

Your Life Quarterly Update



Your Life
Financial Services

Winter Edition June 2019

Invest In Your Life

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

- Executor of a will responsibilities
- Protect your Super : New Rules
- Interest rate reduction
- Holiday Adventures to London UK
- How Whey Protein fights Aging



Executor of a Will

When talking to clients, many question the role of an Executor to their will.

An executor of a will is the person appointed by a will maker to administer the estate when they die.

An executor's role involves making sure the deceased's debts are paid and their assets are collected and distributed according to the terms of the will.

The executor must apply to the Supreme Court to be granted authority to administer the estate. This is known as obtaining 'probate of the will'.

Some people appoint a solicitor or a trustee company to act as their executor due to the complex steps involved.

Key Executor Duties include :

- Determine who are the beneficiaries.
- Value the Estate.
- Advertise for Claim.
- Lodge Tax Returns.
- Distribute the estate according to directions laid out in the will.

Source : Australian Unity Fact Sheet

Global Market Update

We have outlined below the major market indices as at 1st of June 2019 and their movement over the past 12 months

Country	Index	Index 1/6/2019	% change in 12 months
Australia	ASX 200	6397	6.4%
USA	Dow Jones	24815	1.6%
USA	Nasdaq	7453	0.1%
UK	FTSE100	7162	-6.7%
Hong Kong	Hang Seng	26901	-11.7%
Japan	Nikkei	20601	-7.2%

The ASX 200 (Australia) was the best performing index over the past 12 months.

Protecting your Super - New Rules

The *Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019* received royal assent on 14 March 2019.

From 1 July 2019, large superannuation fund trustees are:

- Prevented from deducting insurance premiums from member accounts that have been inactive for a continuous period of 16 months, unless the member has made an election to retain insurance cover.
- Required to transfer low-balance inactive member accounts to the ATO.
- Prohibited from charging administration and investment fees in excess of 3% pa for member accounts that are less than \$6,000.
- Prevented from charging exit fees.

Opt-in of insurance for inactive accounts

From 1 July 2019, trustees of large superannuation funds are prohibited from providing or maintaining insurance for members where the member's account is inactive for a continuous period of 16 months or more, and the member has not elected to obtain or maintain insurance in that fund. This applies to all types of insurance that may be taken inside a superannuation account including Death, Total and Permanent Disablement and Salary Continuance Insurance (Income Protection).

An inactive account is a superannuation accumulation phase account where the trustee has not received a contribution or rollover in respect of the member. The 16 months period is reset once a contribution or rollover has been received by the trustee.

This measure applies to existing insurance cover in place before 1 July 2019 and new cover taken out after this date. Trustees are required to identify all member accounts that have been inactive for a continuous period of 6 months as at 1 April 2019 i.e. inactive for the period from 1 October 2018 to 31 March 2019.

Clients who have inactive accounts and want to retain their insurance cover will have to either:

- Make their account active by contributing or rolling over an amount to their superannuation account prior to 1 July 2019 (note this will only reset another 16 month inactive period), or
- Provide a written election to their super fund prior to 1 July 2019 to maintain the insurance.

If a client submits a written election to their fund to retain their insurance, this is only required once.



Consolidation of in-active low balance accounts to ATO

From 1 July 2019, in addition to existing "unclaimed and lost super" provisions, trustees of a large superannuation fund are required to transfer to the ATO the balance of a Superannuation account where all of the following apply:

- for 13 months no contribution or rollover has been received and credited to the account;
- the balance of the account is less than \$6,000;
- the member has not met a condition of release prescribed by the regulations;
- the fund is not a SMSF or small APRA fund;
- insurance is not being provided in the account; and
- the account does not support or relate to a defined benefit interest.

An account cannot be transferred to the ATO where any of the following occurred in the last 16 months:

- the member contributed or rolled over an amount to the account.
- the member opted-in to maintain insurance.
- the member changed investment options.
- the member made changes to their insurance coverage.
- the member made or amended a binding beneficiary nomination.
- the member declared, by written notice to the ATO, that they are not a member of an inactive low-balance account.

These amendments apply to inactive low balance accounts that exist on 30 June or 31 December each year. The initial transfer of inactive low-balance accounts will take place on 31 October 2019.

Hence, if your superannuation has a balance below \$6,000 and you wish to maintain this super fund, you should consider contacting your super fund as soon as possible and make a contribution at least once a year to keep the fund active.

Source : Australian Unity Technical Insights May 2019.

Interest Rate Reduction

The Reserve Bank of Australia (RBA) has announced a cut to the official interest rate – the first cut for almost three years. The 0.25 basis point cut brings the official cash rate down to 1.25 per cent.

The decision reflects concerns about the economic outlook, wages growth and inflation.

