Partner FINANCIAL GROUP

Update

March 2014

from the office of **Robert Latimer**
13 Diana Dve, Blackburn North, 3130 **Ph (03) 9814 9333**
Authorised Representative and financial planner with Dover Financial Advisers P/L AFSL: 307 248 ABN: 87 112 139 321
Postal Address: 13 Diana Dve, Blackburn North, 3130 Email: info@partnerfinancialgroup.com.au

"It's the vibe of the thing ..."

What you might consider essential spending, others are bound to view as unnecessary waste.

So it is that the National Commission of Audit, chaired by the President of the Business Council of Australia, Tony Shepherd, is taking a magnifying glass to Government spending with a view to tracking down potential budget savings.

Apparently their report won't be released until after the May Budget, but already a selection of possibilities are "on the table", including ...

- Means testing the family home for pension purposes.
- Cuts to Medicare and introduction of new GP Fees.
- Privatising the ABC, SBS and Australia Post.
- Merging Australia Post and Centrelink.
- Raising the GST.
- Selling the Australian Submarine Corporation.
- Privatising health services.
- Job cuts and cuts to essential services.
- Changes to education funding.

Of course it's the prospect of the family home being counted amongst a pensioner's assessable assets that fans of the cult movie "The Castle" will see as

grounds for a new High Court challenge.

And whilst the prospect of such a change becoming law is most unlikely, given that two thirds of Australians are owner occupiers, and all of them probably vote, most would agree there's a big difference between owning a $5 million home in Toorak and a $400,000 unit in Lilydale — both of which are currently treated by Centrelink as Exempt Assets and NOT counted. Still, this hasn't stopped NSW Labour Senator, Sam Dastyari calling for such a proposal to be ruled out completely. In a plea with particular focus on his local constituency he warns ...

"... Sydney families would be otherwise forced to carry the burden of national austerity measures..." and describing the means testing of the family home as *"...a new tax on Sydney".*

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Last years battle for tipping honours proved that skill and knowledge don't necessarily favour the winner — sorry, but it's true. So don't let your lack of football knowledge get in the way of registering.

Just visit our website and follow the links...

www.partnerfinancialgroup.com.au

Or, call Chris on (03) 9814 9333 for instructions

Christmas Thanks

A special thanks to everyone who placed a present under the office Giving Tree before Christmas.

We were able to drop off a total of 78 toys to North Ringwood Care who make it their business to offer more than food at this time of year.

1st Jan 2015 extended deeming woes

Who would have thought the Government's decision to bring income streams—ie allocated pensions and account-based pensions, under the "Deeming Rules", would end up being more complicated and far-reaching than first announced?! If *ever* there was a case of *"the devil is in the detail"*, then this is it.

If the legislation (announced by the previous Government in April 2013) finally passes, it seems the benefit of starting an allocated pension **before** 1st January 2015 will **ONLY** apply to those already receiving a Government Income Support Payment (eg Age or Disability Support Pension).

Put 'simply', four criteria will need to be satisfied in the future to avoid the impact of the new extended deeming on income streams:

1. You must already be receiving income support payments at 1st January 2015
2. You need to commence your income stream before 1st January 2015
3. You must continue to receive income support payments in the future.
4. Your income stream provider must remain unchanged after 1 Jan 2015

Apparently the changes are all about "fairness" — to align the treatment of income streams with other investments such as shares, term deposits and bank accounts.

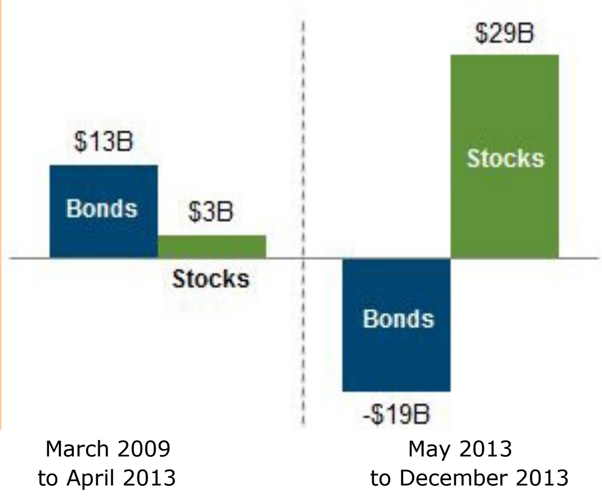
If you think it's time for a review, feel free to call for a chat.

Nutritionists recommend we eat more vegetables and salads ...

