



March 2017

Good Morning,

Given that legislation has now passed in relation to changes to Superannuation – Pension rules which come into effect on 1 July 2017.

We thought that it was now an opportune time to provide you with a brief snapshot of those changes.

As can be seen a major opportunity exists for eligible persons to make substantial, non-tax deductible contributions to their superannuation account prior to 30 June this year.

After 30 June this year the contribution limit for person monies will reduce from \$180,000 per annum to 100,000 per annum but more importantly the bring forward rule will reduce from \$540,000 to \$300,000.

The other major change around contributions relates to your employer Superannuation Guarantee Contribution and Salary Sacrifice Contributions whereby after 30 June 2017 the limits will reduce to \$25,000 for all fund members. Up until 30 June consideration should be given to maximising these contribution. For those of us who turned 49 this financial year you can contribute up to a total of \$35,000 and if under age 49 this financial year the limit is \$30,000.

This is clearly an opportunity which many of us can avail ourselves of over the next 4 months.

Should you wish to discuss or any other aspect of the changes and these specific articles please do not hesitate to contact us as we can assist in all of these areas.

Wishing you a pleasant day.

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The door is closing on super's current caps

New laws will limit the amount that goes into super. Are you prepared for the changes?

Following last year's Federal Budget, new superannuation rules will take effect on 1 July this year.

After 1 July, the amount of after-tax contributions you'll be allowed to make to super will be limited and your super balance will be capped for good. As you only have a short time to consider whether you'll take advantage of the opportunities still available, here are some things to consider.

How the new super rules will affect you

From 1 July, you'll be unable to put as much money into super as you can right now.

Super is likely to remain one of the most tax-effective ways to invest but with some contributions caps set to reduce by nearly 45%, less money will be allowed to benefit from the tax concessions on offer.

From 1 July, you'll only be permitted to add up to \$100,000 in after-tax dollars per year. That's because the non-concessional contributions cap is lowering from the current non-concessional contributions cap of \$180,000.

Act well before 1 July

There are two key things to consider right now: the current non-concessional contributions cap of \$180,000 per year and the three-year rule that could allow you to

add three years' worth of non-concessional contributions before 1 July.

That means you could add \$540,000 into your super—or an adjusted amount if you've already made a non-concessional contribution within the last three years. You must be under 65 to take advantage of this current ruling. And you must act before 1 July.

Right now, you're allowed to get up to \$540,000 into super but after 1 July, you'll be limited to an annual amount of \$100,000 or \$300,000 in a three-year period.

It's likely you won't have \$540,000 lying around but because this may be the last chance for so much of your money to benefit from super's tax-concessions, it's worth considering whether you can transfer the value of other assets into super.

Property or shares?

If you hold shares outside of super, you may want to consider whether your investment will give you more down the track if held within super where it can benefit from generous tax concessions.

Or you may have plans to sell an investment property or downsize your own home and the timing coincides well with the changing rules allowing you to transfer your money into super and boost your balance well before the closing date.

Now is a good time to think about how to structure your investments so you receive better value down the track.

Boost your balance until 30 June

After 30 June 2017, if the total amount you hold in super exceeds \$1.6 million you won't be allowed to make further contributions without tax penalties. But before that time your balance is unrestricted thanks to the current rules.

You now have a small window of time left to boost your super so your money can benefit from the tax leniency that applies in super.

We encourage you to act now so you can explore your options in time.

Act now, before it's too late

There are other changes coming to super including changing tax rules for transition-to-retirement pensions and restrictions on before-tax contributions (concessional) caps.

It's a good time to call us so you can be confident in your understanding of the current and changing rules that will affect you. We look forward to speaking with you soon.

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Estate planning and why you need a super plan

When it comes to passing-on your super money, you need to put specific plans in place so the right people end up with it when the time comes.

You'd probably rather be doing something other than thinking about your own mortality. But because your super can become a significant amount of money, you'll want to make sure it goes to the right people when you die.

Like lots of other people, you may not know that when you die your super money won't be covered by your will. That's because you don't technically own your super money in the same way as an asset held in your own name, and your will only covers the assets you have in your own name.

So how can you make sure the people you choose end up with your super money?

Leaving your super behind

When it comes to leaving your super to your chosen beneficiaries, there's a lot to consider. While in your will you're able to leave an asset you hold in your own name to anyone of your choosing, super is different.