The outlook for the global economy remains reasonable, although the downside risks stemming from the trade disputes have increased. Growth in international trade remains weak and the increased uncertainty is affecting investment intentions in a number of countries. In most advanced economies, inflation remains subdued, unemployment rates are low and wages growth has picked up.

The central scenario remains for the Australian economy to grow by around 2¾ per cent in 2019 and 2020. This outlook is supported by increased investment in infrastructure and a pick-up in activity in the resources sector, partly in response to an increase in the prices of Australia's exports.

Reasons behind the decision to cut interest rates:

We have recently seen slower economic growth due to the housing downturn and there are concerns more generally about the global environment and its impact on Australia.

There are also increasing signs that unemployment has bottomed and is starting to rise again at a time when the RBA really needs lower unemployment in order to drive both wages and inflation up.

Who are the winners and losers?

While interest rate cuts are often welcomed, they are not good news for everyone.

People with money in bank deposits, such as self-funded retirees relying on bank interest for income will be hurt by interest rates remaining lower for longer.

The key for those investors is to seek advice on other investment options that might provide them with a higher income flow, whilst also balancing any additional risk that may occur against the absolute security of bank deposits.



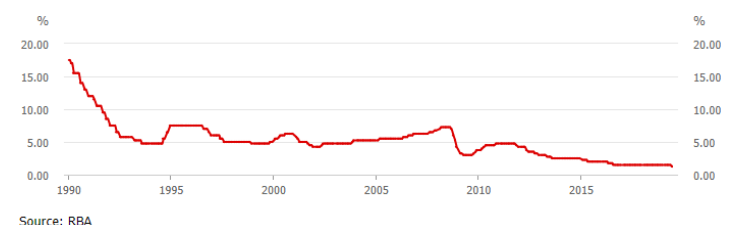
However, mortgagees will benefit from lower interest rates which could allow them to pay down their debts faster. They're the group that changes their spending the most based on overarching economic conditions. Research suggests the cut will provide some assistance for the wider economy.

Lower interest rates will also help keep the Aussie dollar down. Australian companies probably need this to get a bit of a boost when it comes to competing internationally.

The cut should also help the housing market find its bottom, however, it's unlikely to set off another housing market boom. A property boom is unlikely, due to household debt being substantially higher than in the past, tighter bank lending standards and the chance of rising unemployment.

The decision to lower the cash rate will aim to help make further inroads into the spare capacity in the economy. It will also aim to assist with faster progress in reducing unemployment and achieve more assured progress towards the inflation target.

Below : Graph of cash rate movement in Australia.



Source : Shane Oliver - AMP Insights—4th June 2019

Reserve Bank of Australia, Philip Lowe. Media Release 4th June 2019.

Holiday Adventures : London - United Kingdom

What does your dream holiday look like?

Welcome to London - United Kingdom.

Location : London UK

London has been at the epicentre of English life. Today, London is one of the most diverse cities in the world. From modern museums and ritzy shows to boutiques and famous icons.

Activities

A trip to London simply must include a trip to the unforgettable presence of the Tower of London and the iconic dome of St. Paul's Cathedral. Buckingham Palace and Westminster Abbey are also top of the attractions.

Food

For a quintessentially London experience head into East London and try the food of the true Cockney, minced beef pie with mash potato. Alternatively, for the full East London bearded hipster experience go to Broadway Market in Hackney on a Saturday morning.

Must See Attractions

Visit some of the top attractions outside of London on a day trip to Stonehenge, Windsor Castle and the historic town of Bath.

Distance from Sydney : Approx. 22 hours

Source : Travel Associates.

For a unique holiday experience contact Vanessa Citroni : 0409 997 650



How Whey Protein Fights Aging

Whey protein is widely assumed to be a supplement just for athletes seeking to add additional muscle mass.

Studies reveal that whey has anti-aging benefits.

Research shows that whey reduces **muscle wasting** in the elderly, inhibits **weight gain** and may help prevent **cardiovascular disease**.

Whey is a food source studied for maximising production of **glutathione**, one of the body's main internally produced, free radical scavengers.

Glutathione levels drop with age, and this could play a role in neurodegenerative disease, reduced immunity, and a host of other age-related conditions.

Whey, made from the liquid part of milk that separates during cheese production, is not just a source of protein, but also of nutrients including branched-chain amino acids, immunoglobulins, and bio-active protein sub-fractions such as **lactoferrin**.

These benefits show why whey is increasingly viewed as a food that can prevent frailty and promote healthy longevity.

About **45%** of older individuals in the general population, and more than **84%** in residential care facilities, are not adequately nourished.

Approximately **5%-13%** of people aged 60 or over experience age-related muscle-wasting that is so severe, it increases the risk of falls and disability. Consult your Doctor or health store for Whey supplements based on your needs.

Source : www.Lifeextension.com. Magazine June 2019. Michael Downey.



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