

Client Briefing Invitation

Friday 1 June 2018
9.45am for 10am start
Wallis Lake Room
CLUB FORSTER

WHY SHOULD WE STAY INVESTED?

Given the volatility in global share-markets of late, it is timely to listen to our guest speaker, **Alan Pullen from Magellan Financial Group**, who will provide us with an update on global and domestic markets and what are expected to be the key drivers and themes in markets over the next few years.

Magellan was founded in 2006, just before the start of the Global Financial Crisis, and now has offices in Australia, New Zealand and the US. They have a team of 28 highly qualified and experienced investment professionals and manage more than A\$66 billion in global equity and infrastructure strategies for clients around the world.

Alan heads up the Financials Team within Magellan and is one of their key Portfolio Managers. He is a highly regarded speaker with unique insights into some of the largest and most influential companies in the World.



The Federal Budget was handed down on 8 May and as usual we will take a closer look at the more pertinent details and how some of the announcements may impact you – particularly in the area of superannuation.



The briefing will run for 2 hours and will include a break for light refreshments—as always please feel free to bring a friend along. To assist in our planning please advise if you will attend by phoning us on 6555 6433 or emailing us at adviser@robertsonderooy.com.au by 5pm Monday, 28 May 2018.

We hope you can join us.

A market update Volatility the norm

The start of 2018 was a difficult one for the market, with concerns regarding inflation in the US, the North Korean situation and the global trade war, causing falls on most major share-markets around the globe by the end of the March 2018.

However, the pullback and the market volatility gave way to optimism in early April on some encouraging signs for global growth. The Australian share market made good gains in April benefiting in part from strong performances by major miners like BHP Billiton and Rio Tinto; both of which rallied on the back of higher commodity prices (the price of Brent Crude Oil has risen around 10% since the end of March). The resources sector continues to see earnings upgrades with many laid off within the sector being re-employed. Stocks also benefited from positive US earnings results, encouraging Chinese economic growth and hopes that a full-blown US-China trade war can be avoided.

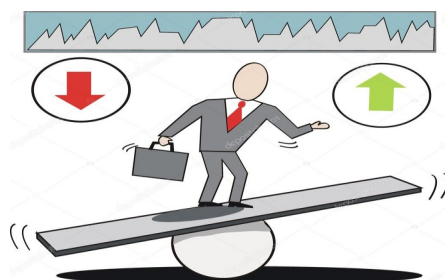
Limiting the local market's gains was the ongoing fallout from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, which weighed heavily on the share price of our major banks and financial stocks such as AMP. The Australian Dollar has fallen from around 81 US cents in January 2018 to around 75 US cents currently, in part caused by stronger demand for US Dollars given the higher US interest (relative to Australia). Further interest rate increases in the US may see further falls in the \$A which would benefit exporters and local tourism – which should create domestic growth and assist the prospects of Australian companies.

Whilst the trend towards higher inflation and interest rates in the US appear well established, the inflation and interest rate outlook in Australia remains benign, with the RBA indicating it may be some time before rates move up. In fact, the RBA has kept rates at a record low of 1.5% for a record period of 21 consecutive months. Our interest rate is now lower than the US Federal Reserve rate which increased to 1.75% in March, with more increases forecast for the US.

The Australian unemployment rate also remains low at around 5.5%. Economists are expecting an unchanged reading for first-quarter wages growth of 0.6 per cent and an unchanged jobless rate of 5.5%, according to estimates compiled by Bloomberg.

In an environment of stronger commodity prices and a lower \$A, US Dollar based earners and commodity-linked companies should perform well, along with companies in the industrials sector and building material companies.

Whilst markets are generally expected to edge higher, analysts caution that the move higher is not likely to be smooth, expecting more volatility this year than there has been in recent years. In such a volatile market, it is imperative investors maintain a long-term focus and expect that on occasion markets will behave in an erratic fashion – reacting to every new tweet or opinion.



Federal Budget Summary

Past federal budgets may have delivered more sweeping changes to superannuation policy and age pension entitlements than the Treasurer's more recent announcement on 8 May. But the modest changes we heard still give retirees – and those about to retire – plenty to think about. Here are some 18/19 budget highlights that could be important to your finances and lifestyle in retirement:

A bigger incentive to keep working

While you might look forward to life without a job, there can be benefits for your bank balance and well-being when you work part-time in retirement. And with the increase in the Pension Work Bonus allowance proposed in the budget, if you're receiving an age pension, from 1 July 2019 you'll be able to earn \$300 per fortnight without your entitlement being affected. This is a \$50 increase from the current threshold of \$250 and self-employed retirees will also be eligible for the allowance going forward.

