



Welcome to our quarterly magazine – in this edition:

- Working in retirement can be enjoyable
- An increase in scams targeting super
- Disconnect between markets and the economy: what's going on?
- Tax tips and tax return checklist
- HomeBuilder explained
- Still working from home?

Welcome to the Q3 edition of our client magazine. I hope you have enjoyed reading the editions this year, and they provide helpful information for you to have meaningful conversations with your financial adviser.

As we finalise the publication of this edition, we are seeing a spike in Coronavirus cases and sadly, this is having a devastating impact on people, our community and our economy. It's important to keep in mind that this will pass, but in the meantime it is unsettling. Your financial adviser is there to assist and guide you, and available to take your call to go through any concerns you have about your financial future.

I hope you get value out of the articles this quarter – one of which explains the HomeBuilder package and eligibility to apply, and another that is focussed on what is happening in markets and the economy. If you are still working from home, take a look at our lifestyle article on this topic.

Until next quarter,

Peter Ormsby
RI Advice Group, CEO

Working in retirement can be enjoyable

If you are not ready to take your foot completely off the brake as your working career slows down, you may find a happy medium and foster a healthy routine by working in retirement.

Many Australians choose to work part-time in retirement instead of hanging up their work clothes completely. Data from the Australian Bureau of Statistics shows that in 2018-19, the top 3 reasons retirees left their last job were not necessarily due to wanting to leave the workforce, but rather because:

- They reached retirement age or eligible for superannuation (46%)
- Their own sickness, injury or disability forced them into retirement (21%)
- They were retrenched, dismissed or no work available (11%)¹.

Some people choose to lessen their workload to help ease themselves into retirement whilst others need a higher income to support their lifestyle so need to undertake some work in retirement. Whatever the reason, working doesn't have to stop you from enjoying retirement. After all, you have paid your dues, and deserve some flexibility and recreation. Here are some ways to help make your semi-retirement more enjoyable.

Choose a fulfilling job

Ideally, working in retirement should not be just about earning an income. While getting a regular pay cheque is good for your retirement fund, it's advisable to be selective about any job you accept. Doing something that's fulfilling or gives you a sense of purpose may help make it more worthwhile and feel less like work.



Seek flexibility for your work/life balance

Having a flexible work schedule or work arrangement is also important. A flexible schedule may allow you to spend more time on creative or leisure activities, while the ability to work from home on some days may help achieve a good work-life balance. You could spend more time with your family and friends, which is more aligned to your long-awaited retirement dream.

Stay healthy and engaged

Staying physically and mentally healthy in retirement is crucial, and maintaining an exercise routine can help. Consider joining community groups who enjoy the same activities as you such as walking, yoga, meditation or tai chi. As well as being a great social connection, these groups will help balance out sitting in an office if you have a part time, sedentary type of job.

Engage in activities outside work

After working full time for many years, it's easy to end up spending more time at work than necessary.

To break this habit, engage in a regular activity that will keep you busy and help you find fulfilment outside work. It can be as simple as learning a new computer skill or volunteering.

Consider your pension eligibility

Staying employed in retirement may be a great way to boost your income, but keep in mind that your earnings may have implications for your retirement benefits. For example, working when you have become eligible for the Age Pension may reduce your pension payments. Seek professional financial advice before accepting a job so you are not compromising any benefits.

Most of all, remember retirement is the next phase of your life so whether you work part time, or not at all, choose enjoyable activities that keep your mind and body active.

1 6238.0 - Retirement and Retirement Intentions, Australia, 2018-19 <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6238.0>

AN INCREASE IN SCAMS TARGETING SUPERANNUATION

Scammers are taking advantage of people financially impacted by the Coronavirus crisis.



Falsely selling products or services online.



Using fake emails or text messages to try and obtain personal data.



Never give any personal information about your superannuation to someone who has contacted you.

NEXT STEPS

If you think you may have provided information to a scammer, please contact your financial adviser immediately.

More information on Coronavirus scams is available at [scamwatch.gov.au](https://www.scamwatch.gov.au)



Disconnect between markets and the economy: what's going on?

The speed and severity of falls across share markets, and spikes in volatility, in March, were unlike anything that has been seen since the 1930s.

Yet, here we are, just a few months later and markets have done an about-face. Not much has fundamentally changed in economies, but share markets appear to have underestimated economic uncertainty as well as the continuing disruptive power of COVID-19.

So, what's driven the share market bounce? Two words, "central banks." They've effectively "doubled down" on the policies that propelled risk assets for most of the post-GFC decade.

The amount of recent support through global central bank stimulus (and government spending) has been estimated at a staggering US\$18 trillion (A\$26 trillion), with interest rates slashed to 0% or below (after taking inflation rates into account) in most major economies.

In a zero-interest rate world, returns from term deposits and government bonds are unappealing to savers and investors. Consequently, investors are compelled to go further up the risk curve to try and earn positive returns.

