone advice yet?

The financial planners at Intrust360° can now offer you simple super advice straight over the phone!

The new service, Phone360°, is an easy way to receive advice, and saves you from finding the time to make an in-person appointment. Accessing low-cost, high-quality financial advice is as easy as calling **1300 001 360.**

YOU CAN START A PENSION ACCOUNT ONLINE!

Intrust Super is always striving to make super interactions easier for our members. Our latest innovation should help you gain access to your super more easily!

Intrust Super members can now join the Fund's Pension account, Super Stream, directly online through MemberAccess via the Intrust Super website. The option to 'Join Pension' will appear on your MemberAccess account once you reach preservation age.

There's no longer any need to print out forms or mail any paperwork. Just select the 'Join Pension' option when it becomes available and fill in a series of questions online. These will be similar to those that appear in the paper application form.

The new process is streamlined and user friendly. It's just another way Intrust Super is making superannuation easier for our members.

WE'VE HAD A MAKEOVER!

Have you visited the Intrust360° website lately? Intrust360.com.au has a brand-new look! The new website has been redesigned to be more user friendly and accessible. Now it's even easier to look up the latest 360°Magazine or book an appointment with the financial planners.

You can find the new look site at the same address – check it out at intrust360.com.au. All the things you know and love about the Intrust360° site will still be available – including our free education modules and online super calculators. While you're there, why not book in for your next appointment?

WE'RE HERE TO LOOK AFTER *YOU*

There has been a lot in the news recently about financial institutions that put their own profits before their members' best interests. In some companies, obligations to shareholders and profit margins can sometimes be prioritised over a duty to clients.

As a consumer, it can be quite tough to determine if the advice you are receiving has your own interests at heart. How can you be sure the advice was worth listening to, or if it was influenced by other financial factors?

Intrust360°, Intrust Super's not-for-profit financial planning arm, is proud to put members first. Intrust360° does not pay dividends to shareholders. Our financial advisers do not receive commissions. They have a legal obligation to act in your best interests at all times – even if that means advising you to stay with your current super fund.

This time of year is perfect for a review of your financial situation. If you think your current strategies could do with an appraisal, or you'd like to get started with some independent financial advice, now is a great time to do it.

The advisers at Intrust360° have had many years of experience in the industry, assisting clients in all stages of life and situations. Book an appointment today! Just call **1300 001 360** - your first consultation is completely free.

LABOR'S LATEST PROPOSAL ABOUT SUPER HAS MANY PEOPLE WORRIED!

By Andrew Henderson, Intrust360° financial adviser

Intrust360° has received many questions about the recent Labor announcement of removing cash refunds on franking credits (and the resulting media coverage). But before I look at that, I should note that before the policy can become law, Labor will need to be voted in at the next election. And the policy will subsequently need to be passed through Parliament. So there are a few steps yet before the policy can even be put in place.

Another important note is that most Intrust360° clients should not be directly affected by this change (if it is even put into legislation). Anyone receiving an Age Pension will be exempt from this policy, and super members in retail and industry super funds are unlikely to be directly affected (unless they hold shares outside of super).

So this policy could have the biggest impact on Self-Managed Super Funds (SMSFs), self-funded retirees and low-income earners with a reasonably-sized share portfolio in their name. It could cause many SMSFs to reassess the benefits of managing their super this way.

With that out of the way, I do think it's worth having a brief look at franking credits, and the effects of the Labor policy.

WHAT ARE FRANKING CREDITS?

First of all, franking credits are a particularly complex area. So I'll try to make this as brief as I can.

Basically, when a company pays shareholders dividends, these dividends are usually paid out of profits that have already been subject to tax. This is described as a franked dividend. Franking credits are attached to these dividends, representing the amount of tax the company has paid on that dividend.

When you process your tax, the total value of the dividend and the franking credits will be added together and assessed as your income. However, because the company has already paid the value of the franking credit in tax, you can use that value to offset your total income tax.

Still with me? Just wait, there's more.

If your marginal tax rate is higher than the company's tax rate (either 27.5 or 30 per cent, depending on the size of the company), you will need to make up the difference between that and the tax that has already been paid on the dividend. If your marginal tax rate is less than the company's tax rate, you can use the franking credit as an offset to reduce any other income tax. If, after doing so, you have no more tax to offset and still have franking credits remaining, these can then be claimed as a cash refund.

As I said, it's quite complicated. But it's not your job to understand such complex financial situations – that's what I'm here for! If you want some more information, feel free to get in touch on **1300 001 360**.

WHAT WILL THE LABOR POLICY CHANGE ABOUT THE CURRENT SYSTEM?

So what does the Labor party want to change? They want to prevent taxpayers from claiming franking credits as a cash refund from the ATO. What it will mean is that any superannuants or low-income earners who are currently receiving refunds on their franking credits will no longer be able to do so. This could have a significant impact on those who have been receiving these refunds to supplement their income.

If you are using a pooled super fund for the majority of your retirement savings, such as Intrust Super, there shouldn't be too much to worry about. But if you're unsure if your particular circumstances will mean the franking credits policy will affect you, have a chat to Intrust360°. Just call **1300 001 360** to book an appointment.

Advice on super?

JUST A PHONE CALL AWAY!

Would you like some super advice, without taking the time to make an appointment with a financial adviser? We can help!

Intrust360° members can now receive simple super advice from our qualified financial advisers straight over the phone!

Access high-quality, low-cost financial advice through Phone360°. Call **1300 001 360** or visit intrust360.com.au to find out more.