This change to the Pension Bonus isn't the only budget proposal encouraging older Australians to keep earning for longer. A raft of new services aimed at helping people aged 45-70 stay in the workforce were announced together with a five-year funding package. New support measures include funding of up to \$2,000 for workers to take up reskilling or upskilling opportunities, with the Government contribution to be matched by the worker or their current employer. This is good news for older people looking to start a whole new career later in life.

Boosting your Super balance for over-65s

While working for longer gives many workers more time to save super for their retirement, people can end up missing out on super savings for all sorts of reasons. Being off work — or working part-time — can be your only option when you're responsible for family care, fall ill or get made redundant.

To give people on the brink of retirement more time to boost their super savings, the government will introduce a change to the Work Test that applies to making super contributions after leaving work. Under the new proposal, an exemption from the work test for voluntary contributions will be available for people aged 65-74, in the first year that they do not meet the work test requirements. The exemption applies only for people with superannuation balances below \$300,000 and the \$25,000 annual cap on concessional contributions will still apply.

If you're aged 65 or over and planning to sell your home, from 1 July 2018 you can put up to \$300,000 each from proceeds of sale into your super fund. This sum will not count towards annual limits that usually apply and you can still make the contribution even if it takes your super balance over the current \$1.6 million lifetime cap. This downsizing contributions measure was announced in last year's federal budget and it certainly could make you think about selling up and moving, depending on your circumstances.



Boosting retirement income

The budget included news about a different way to use equity in your home to supplement retirement income. Instead of selling, you can effectively 'borrow' from the government against the value of your home to supplement your Age Pension. This is the Pension Loans Scheme, and while it's nothing new, the proposed change is to expand the scheme to **everyone over Age Pension age**, and increase the income stream amount to 150% of the Age Pension rate. This measure could potentially increase your social security payments up to the maximum age pension. However, bear in mind, the money will need to be paid back with interest at the current rate of 5.75%pa.

Additional funding for in-home care

There can be many reasons for not selling your home at this stage in life. A home where you've been for some time can be the place where you feel most comfortable, particularly if you have friends and family nearby. If you plan to be 'ageing in place' for the foreseeable future, you could become one of thousands of Australians applying for in-home care support. In the budget, the government announced a number of measures to better support the well-being of older Australians, including funding for an extra 14,000 high level home care packages over that next four years and an extra 6,000 places before the end of this financial year.

The budget offers more choice for people in retirement and highlights the importance of advice in determining which strategy best suits your requirements regarding cash flow and social security entitlements.

We will look at key measures in more detail at our upcoming Client Briefing

*****Centrelink Scam Alert*****

The Australian Competition and Consumer Commission is warning the community to be aware of phone calls from scammers pretending to be from the Department of Human Services or Centrelink.

"If you receive a phone call out of the blue from someone claiming to be from the Department of Human Services or Centrelink claiming that you are eligible for an increase in your pension or benefit - hang up," ACCC Deputy Chair Delia Rickard said.

"The scammer will claim that you've been sent a letter about an increase in your benefits and not responded to it. They will then claim that your file has been sent to Canberra and that you can either go to Canberra to fill out the required form or you can pay a fee and have the forms sent to you."

"The Department of Human Services will never ask you to deposit money in order to receive a payment. If in doubt, don't use any contact details provided by the caller. Look up the government department or organisation yourself in the phone book or online, and phone or email them."



Special Olympics Bowling Night

The Mid North Coast Club of Special Olympics Australia organised "Bowling for Gold" - a Tenpin Bowling night at Forster Tenpin Bowling on Friday 23 February 2018 to raise funds to send 15 athletes from the club to the 2018 National Games in Adelaide in April. These athletes successfully represented NSW in Tenpin Bowling, Basketball, Golf and Equestrian events at the games.

Robertson de Rooy entered two teams for a very enjoyable fun filled night for a very worthy cause.



Centrelink Assets Test Thresholds

The following table details the current Centrelink Assets Test thresholds and reflects the Indexation which occurred on 20 March 2018:

	Assets Test Threshold for full pension	Assets Test Threshold for part pension
Single, homeowner	\$253,750	\$556,500
Single, non-homeowner	\$456,750	\$759,500
Couple, homeowner	\$380,500	\$837,000
Couple, non-homeowner	\$583,500	\$1,040,000

We hope that you have enjoyed our Newsletter. Should you have any questions regarding its content or would like to provide suggestions for future topic inclusions, please let us know. For further information about our team as well as the latest news, market updates, financial calculators and previous newsletters visit our website at www.robertsonderooy.com.au

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