

Your Life Quarterly Update



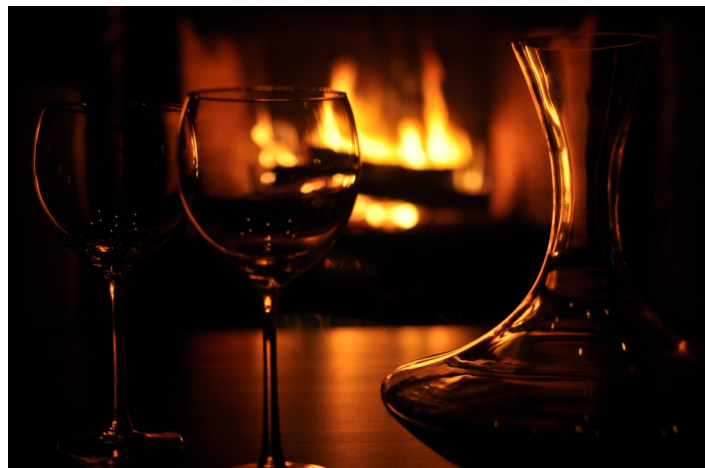
Your Life
Financial Services

Winter Edition June 2018

Invest In Your Life

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

- 5 Benefits of a Family Budget
- 2018 Federal Budget Update
- Interest Rates in Australia
- Holiday Adventures : Amalfi Coast, Italy
- The Importance of a Good night sleep



5 Benefits of a Family Budget

Budgeting is easily the most effective and simple tool for managing your money. It could save you the grief of over-spending or getting yourself into too much debt.

Budgeting helps you to decide whether you're happy to swap things like a daily coffee for a long-term goal like a family holiday overseas.

This means that everyone in your household starts to work together towards savings – which can make your life much easier.

5 key benefits :

1. Gives you more control over your money
2. Helps you achieve your financial goals
3. It means that you're ready for anything
4. Budgeting helps you to find extra money
5. Budgeting makes it easier to talk about money

Source : 5 benefits of having a family Budget
24th May 2018 Rocky Mountains Savings.

Global Market Update

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

Country	Index	Index 1/6/2018	% change in 12 months
Australia	ASX 200	6011	5.0%
USA	Dow Jones	24542	16.7%
USA Technology	Nasdaq	7487	20.5%
UK	FTSE100	7728	2.5%
Hong Kong	Hang Seng	30568	19.0%
Japan	Nikkei	22131	12.5%

The USA Technology (Nasdaq) was the best performing index over the past 12 months.

2018 Federal Budget

The 2018-19 Federal Budget, handed down by the Treasurer focused more on minor adjustments than sweeping reforms. One of the more significant announcements is the Government's resolve to reduce personal income tax. This will be implemented over stages, starting with tax relief for low and middle income earners from 1 July 2018 and culminating in the elimination of the 37 per cent tax bracket (and increasing the lower threshold of the top tax bracket) from 1 July 2024.

Personal Income tax cuts

From 1 July 2018, the Government will increase the top threshold of the 32.5 percent personal income tax bracket from \$87,000 to \$90,000. In future years the government has proposed further tax cuts (see below).

Retaining the 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.

Deny deductions for vacant land—1 July 2019

Expenses associated with holding vacant land will no longer be tax deductible. This measure is to ensure no deductions are claimed for vacant land that is not genuinely held for the purpose of earning assessable income.

Superannuation Funds—Effective 1 July 2019

The Government intends to amend the superannuation contribution rules to allow people aged 65 to 74 that have a total superannuation balance of under \$300,000 to make voluntary contributions for 12 months from the end of the financial year they last satisfied the work test. This will give people more time to make contributions to super after they have retired and finished working.



SMSF membership increasing to 6. Effective 1 July 2019

The Government will amend the definition of Self-Managed Superannuation Funds (SMSFs) in the SIS Act to increase the maximum number of members in new and existing funds from four to six.

