



**S.G.A FINANCIAL SERVICES PTY LTD**

"Security in Tailored Wealth Creation, Management and Protection"

your **money** your **future**

## Quarterly Newsletter 2015

### THE WHEELS OF THE BUS...

Charter Financial Planning recently recognised Dominic's contribution to the community.

For the past five years, Dominic Smarrelli, principal at SGA Financial Services has been spending every Wednesday night slaving over a hot barbie cooking up dozens of meals – and he wouldn't have it any other way. Dominic is a dedicated volunteer with the Salvation Army's AMP 614 Youth Bus (picture on right).

'This is a Salvation Army project that provides assistance to homeless youth within the Melbourne CBD. Services range from providing meals, legal and medical assistance. My involvement for the past five years has been assisting with cooking and providing meals to homeless youth every Wednesday night,' says Dominic. 'Without the previous financial support from AXA and the ongoing commitment by AMP, the Salvos 614 Bus Project would not survive.'

'Coming to terms with the amount of homeless youth there is in our community is very challenging and it is terrible to discover how little support there is for them. If it wasn't for organisations like the Salvation Army, we would be losing a lot more of our youth.' Dominic also volunteers for the Reach Foundation and SGA is registered in the Cancer Council Pro Bono Program.

Working with the Salvos is also a source of pride, and the experience has changed Dominic. 'It has made me more tolerant in understanding that a one-size-fits-all explanation about why youth live on the street is not the truth. I have also realised that volunteering and providing support to these organisations does produce results. The reward is that I and my practice can assist in providing tangible support to these organisations to help and assist people in need.'



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# How can I own my home sooner?

**It doesn't have to be the stuff of dreams. There are several strategies that could help you pay off your home loan sooner. And it doesn't necessarily mean sacrificing the things you love doing today.**

The first step towards paying off your home sooner is to understand your loan—how much you owe, how much you are paying and what other financial commitments you have.

Once you know where you stand you can start getting smarter with your loan.

## **Consolidate your financial commitments**

Over time, it's easy to build up small loans here and there. Individually, they may not seem like a lot but it could mean you're paying higher interest rates and lots of extra fees, which could keep you in debt longer and really impact your lifestyle today.

By bundling all your financial commitments into one loan you can get a clearer picture of what you owe and potentially save money too.

## **Consider making fortnightly home loan repayments**

If you can afford it (and you're not doing it already), consider changing your home loan repayments from monthly to fortnightly. This can make a really big difference to your loan.

Of course, by changing your repayment frequency you may need to be more mindful when it comes to managing your money.

One way of doing this is to align your pay dates and repayment cycle. Even though it may take time to adjust, you could keep thousands of dollars in your pocket that you would have otherwise paid in interest.

## **Use an offset account**

An offset account is a simple tool that can potentially help you save thousands over the lifetime of your home loan.

## **Own your home sooner and still enjoy the things you love**

If owning your home sooner and maintaining your lifestyle are both important priorities to you, consider speaking to your financial planner today.

Based on your goals, and personal situation, we will be able to create a personalised plan that's right for you.

***With expert advice, you'll be on track to owning your home sooner while still enjoying the things you love today.***

### **What you need to know**

This information does not take your circumstances into account, so read the relevant disclosure documents and consider what's right for you. If you acquire an AMP product or service, AMP companies and/or their representatives will receive fees and other benefits, which will be a dollar amount and/or a percentage of either the premium you pay or the value of your investments. Ask us for more details.







# Make working later in life work for you

## Tips for taking a freestyle approach to work and retirement

The relationship between work and retirement is changing. Nowadays we expect a lot more from our later years than previous generations—we're no longer satisfied with treading water and we want to go freestyle.

But with the pension qualification age increasing, people living longer and concerns about whether we have enough money in our super, we may have to work longer to generate enough income to maintain our lifestyle and enjoy a comfortable retirement.

For an increasing number of Australians working longer in life doesn't mean continuing on the 9-5 treadmill. They are making an active choice to go freestyle, match their career with their passion and continue playing a meaningful role on their own terms.

So after years putting the family first, now's the time to think about your needs and how best to combine your working income with your retirement savings.

### Ways to help you make working longer work for you

- **Change the way you work**—think about going part time, job sharing or consulting.

