

# Your Life Quarterly Update



Your Life  
Financial Services

Winter Edition June 2021

## Invest In Your Life

Welcome to the Winter edition of Your Life Quarterly update.

In this edition we outline:

- Non concessional bring forward rule extended to people under 67.
- Federal Budget Update.
- Holiday Adventures : The Kimberley
- Super Foods : Lemons



## Non Concessional Bring Forward Rule extended to people age 66.

Currently, if you are under age 67 you are able to contribute up to \$100,000 p/a as a Non Concessional Contribution (NCC) into super without having to pass the work test.

From the 1st of July 2020, individuals aged 65 and 66 will be able to utilise the bring-forward rule to make a maximum NCC of up to \$300,000 into super.

To be eligible, an individual's total superannuation balance must be less than \$1.4M on 30 June 2020.

This is good news, as it provides more opportunities for people to make larger non-concessional contributions into super later in life.

Hence, if you are under age 67 (from the 1st of July 2020) you may be able to contribute up to \$300,000 (utilising the bring forward rule) into super, in a financial year, without having to worry about the work test.

CFS Firsttech Newsflash Extension to bring forward rule finally passes 19/6/20210.

## Global Market Update

We have outlined below the major market indices as at 1st of June 2021 and their movement over the past 12 months

Country	Index	Index 1/6/2021	% change in 12 months
Australia	ASX 200	7,142.60	26.5%
USA	Dow Jones	34,575.31	35.72%
USA	Nasdaq	13,736.48	43.80%
UK	FTSE100	7,080.50	14.80%
Hong Kong	Hang Seng	29,468.00	24.17%
Japan	Nikkei	28,814.34	30.60%

The USA NASDAQ was the best performing index over the past 12 months.

# Federal Budget Update

## Key Budget announcements :

The removal of the work test for non-concessional and salary sacrifice contributions.

A reduction in the minimum age requirement for downsizer contributions

An increase in the amount of super savings available to first home buyers

**It's important to note the rate of superannuation guarantee will increase to 10% from 1 July 2021, as previously legislated.**

## Superannuation Contributions

### Expected date : 1 July 2022

The Government has announced it will allow individuals aged 67 to 74 to make or receive non concessional (including under the bring-forward rule) or salary sacrifice superannuation contributions without meeting the work test, subject to existing contribution caps. However, individuals aged 67 to 74 years wanting to make personal deductible contributions will still have to meet the existing work test.

Removing the work test for people aged 67-74 to make non-concessional contributions will provide more flexibility for retirees under age 75, to top up their super without needing to work 40 hours within 30 consecutive days.

## Reducing the eligibility age to 60 for downsizer super contributions

### Expected date : 1 July 2022

The Government has announced it intends to reduce the eligibility age to make a downsizer contribution from 65 to 60 years of age. The downsizer contribution rules allow people to make a one-off after-tax contribution to super of up to \$300,000 from the proceeds of selling their home they have held for at least 10 years.

Under the rules, both members of a couple can make downsizer contributions for the same home and the contributions do not count towards a member's non-concessional contribution cap.

Reducing the eligibility age for downsizer contributions to age 60 could allow an eligible couple in their early sixties to sell their home and contribute up to \$1.26m to super in a year by each making a \$300,000 downsizer contribution and \$330,000 non-concessional contribution.



## Removing the \$450 per month minimum superannuation guarantee threshold

### Expected date : 1 July 2022.

The Government has announced it intends to remove the \$450 per month minimum superannuation guarantee (SG) income threshold. Under the current rules, an employer is not required to pay superannuation guarantee contributions for an employee who earns less than \$450 per month.

## Relaxing residency requirements for SMSFs and Small AP-RA Funds (SAFs)

### Expected date : 1 July 2022.

The Government plans to relax the residency requirements for SMSFs by extending the central management and control test from 2 to 5 years and removing the active member test. Under current rules, SMSF trustees living overseas who intend to return to Australia at some point can be away for a period of up to two years and the fund will still meet the central management and control test. Under the proposal, the trustee will be able to be away for up to five years and still meet the test.

Abolishing the active member test simplifies the rules and ensures that members and trustees who are temporarily overseas can continue to make contributions to their SMSF or SAF without jeopardising the fund's complying status.

## Increasing the Medicare Levy low-income thresholds

### Expected date : 1 July 2020

The Government will increase the Medicare levy low-income thresholds for singles, families, and seniors and pensioners from the 2020-21 income year.