The liquidity unleashed by the US Federal Reserve and its central bank counterparts has smothered price discovery — the process by which market prices are determined, largely by interactions between buyers and sellers — by backstopping every conceivable asset.

This was exemplified by the fact that US car-rental company Hertz's stock price rose in June after it declared bankruptcy. Truly mind-boggling stuff.

At times like these, investors grounded in the importance of fundamentals like valuations, cashflow reliability, interest cover, robustness of business models can seem out-of-step with the times.

Investors also have ringing in their ears the adage "Don't fight the Fed" because if central banks are in fully fledged "whatever it takes" mode, markets would appear to have an in-built saviour.

But true investing isn't about blindly riding momentum created by central bank liquidity. Investing, to our way of thinking, is the art of risk-management — extracting the highest possible unit of return for the least amount of risk.

Important information

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Tax tips and tax return checklist

To help you complete your tax return, this checklist outlines income and expenses you need to disclose to the Australian Taxation Office (ATO) when lodging your return.

Income

- Gross salary, wages, earnings**, allowances, benefits, tips and directors' fees as per the pay as you go (PAYG) payment summary supplied by your employer.
- Lump sum and termination payments** as per the PAYG payment summary supplied by your employer.
- Annuities or other pensions**, such as account-based pensions, as per PAYG payment summary or statements provided by your financial institution or super fund.
- Taxable Government allowances or pensions**, such as the Newstart Allowance, youth allowance and age pension.
- Interest earned** as per your bank, mutual bank or credit union statements.
- Dividends received or reinvested, including any franking credits attached as per the dividend statements provided by the company.
- Distributions from partnerships and trusts** (including managed funds) as per the distribution statement provided by the partnership or trust.
- Details of any capital gains or losses incurred** from the sale of (or other dealings involving) capital gains tax (CGT) assets, such as shares and property. This includes dates and values of acquisitions and disposals, as per purchase and sale documents.
- Rent received** from investment properties as per real estate agent statements or personal records.
- Details of any foreign source income** (including overseas pensions) earned or received, foreign assets held and any foreign taxes paid.

Expenses

- Work-related expenses** that have not been reimbursed by your employer
- Motor vehicle expense details** for work-related travel in a personal vehicle, including the work-related kilometres travelled. This excludes travel to and from work.
- Other work-related travel expenses**, such as taxis, public transport and bridge tolls.
- Purchase of compulsory uniforms**, protective clothing and laundry costs for work-related purposes.
- Self-education expenses**, including fees, books, stationery, travel and parking.
- Union fees and memberships** to industry and professional organisations.
- Purchase of sun protection, hats, sunglasses and sunscreen** if you need sun protection at work.
- Purchase of tools of trade or equipment** for work-related purposes.
- Telephone accounts** for work-related calls.
- If you are paid an **overtime meal allowance under an award**, you can claim up to the reasonable allowance expense amount set out by the ATO.
- Attendance fees and travel** for work-related seminars, conferences and conventions.
- Books, journals, subscriptions** and your professional library expenses.
- Home office set-up expenses** such as depreciation on purchase of equipment, including computers, telephones and furniture.
- Details of home office running expenses** such as heating, cooling, lighting and cleaning.

Investment-related expenses

- Telephone accounts** for investment-related calls.
- Attendance fees and travel** for investment seminars, conferences and conventions.
- Interest paid and fees charged** on money borrowed for investments, such as shares.
- Bank fees** incurred on investment-related activities and accounts.
- Property rental expenses**, including advertising, council and water rates, insurance, interest on loans, real estate management fees, repairs and maintenance, lease preparation, depreciation and capital works (such as buildings and structural improvements) deductions.

General expenses

- Donations of \$2 or more** to registered charities.
- Tax preparation fees**, including travel to your tax agent.

Resident tax rates for 2019/2020

Note: Medicare levy of 2% will also apply where applicable

Individual tax rates for the year-ended 30 June 2020

0 – \$18,200	Nil
\$18,201 – \$37,000	19¢ for each \$1 over \$18,200
\$37,001 – \$90,000	\$3,572 plus 32.5¢ for each \$1 over \$37,000
\$90,001 – \$180,000	\$20,797 plus 37¢ for each \$1 over \$90,000
\$180,001 and over	\$54,097 plus 45¢ for each \$1 over \$180,000



HomeBuilder explained

Due to the Coronavirus pandemic, the Australian Government made a number of announcements about relief packages to help Australians through this difficult period.

The most recent relief package announcement was to introduce the HomeBuilder scheme in an effort to stimulate the building industry, creating jobs and economic growth, and for those lucky enough to be

able to take advantage of this, providing the opportunity to build or renovate the home of your dreams.

What is the HomeBuilder scheme?

HomeBuilder provides eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home or substantially renovate an existing home. This is on top of any other State or Territory initiatives, such as stamp duty concessions and the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme. This means you could double-up on benefits.

