

Your Life Quarterly Update



Your Life
Financial Services

Autumn Edition March 2018

Invest In Your Life

Welcome to the Autumn edition of Your Life Quarterly Update. In this edition we outline:

- The Benefits of Trauma Cover
- Global Market Update
- Downsizer Super Contributions
- Holiday Adventures : France (Paris)
- Healthy Habits Corner: 6 Health Benefits of Eating Fish



Trauma Cover

Do you know someone in your life who has experienced an **accident, heart attack, stroke or cancer**? These significant events can happen to anyone.

It's an emotional time and can often be a financial struggle when a family member is diagnosed with a life threatening or debilitating health condition. The last thing you want to worry about is paying the bills.

Trauma Cover helps ease the financial burden should you be unfortunate enough to suffer a traumatic event.

Why do you need Trauma Cover?

Almost 3,300 men die each year of prostate cancer.
Around 20,000 new cases are diagnosed each year.

On average, 7 women die from Breast Cancer every day in Australia.

At least 2 in 3 Australians will be diagnosed with skin cancer by the age of 70.

Source : www.aia.com.au

Global Market Update

We have outlined below the major market indices as at 1st of March 2018 and their movement over the past 12 months.

Country	Index	Index 1/03/2018	% change in 12 months
Australia	ASX 200	5966	5.1%
USA	Dow Jones	25018	19.4%
USA Technology	Nasdaq	7275	23.8%
UK	FTSE100	7213	-1.2%
Hong Kong	Hang Seng	30401	27.4%
Japan	Nikkei	21923	14.0%

The Hong Kong index (Hang Seng) was the best performing index over the past 12 months.

Downsizer Super Contributions

Overview

- Are you over age 65?
- Are you considering selling your family home in order to buy a smaller or less expensive home?
- Would you like to boost your retirement savings?

The Government has recently passed legislation that may benefit you significantly in the near future.

Downsizer Contributions into Super

On the 13th of December 2017 the government passed legislation permitting Downsizer contributions of sale proceeds of your home into super.

Downsizer contributions allow people aged 65 and over to make super contributions of up to **\$300,000 per person from selling their main residence** (hence \$600,000 as a couple).

The intention of the legislation is to encourage retirees to move out of large houses and free up housing stock, however retirees need to carefully consider the tax, social security and aged care implications before taking advantage of the proposed scheme.

Overview :

People age 65 or over may make one or more superannuation contributions (called 'downsizer contributions') from the proceeds of selling their main residence, up to \$300,000 each.

The new measure applies to contributions from the proceeds of contracts **exchanged on or after 1 July 2018**.

Key Benefit

The key benefit of Downsizer Contributions will be the ability to invest sale proceeds into the super environment when over age 65, without having to meet the work test or contribution caps.

Once these funds are in the super environment they can be transferred into a pension account, **where they will pay No Tax on the earnings, No Capital Gains tax and no Tax on the income they withdraw from the pension**. Hence a very tax effective investment strategy.



ELIGIBILITY

For a contribution to qualify as a downsizer contribution:

- Contracts for the sale of the main residence must be **exchanged on or after 1 July 2018**.
- You must be **aged 65 or over** at the time of the contribution, (no age or work tests applies). For example, a retired person aged 80 may be eligible to make downsizer contributions into super.
- The contribution must be sourced from the proceeds of the sale of one qualifying main residence.
- Either you or your spouse, (or former spouse) had an **ownership interest in the main residence for at least 10 years immediately prior to the sale**.
- The **contribution into super must be made within 90 days of the change of ownership** of the main residence.
- You must notify the super fund trustee that you wish to treat the contribution as a downsizer contribution at the time the contribution is made.
- The client cannot make a downsizer contribution if they have made a downsizer contribution(s) in relation to the sale of a different main residence in the past.
- Even though the contributions are called 'downsizer contributions', **there is no obligation to subsequently purchase a new residence**.

Age Pension Entitlements

For social security purposes the principal home is an exempt asset, regardless of its value. If a client, aged 65 or over, uses some of the proceeds from the sale of their main residence to make a downsizer contribution to super, that amount is effectively converted from being asset test exempt (when it was invested in the family home) to being asset tested. Hence this may effect your Age pension entitlements.

Source : Firsttech Strategic Update—Julie Fox 24 January 2018

The Australian Economy

Key Points

The Australian economy grew 2.4% through 2017, this is well below the potential given high population growth.

There is good reason to expect growth to continue in Australia. The drag from falling mining investment is nearly over, non-mining investment is turning up and public investment is strong. Growth is likely to be constrained to just below 3% this year and underlying inflation is likely to remain low.

We don't expect the RBA to start raising rates until 2019. Australian shares are likely to move higher by year end, but to continue underperforming global shares.