Income category	2019-20	2020-21
<b>Taxpayers entitled to seniors and pensioners tax offset (SAPTO)</b>		
Individual	\$36,056	\$36,705
Married or sole parent	\$50,191	\$51,094
For each dependent child or student, add:	\$3,533	\$3,597
<b>All other taxpayers</b>		
Individual	\$22,801	\$23,226
Couple /sole parent (family income)	\$38,474	\$39,167

# Federal Budget Update

## Social Security Increasing the flexibility of the Pension Loans Scheme

**Expected date : July 2022**

The Pension Loans Scheme (PLS), a voluntary, reverse mortgage type loan available through Services Australia, currently allows a fortnightly loan of up to 150% of the maximum rate of Age Pension. From 1 July 2022, the Government will implement two changes to the scheme –

1. A No Negative Equity Guarantee and
2. Lump sum advances.

**No Negative Equity Guarantee** : A No Negative Equity Guarantee will be introduced so borrowers, or their estate, will not have to repay more than the market value of their property, in the rare circumstance where their accrued PLS debt exceeds their property value.

**Lump sum advances** : Eligible people will be able to receive one or two lump sum advance payments totaling up to 50% of the maximum Age Pension each year. Based on current Age Pension rates, this is around \$12,385 per year for singles and around \$18,670 for couples combined. Note, the total amount eligible people are able to receive under the pension loans scheme, including any lump sum advance payments, has not changed. The total amount cannot exceed 150% of the maximum Age Pension which is around \$37,155 per year for singles and around \$56,011 per year for couples.

## Child care Increase in child care subsidy Effective : 11 July 2022

The Government announced it will: increase the Child Care Subsidy (CCS) rate by 30 percentage points for the second child and subsequent children aged five years and under in care, up to a maximum CCS rate of 95% for these children, commencing on 11 July 2022, and remove the CCS annual cap of \$10,560 per child per year commencing on 1 July 2022.

This will provide greater choice to parents who want to work an extra day or two a week. Removing the annual cap helps support the choices of parents to work the hours they want to work and, in particular, reduces barriers that secondary income earners face when seeking to work more.



## Account Based pensions

### Breaking news – 50% minimum pension drawdown extended for another 12 months

On 29th of May 2021 (separate to the budget) the Government unexpectedly announced an extension of the temporary reduction in superannuation pension minimum drawdown through to the 2021/22 financial year.

***From 1 July 2021, minimum pension payments will continue to be 50% of the legislated amount for all account based pension and term allocated pensions.***

This is great news for people with larger account based pension balances, who do not require additional income from their pension accounts.

Age	Standard minimum	Reduced minimum for 2021/22
Under 65	4%	2%
65-74	5%	2.5%
75-79	6%	3%
80-84	7%	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95 or older	14%	7%

Source : FirstTech Federal Budget Briefing. 11 May 2021.



## Holiday Adventures: Australian Destinations - The Kimberley

### What does your dream holiday look like?

Welcome to The Kimberley.

#### Location

Three times larger than England and with a population of less than 40,000, the Kimberley region – spread over Australia's entire north-western corner – is one of the world's last wilderness frontiers

#### Activities

Here you'll find prolific wildlife, majestic canyons, freshwater swimming holes and several outback stations, as well as one of Australia's greatest 4WD road trips. There are also towering rock faces sending water tumbling into crystal blue seas and secluded red-rock gorges hiding ancient Aboriginal art, welcoming waterholes and palm-filled oases.

#### Food

The Kimberley in Western Australia is flush with unique dining experiences that are as adventurous as they are delicious. How about freshly caught threadfin salmon while watching a waterfall that flows sideways? Or a three-course meal featuring local produce while perched atop a crocodile-filled river.

### Must See Attractions

The top attractions in the Kimberley include the Amazing Bungle Bungles, the Horizontal Falls, witness dinosaur footprints off the coast of Broome, discover the mangroves and camel rides on the beach.

Source : [www.travelassociates.com](http://www.travelassociates.com).

<https://www.australia.com/en/places/broome-and-surrounds/guide-to-the-kimberley.html>



## Lemons

Lemons are rich in citrus flavonoids that, alongside Vitamin C have an important antioxidant function.

Citrus flavonoids are phytochemicals that can assist the healing of wounds, strengthen the walls of blood capillaries and prevent diseases such as arteriosclerosis (when the blood vessels that carry oxygen and nutrients from your heart to the rest of your body (arteries) become thick and stiff).

Vitamin C also helps to fight infection, strengthen the immune system, make collagen (the main protein found in connective tissue) keeping your skin and joints healthy and preventing cancer.

Lemons can also be used to treat a range of ailments, such as reducing mild fevers, lower blood pressure, reduce gastric acidity, promote liver function and increase the fluidity of blood.

Specific illnesses that can be treated with lemons are rheumatism, arthritis, cholesterol, colds and influenza.

Lemon juice can also be used as a skin toner, anti-aging treatment and potentially to reduce freckles.

Lemon juice is also a natural disinfectant and antiseptic. Prior to modern antiseptics, it was used in hospitals for this purpose.

Source : The complete Guide to Nutritional Health. Pierre cousin 2000 page 44.



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