Take your pick, stocks *OR* bonds …

We are often reminded to invest for the long term, to diversify and to ride the market ups and downs—which makes the following graph all the more interesting. It shows the movement of money from Bonds (ie fixed interest) into Stocks (shares) in the US over the past year; presumably on the back of recent positive performance.

First there's the period from May 2009 to April 2013, where bond funds in the US received significant net cash flows, while the flows into equity funds (ie stocks or shares) were relatively modest.



Source: Morningstar, Vanguard

This compares to May 2013 to December 2013 where the trend has significantly reversed and equity funds received on average $29 billion per month compared to bond funds losing $19 billion per month.

A particularly surprising fact about this behaviour is that it is not limited to individual investors but rather it is spread across the investment spectrum including institutions, advisers and individuals.

Investor cash flowing into areas of the market with positive recent performance is a persistent theme down through the ages.

As rising markets lift investor confidence and in turn propensity for risk, funds tend to flow into last year's best performers. Most financial planners would caution against this behaviour but to instead focus on a committed rebalancing program where investors are taking gains generated from top performing asset classes to rebalance back to their defined strategic asset allocation – which might mean actually shifting money into the current "out of favour" asset class.

Source: Based on Vanguard article, *"Today's money flowing to last years performers"*

Super Stats

On 8 January 2014, APRA released its Annual Super Bulletin featuring a range of statistics for the year to 30 June 2013. Key highlights included:

- Total super assets increased by 15.7% to $1.62 trillion.
- The number of SMSFs grew by 7.1% to 509,362 funds.
- The number of member accounts decreased by 3.4% during the year to 30.7 million.

The average account balances at 30 June 2013 were:

Small Funds (Incl SMSFs)	$524,905
Corporate Funds	$119,711
Public Sector Funds	$ 76,978
Retail Funds	$ 29,370
Industry Funds	$ 28,172

Superannuation contributions to June 2013 totalled $115.3 billion, comprising:

- $77.5 billion from employers
- $36.5 billion from members, and
- $1.3 billion from other sources, including spouse and Government co-contributions.

Walt Disney first began pursuing the rights to the book Mary Poppins in 1938, but was rejected by the book's author, P.L. Travers

Over the years, Walt Disney continued to make offers for the book's rights. In 1959, he and Travers finally met in person in London. She agreed to option the book to him.

Iconic Walt Disney Studios' songwriters — and brothers – Robert Sherman and Richard Sherman, worked on the music for the film for 2.5 years, unaware that the studio did not have the full rights to the book.

In 1961, Travers finally sold the rights to Disney on the condition that she get script approval rights.

Travers reportedly hated the film so much that she became visibly upset and wept during the movie.

The film was not only one of the highest-grossing films of 1964, but also, at the time, Walt Disney Studios' highest-grossing film ever.

Source: *NY Post*

Ever been Gramping ?

… it's camping with your grand parents.

Now whilst it might be a shameless marketing promotion from the makers of Mortein and Aeroguard, the concept certainly has merit. Why not checkout the website at: **www.grampingassociation.com.au** for Gramping Essentials, Promotions & Golden Goodies?

What is SuperStream?

Announced as part of the Government's Stronger Super reforms, SuperStream is a collection of measures designed to deliver greater efficiency in back-office processing across the superannuation industry.

The Government will recover the costs of implementing the SuperStream reforms through an additional temporary levy on the superannuation industry.

Year	Total cost
2012/13	121.5 million
2013/14	111.1 million
2014/15	83.1 million
2015/16	69.3 million
2016/17	41.2 million
2017/18	40.9 million

What will the SuperStream reforms cost?

The estimated total cost of implementing the SuperStream reforms by the Government was $467 million in total and starting in 2012, will be recouped over six financial years (see table at left).

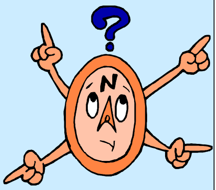
There are several methods a superannuation fund may choose to collect the SuperStream Levy, but all will attempt to meet the obligation on a proportional basis that is transparent and equitable for all members. The approximate cost (per member) should work out to be close to the following:

A/c Bal	Approx Levy	A/c Bal	Approx Levy
$50k	$8.70	$1m	$174.00
$100k	$17.40	$2.5m	$435.00
$250k	$43.50		
$500k	$87.00		

Source: www.nomoney.com.au

Lost and ATO-held Super

The ATO has released figures in relation to the number of existing lost super accounts.



Lost accounts decreased by 26.5% in the 2012/13 financial year, while the number of ATO-held accounts increased.

This increase is assumed to be a direct result of legislative changes from 31 December 2012.

While unclaimed super money and super holding accounts are held by the ATO, funds which are deemed to be lost as a result of no contact, or being inactive, are held by the super funds.