- Maintain your employability by **marketing your expertise**—network and become your own brand.
- Pass on your knowledge to the next generation by **mentoring young Australians** through a programme like Elderberry.
- Tap into your inner entrepreneur and join Australia's growing band of **seniorpreneurs** by starting your own business.
- Talk to a **retirement coach** about how to move from a full time job to part time work, a small business or retirement.
- Don't **price yourself out of the market**—consider taking a pay cut for the right move.
- Rather than jumping straight from **full-time work into retirement** think through the consequences for your health, social contacts and finances—and how you could make the transition easier, working part time for example.

### Government regulations about what you can do and when

- At 50 you can pay more into your super from your **before-tax salary**—up to \$35,000 pa.

- At 56, you can start a **transition to retirement strategy** to reduce your working hours and maintain your after-tax income.
- At 60, if you can access **your super, it will be tax-free**.
- And once you're eligible for the age pension, you can access the Work Bonus, which allows you to keep more of your income or work for short periods with little effect on your pension.

### Restrictions that can apply

- At 65, you can no longer bring forward two years' worth of **after-tax super payments** to make a total contribution of up to \$540,000.
- And you may be unable to access **workers' compensation or insurance cover** following a workplace accident.

**Talk to us about how to structure your work, lifestyle and finances so that you can go freestyle.**

# Intergenerational wealth transfer

Intergenerational wealth transfer – or in simpler terms, passing on assets to your family, can be, and often is, a huge issue for all family members concerned. If done well and executed properly, it can make a real difference to the financial position of the recipients. If misjudged or poorly handled, it can cause enormous grief, fights and resentments that are never forgotten nor forgiven.

## What's involved?

The first step you should take, is to go through the process of making a will, which is a legal document that enables you to say who gets what after you die. Without one, your estate could go to people you wouldn't want it to. Indeed, in the absence of a will, and any relatives, your estate may end up going into the public purse.

Given the importance of a will in seeing your family receive what you want when your estate's distributed, incredibly, it's estimated that nearly half of all Australians die without one.<sup>i</sup> This is even more surprising when you realise a will can be a fairly simple document to draw up, and generally doesn't cost much. Having a solicitor draw one up for you will ensure it's properly completed and worded, and is less likely to be successfully contested by anyone who believes they haven't received their fair share of the pie.

Naturally, there's not much point in having a will if no one knows where it is. Make sure one copy is in a safe place for yourself, and keep another copy with your executor and/or solicitor.

## Wealth transfer during your life

While having a well-considered and properly drawn up will is a necessity for anyone serious about achieving good outcomes, you don't have to wait until you die before distributing your wealth. You can pass on assets while you're alive, though note, there may be some pitfalls involved, depending on your circumstances.

Firstly, you need to ensure that by giving your capital or assets away you're not going to leave yourself short-changed, particularly if you live longer and have greater aged care costs to deal with than anticipated, which is not unlikely.<sup>ii</sup> You really have to consider closely whether you can afford to pass on the assets you would like to while you're alive.

Secondly, if you give away assets worth more than \$10,000 in one year or more than \$30,000 in five years, anything above those limits, under so-called 'deprivation' rules, are still counted as belonging to you, for up to five years – and this can negatively affect your Centrelink aged pension and aged care entitlements. We recommend you speak with your financial adviser if you might be at risk.<sup>iii</sup>

There may also be costs involved in the transfer, such as capital gains tax and stamp duty. Make sure you speak to your accountant before making any decisions.

## Other considerations

With intergenerational wealth transfer there are other issues to consider in addition to the ones above. These include:

- what tax implications there may be for your beneficiaries (some assets may be passed down with a potential capital gains tax liability or a superannuation death benefit tax attached – which affects their ultimate net value)
- what your beneficiaries really want (one child may want your shares, the other may want your old Jaguar)
- which of your beneficiaries may be 'at risk' (for example, your daughter's marriage could be looking shaky, which could see part of her inheritance from you end up in her ex partner's hands).

These and other matters can be addressed through some key steps including open family communication, the use of testamentary trusts if required, a binding nomination on your super and a good will. Much of intergenerational wealth transfer will involve input from your solicitor, however for an area as important as this, a lot of very useful advice and help can be provided by your financial adviser.

i <https://www.moneysmart.gov.au/life-events-and-you/over-55s/wills-and-power-of-attorney>

ii [http://www.legalanswers.sl.nsw.gov.au/guides/wills\\_estates/intestacy.html](http://www.legalanswers.sl.nsw.gov.au/guides/wills_estates/intestacy.html)

iii <http://www.humanservices.gov.au/customer/enablers/assets/gifting>