Three year audit cycle for some SMSFs

Effective 1 July 2019

The Government will allow certain SMSF's to move from an annual to a three-yearly audit cycle where they have:

- Three consecutive years of clear audit reports, and
- Lodged the fund's annual returns in a timely manner.

Changes to insurance in superannuation

Effective 1 July 2019

The Government will change the insurance arrangements for certain categories of superannuation members. Insurance within superannuation will move from a default framework to be offered on an opt-in basis for the following groups of members:

- low balances of less than \$6,000
- under the age of 25 years
- whose accounts have not received a contribution in 13 months and are inactive.

Source : CFS Federal Budget update 2018

2018-19 to 2021-22 (Step 1)		2022-2023 to 2023-2024 (Step 2)		2024-25 and future years (step 3)	
Taxable income	Rate	Taxable income	Rate	Taxable income	Rate
\$0 - \$18,200	0%	\$0 - \$18,200	0%	\$0 - \$18,200	\$0
\$18,201 - \$37,000	19% over \$18,200	\$18,201 - \$41,000	19% over \$18,200	\$18,201 - \$41,000	19% over \$18,200
\$37,001 - \$90,000	\$3,572 + 32.5% over \$37,000	\$41,001 - \$120,000	\$4,332 + 32.5% over \$41,000	\$41,001 - \$200,000	\$4,332 + 32.5% over \$41,000
\$90,001 - \$180,000	\$20,797 + 37% over \$90,000	\$120,001 - \$180,000	\$30,007 + 37% over \$120,000		
\$180,001 +	\$54,097 + 45% over \$180,000	\$180,001 +	\$52,207 + 45% over \$180,000	\$200,001 +	\$56,007 + 45%

Future of Interest Rates in Australia

What is the future of Interest Rates in Australia?

Will we see 7% interest rates in the near future?

How will interest rate movement effect shares?

Many investors fear the impact of a return to interest rates of 5%, 6% or even 7%pa that were considered normal just a few years ago. Others are worried about their ability to service borrowings if interest rates move sharply higher.

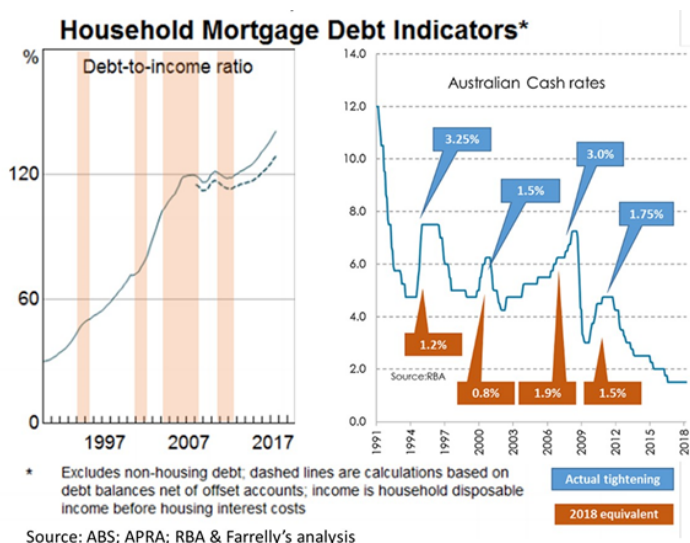
While interest rates will not be this low for ever, however rate rises are likely to be modest and temporary. As for 7% cash rates, we are unlikely to see them again for a long period of time.

Why will rates remain low?

When the Reserve Bank increases interest rates, they hope to slow the economy and thus ease inflationary pressures. The former Governor of the RBA, Glenn Stevens, observed a year ago, that the impact on the Australian economy of interest rate rises is predominantly felt at the household level rather than at the business level.

This is because households with mortgage debt have their spending ability rapidly affected when mortgage interest rates rise.

Now, the level of mortgage debt in Australia has risen dramatically over the past 30 years. The left-hand side of the chart below shows the level of household mortgage debt as a percentage of household income since 1992 with the bars in the chart showing the four periods where the RBA increased cash rates.



What we see is that household debt rose from 45% at the time of the first rate hike in 1994, to 120% at the time of the most recent increase, to 139% today.