For some who may have lost their homes in the recent bushfires that ravaged homes particularly in New South Wales and Victoria, or have been trying to get into the property market, it is worth looking into the HomeBuilder scheme to determine whether you are eligible to take advantage of this one-off opportunity.

Who is eligible?

There are certain criteria you must meet, such as being a person (rather than a company or trust), are aged 18 years or older, and an Australian citizen. Other eligibility requirements include:

- meeting one of the following two income caps of \$125,000 per annum for an individual applicant based on your 2018-19 tax return or later; or \$200,000 per annum for a couple based on both 2018-19 tax returns or later
- entering into a building contract between 4 June 2020 and 31 December 2020. This contract must be to build a new home as your principal place of residence, where the property value does not exceed \$750,000, or you must contract a builder to substantially renovate your existing home as your principal place of residence, where the renovation contract is between \$150,000 and \$750,000, and the value of your existing property does not exceed \$1.5 million
- construction commencing within three months of the contract date.

Applying for HomeBuilder

You will be able to apply for HomeBuilder when the relevant State or Territory Government that you live in, or plan to live in, signs the National Partnership Agreement with the Commonwealth Government. When the States and Territories begin accepting HomeBuilder applications, they will backdate acceptance of these applications to 4 June 2020.

Other recent schemes to keep in mind

Relief packages to help small business survive and bounce-back from the Coronavirus pandemic include:

- **JobKeeper payment** – this measure will cease on 20 July 2020 for childcare services but continue for other eligible small businesses until 27 September 2020.
- **the easing of restrictions** – with the pandemic under control in some States, the Government has announced an easing of restrictions to allow many small businesses to open, albeit at a reduced capacity and with increased hygiene measures.

- **a National COVID-19 Coordination Commission** – has been established and they have developed a planning tool for small businesses to utilise in order to operate under conditions that keep them, their customers and their employees safe.

Talk to your financial adviser

Whilst you may be keen to jump straight into this offer, it is important to remember that in building or renovating, you are parting with a large sum of money, and most likely signing up to a large loan or mortgage.

As this is a big financial decision, talking to your financial adviser can help you work out how this fits into your overall financial plan.

Sources:

https://treasury.gov.au/sites/default/files/2020-06/Fact_sheet_HomeBuilder.pdf

<https://www.pmc.gov.au/nccc/resources/planning-tool-help-businesses-reopen-and-be-covidsafe>

HomeBuilder EXPLAINED

\$25K

GRANT TO BUILD A NEW HOME OR RENOVATE AN EXISTING HOME



INCOME CAPS

- **\$125,000** per annum for an individual based on **2018-19** tax return
- **\$200,000** per annum for a couple based on combined annual income in **2018-19** or **2019-20**

RENOVATE

- Renovation contract between **\$150,000** and **\$750,000** and entered into between **4 June 2020** and **31 December 2020**
- Property valuation does not exceed **\$1.5 million**
- Construction commence within **three months** of contract date

BUILD

- Property value can not exceed **\$750,000**
- Building contract between **4 June 2020** and **31 December 2020**

Still working from home?

If this is your 'new-normal', you may find these tips helpful if you find yourself working from home for longer than initially anticipated.

For those of us lucky to retain our jobs and shift from a work-based office to a home-based office there would have been an initial set-up to help make your working hours as productive as possible. Initially, you may have expected this to be a short-term solution, which has stretched into a longer-term solution.

Experiment with your set-up

A comfortable, safe and technology enabled workspace is key to effectively working from home. This should be done first as a priority. Natural light is also an important consideration.

Transition to 'work'

Get ready for work each day – whatever this looks like for you. This helps your mindset and readiness to get your workday started so that you are productive right from the moment you login.

Create new habits

Humans are creatures of habit. When you work from home you may find that a defined routine helps



to put you in the right mindset for work. This may take some trial and error before you find what works for you and everyone else in your household.

Set work and home boundaries

Develop a schedule that works for you and protects both your work and personal time. Your work schedule may not be 8:30am to 5:00pm, but it must enable you to continue to deliver what matters to your team or your clients.

Take breaks

Give yourself time to stop work and relax, like we do in the office. Taking lunch for example, is just as important at home.

If you enjoy your stroll to the café for a morning caffeine hit, then you can still do this – or make a coffee

at home but do a lap of the block before sitting back at your computer.

Communicate differently

Be intentional about how you communicate and leverage the range of technology your workplace may have available. Whilst face-to-face meetings may be on hold for a while, virtual meetings, virtual 'stand-ups' with your team and virtual brown bag lunches with other business units are all a possibility.

Intentionally connect

Reduce feelings of isolation by reaching out to others to have a chat, like you would if you were in the office! Find different ways to do this – like Skype group chats or Microsoft teams. You could even set up some fun team games once every couple of weeks to stay connected.



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