5 Reasons For Continued Growth In Australia

First, the drag from falling mining investment is nearly over. Mining investment peaked at nearly 7% of GDP five years ago and has since been falling, knocking around 1.5% pa from GDP growth. At around 2% of GDP now, its growth drag has fallen to around 0.3% pa and it's near the bottom.



Source: ABS, AMP Capital

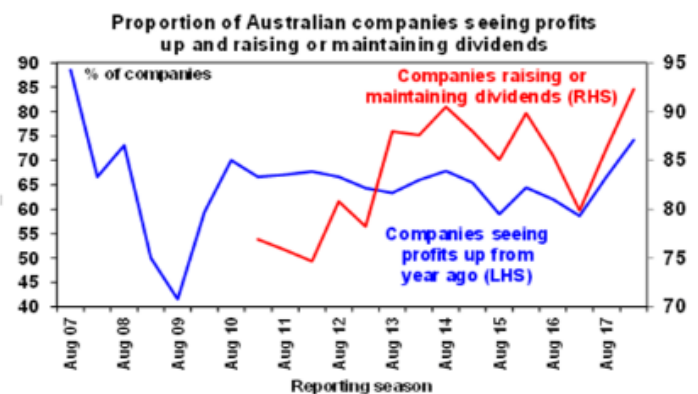
Second, non-mining investment is now rising. Comparing corporate investment plans for this financial year with those made a year ago points to a decline in business Investment this year of around 3% and a similar sized rise in 2018-19. But this is the best it's been since 2013 & once mining investment is excluded this turns into an 8% gain for non-mining investment in both years.

Third, public investment is rising strongly, reflecting state infrastructure spending.

Fourth, net exports are likely to add to growth as the completion of resource projects and strong global demand boosts resource export volumes, services sectors like tourism and higher education remain strong.

Finally, profits for listed companies are rising. This is a positive for investment.

92% of Australian companies either raised or maintained their dividends in the most recent reporting season indicating a high degree of confidence in the earnings and growth outlook.



Source: ABS, AMP Capital

So while housing is slowing and consumer spending is constrained (with January retail sales data suggesting consumer spending this year is off to a weak start), a lessening drag from mining investment and stronger non-mining investment (both public and private) along with solid export growth are likely to keep the economy growing.

Implications for Investors

Continuing growth should provide a reasonable backdrop for Australian growth assets. Australian shares are vulnerable to the concerns impacting global markets, particularly US inflation and worries about a trade war.

Bank Term deposits are likely to continue providing low returns for investors for a while yet. If you are searching for a sound income yield shares are more attractive. The yield gap between Australian Shares and Bank Deposits remains wide.

Source Shane Oliver—Oliver's Insights 8 march 2018

Holiday Adventures : France (Paris)

What does your dream holiday look like?

Welcome to the exotic France (Paris).

Location : Paris

Paris is one of the great cities of the world, arguably *the* greatest – a bustling 21st century capital city of 10 million people that's managed the art of remaining relevant, modern and wonderfully old-fashioned.

Activities

Paris is a city that rewards outdoor activity, whether it's simply walking the boulevards or renting a Velib bicycle. Notable activities include taking a rowboat out on the lake in the Bois de Boulogne, or cycle around Versailles and tour the palace.

Food

French food is known globally for its finesse and flavour. The most popular include Cheeses such as Brie, Camembert and Roquefort. Other tasty treats include Croissants, Crepes and Madeleines.

Must See Attractions

With so much history there are many attractions including the infamous Eiffel Tower, the Louvre Museum, (home of Da Vinci's Mona Lisa) and Disneyland Paris an entertainment resort in Marne-la-Vallée which is the most visited theme park in all of Europe.

Distance from Sydney : Approx. 22.0 hours

source: Travel Associates. www.travel-associates.com.au



Six Health Benefits of Eating Fish

1. Fish is high in important nutrients that most people don't get enough of.

This includes high-quality protein, iodine and various vitamins and minerals. That's because fatty fish (like salmon, trout, sardines, tuna and mackerel) are higher in fat-based nutrients.

2. Fish may lower your risk of heart attacks and strokes.

Fish is generally considered to be among the best foods you can eat for a healthy heart. Not surprisingly, many large observational studies have shown that people who eat fish regularly seem to have a lower risk of heart attacks, strokes and death from heart disease.

3. Fish contains nutrients that are crucial during development.

Omega-3 fatty acids are absolutely essential for growth and development. The omega-3 fatty acid docosahexaenoic acid (DHA) is especially important, because it accumulates in the developing brain and eye.

4. Increase grey matter in the brain and protect it from age-related deterioration. Interestingly, many observational studies have shown that people who eat more fish have slower rates of cognitive decline.

5. Fish may help prevent and treat depression, making you a happier person. Numerous controlled trials have also found that omega-3 fatty acids are beneficial against depression.

6. Fish is also a great dietary source of vitamin D.

Source : Joe Leech :www.ecowatch.com



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