What this means is that a 1% interest rate increase today has around three times the impact on household finances that it would have had in 1994.

The right-hand side of the chart shows the actual size of the past four rate rises and, given the increase in the level of household debt since that rise, what increase in interest rates would be required today, to have the same effect on the economy.

What we see is that, historically, an equivalent of a 0.8% to 2.1% increase in interest rates has been enough to cool the economy sufficiently to bring inflation under control. This suggests that if we see an inflation breakout in Australia, a 2% increase in cash rates to 3.5% should be more than enough to cool the economy.

Now, many look at the growth in household debt and suggest that it will be a major risk to the economy when interest rates again start to rise. The Reserve Bank is completely aware of the level of household debt and has no desire whatsoever to completely crush the economy. As a result, they will be exceptionally careful in raising rates, which is just another reason why we have a high degree of confidence in the idea that interest rates will stay low for a long period of time.

What is the impact of sustained lower interest rates on investments?

Sustained low interest rates are, unfortunately, more bad news for investors in term deposits. **But low interest rates are generally a positive for shares and property investments.** Most listed companies have borrowings and low interest rates keep those costs low. Low interest rates also enable consumers and other companies to buy more goods, boosting sales. Finally, and most importantly, when interest rates are low, investors are generally willing to pay more for each dollar of company profits – **in other words, low rates help keep share prices high.**

Source : Tim Farrelly 14/6/2018—Why interest rates could stay low for decades

Holiday Adventures : Amalfi Coast Italy

What does your dream holiday look like?

Welcome to the Amalfi Coast Italy.

Location : Italy - Amalfi Coast

The Amalfi Coast is a 50-kilometre stretch of coastline along the southern edge of Italy's Sorrentine Peninsula, in the Campania region. It's a popular holiday destination, with sheer cliffs and a rugged shoreline dotted with small beaches and pastel-colored fishing villages.

Activities

Amalfi Coast offers a myriad of activities and attractions. Some of the key attractions include visiting the ruins of Pompeii, Trekking the path of the gods (sentiero Degli Dei) Positano, Scuba Diving in Secchetella Dei Galli, or sailing to the Li Galli Islands.

Food

Shrimps, redfish, pezzogne, bream, sea urchins, octopus, blue fish, molluscs, are the protagonists of **unforgettable recipes such as "scialatielli ai frutti di mare"**, a dish made with sea food and the fresh pasta typical of the Amalfi Coast.

Must See Attractions

The Amalfi Coast has attractions for everyone. Adventure travelers can traverse many scenic hiking trails. Those seeking to relax can find solace over 100 beaches including the ultra secluded Furore Fiordo. If you have sea legs, seeing Amalfi by boat is said to be unforgettable.

Distance from Sydney : Approx. 33 hours



Importance of a good night sleep

Sleep plays a very important role in maintaining general well-being and a healthy lifestyle. Getting enough sleep at night can help protect your mental and physical health and your overall quality of life.

How you feel while you're awake is greatly dependent on the quality of sleep you are getting at night. While you are sleeping, your body is replenishing itself to support healthy brain function and optimise your physical health. Sleep also plays a large role in the growth and development of children.

Sleep deficiency can happen both quickly and over time. If you are losing sleep on a regular basis, you may raise your risk for chronic health problems, experience trouble thinking during the day, have delayed reactions, have poor performance at work and experience learning difficulties.

7 Tips for a Good night sleep

1. Listen to soothing music before you sleep
2. Go to sleep earlier
3. Expend energy (exercise) during the day
4. Cut out caffeine & alcohol before sleep
5. Imagine a relaxing scene
6. Do not go from TV/PC directly to bed
7. Do some deep breathing : Take long, slow deep breathes before you sleep.

Source : www.developgoodhabits.com/sleep-before-midnight/



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Jason Danjoux
Your Financial Adviser
Your Life Financial Services Pty Ltd
Ph : 02 46 22 1212
Mob : 0414 955 957
28 / 1 Elyard St Narellan NSW 2567