Not everyone is eligible to receive your super money directly from the super fund. We can help you understand who you can leave your super to—you may find that only your spouse and children are eligible.

However, if you want to leave your super to someone who is ineligible, you may be able to pass your super through your estate to that person. We can help determine whether and how you may be able to do this.

Not a matter of setting and forgetting

These days, when it comes to estate planning most people understand the importance of having a valid will and revising it at regular intervals.

When it comes to your super an arrangement you put in place that ensures the trustees of your super fund will be bound by your wishes can lapse. So just as with your will, you generally need to review your super beneficiaries

and your arrangements—every three years or so—to make sure they remain valid, and that the trustees of your money are bound by your wishes.

We're here to help

There's a lot to consider when it comes to leaving your super behind. We can help you navigate the highly regulated superannuation environment when it comes to your estate planning needs.

Call us or come and see us as soon as you can and we'll help make sure your wishes are carried out and that your super money can go to the right people when the time comes.

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Can refinancing my home loan save me money?

By replacing your existing loan with a new one, you could take advantage of a better deal.

Even if you secured a competitive package when you first took out your home loan, it's worth reviewing each yearⁱ to ensure the interest rates, fees and features continue to meet your needs.

With interest rates also at an all-time low in Australiaⁱⁱ, now may be an opportune time to refinance as you may be able to pay off your home loan sooner.

What is refinancing anyway?

Refinancing is where you replace your existing home loan with a new one that's ideally more cost-effective and flexible.

It may involve changing your home loan product with your current provider, but often it will mean switching to a different lender who can offer you a better deal.ⁱⁱⁱ

Reasons to refinance

Some of the reasons you may look to refinance include:

1. You want to pay less.

If you can find a lower interest rate, you could save money and reduce your repayments. Even a 0.5% reduction on your interest rate could save you tens of thousands of dollars over the life of your loan.

2. You want a shorter loan term.

When interest rates are down, you may be able to reduce the term of your loan—from 30 to 25 years for instance—without too much change to your repayments, meaning you may be able to pay off your home loan sooner.

3. You want access to better features.

You may be looking for further cost savings and greater flexibility with the help of added features, such as unlimited additional repayments, redraw facilities, an offset account or the ability to tap into your home equity.

4. You want a better deal, more flexibility or security.

Converting to a fixed, variable or split-rate interest loan may provide you with these things.

5. You want access to your home equity.

Equity can be used to secure finance for big ticket items such as an investment property, renovations or your children's education. This can be risky though because if you don't make the repayments, you could lose your home as a result.

6. You want to consolidate existing debts.

If you have multiple debts, it could make sense to roll these into your home loan if you're diligent with your repayments. This is because interest rates associated with home loans are generally lower than other forms of borrowing.

Things to consider

Do you know what you want?

If you're looking to refinance, do you know what it is you're after—a lower interest rate, added features, greater flexibility, better customer service or all of the above? It's important to determine these things so when you're researching other loans, you know exactly what you're after.

Do the financial benefits outweigh the costs?

You might be able to save money over the long term by refinancing, but the upfront costs can still be expensive. For this reason, it's a good idea to investigate where costs may apply, or be negotiable—think discharge fees, registration of mortgage fees and break costs if you have a fixed-rate loan.ⁱⁱⁱ

Also think about application costs if you swap lenders—establishment fees, legal fees, valuation fees, stamp duty, and lender's mortgage insurance if you borrow more than 80% of the property's value.ⁱⁱⁱ

Have you spoken to your current lender?

Before you jump ship, it may be worth a chat with your current lender as they might be willing to renegotiate your package to retain you as a customer.

Has there been any change to your personal situation?

An application process if you want to refinance will apply. This means your lender will take into account things like your employment situation, additional debts you've taken on, or if you've got a growing family as all these things can impact your borrowing potential.

For more information

Refinancing can be a wise move if it can save you money, get your debt under control or give you more flexibility in achieving your goals.

It's important to evaluate the pros and cons if you are considering refinancing. These can be complex so you may wish to speak to us about your options.

i www.finder.com.au/how-to-review-your-home-loan

ii www.rba.gov.au/statistics/cash-rate/

iii www.finder.com.au/how-much-can-i-save-refinancing