

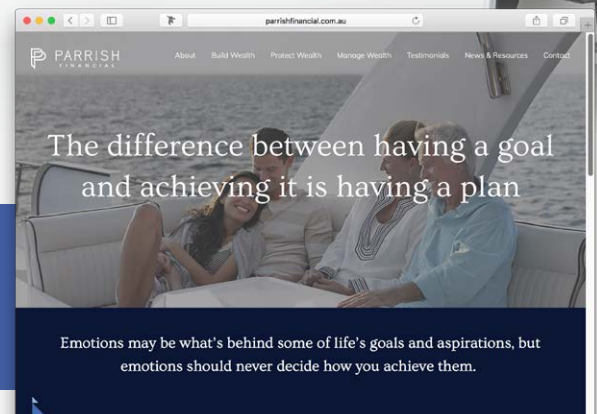


## BUSINESS UPDATE

It's been another busy year of academic achievements. Rochelle completed the 'Life Risk Specialist' course as the 'top student', featuring in the Financial Planning Association (FPA) newsletter! Also, our resident Paraplanner, Nicole, completed her final subject to attain the 'Advanced' Diploma of Financial Planning (Financial Services).

It's been a work-in-progress, but we are pleased to announce that our website is now up and running!

Please check it out at [parrishfinancial.com.au](http://parrishfinancial.com.au)



July of this year marks the commencement of the newly appointed Financial Adviser Standards and Ethics Authority (FASEA); which will establish the details of the new professional standards and education framework for financial planners. The changes are set to take place on 1 January 2019 and will dramatically transform

the landscape and raise the bar on what is required to become an authorised financial planner in Australia. We are pleased to announce that Matthew and Rochelle each notably exceed the qualification standards; having both completed their Masters Degrees. Surprisingly, this is not the case for a lot of planners in the

industry, who will need to undertake further studies, despite their years in the industry. Here at Parrish Financial however, we believe that continuing our education is integral to remaining at the top of the bar; accordingly, we will continue to participate in ongoing education in the future and welcome the change!

We have settled in nicely in the new office now and like you, we can't believe how quickly the year's end has approached us! We take this opportunity to thank you all for your continued support and if you still haven't made it in to the new premises, we welcome you in!



# ECONOMIC OUTLOOK

Craig James, CommSec's Chief Economist, weighs in on the state of the economy and lets us know what we can expect to see over the coming year.



## Q Is the global economy strong or weak at the moment?

The global economy is in reasonable shape right now. China and the United States are growing. Even Europe is growing at the moment — it's expected to grow by over 2% this year. Inflation is very much under control. The US Federal Reserve has taken its time in lifting interest rates and that has resulted in a higher Australian dollar, which is good for travellers but not so good for our retailers and exporters.

## Q How is the growing wealth of Chinese consumers affecting Australia?

Iron ore and coal are our principal exports to China, but the authorities in China also want the Chinese consumer to play a bigger role in driving the Chinese economy. And indeed, that is happening. The Chinese are also travelling abroad and China and Hong Kong now provide the bulk of tourists visiting Australia.

Our food and consumer products are regarded very highly by Chinese consumers and they're buying more and more of our high-quality products. So, there are plenty of export opportunities with China and it will continue to grow the Australian economy over time.

## Q It has been nearly three decades since our last recession in Australia. So why isn't the economy in better shape?

Even though we have the world's longest expansion — twenty six years without a recession — consumer confidence is down. Business conditions,

however, are at the best levels we've seen in about a decade.

One of the major reasons for soft consumer confidence is that wages are growing at the slowest pace on record at about 2% per annum. Prices are actually growing at a slower rate than wages, so wage growth is still exceeding

the rate of inflation. But people aren't seeing that.

Another reason is that a larger proportion of our spending is being taken up by things like utility bills, transport and insurance — the sorts of things we don't like to spend our money on. That's why people aren't feeling wealthy.

However, we saw a 1.5% increase in retail spending last quarter<sup>1</sup>. We haven't seen that sort of growth in four years.

And it's primarily due to the affordability of things like food, clothing and cars at the moment. So it is a case of watch what consumers do rather than what they say.

## Q Should we expect interest rates to start rising soon?

The Reserve Bank Governor has made it clear that interest rates are on hold. He's not in any rush to lift

or cut interest rates. And I think that's good because it allows people to get on with their life.

## Q What about the property market?

Interestingly, the fastest growing city in terms of home prices at the moment is Hobart. A few years ago, investors were finding Sydney and Melbourne too pricey

so they started looking at Tasmania. Now there aren't enough homes to buy there, so we're seeing growth in places like Canberra and Adelaide and we're expecting that growth to spread to Brisbane, Perth and Darwin.

We're often asked if house prices are going to crash soon. Our belief is that prices will soften over the next 12 to 18 months, as more supply comes on the market, but we don't expect to see a collapse in the property market.

## Q What should we expect to see over the next 12 months?

Donald Trump was elected on the promise that he was going to cut taxes and increase spending on infrastructure in the US. But so far that hasn't happened and if there are further delays that could have implications for the US share market and the US dollar, which will in turn affect Australian markets. The same can be said for the North Korean situation, which is very much live at the moment. In Australia, we're at the start of an infrastructure boom with a large number of road, rail and tunnel projects already underway around the country. That will continue to support our economy over the next couple of years and should provide us with a degree of confidence.

We believe that inflation will stay low, and that means interest rates will stay low. So, with that in mind, you may have to adjust your expectations about the sorts of returns you'll receive for some of your assets.

<sup>1</sup> Source: Australian Bureau of Statistics. Data is for the quarter ending 30 June 2017.

## HOW'S HARVEY?

Harvey will be 10 months on 17 December. He is growing fast and learning to crawl and roll over like all babies do at that age. Always smiling, he loves the camera – and he's already started his office training!



## LEGISLATION UPDATE

Pensioner Concession Card Reinstated. Did you, or a member of your family, have the Pensioner Concession Card cancelled because of the 1 January changes to the asset test? By now, you should have received your re-instated card in the mail! If you think you're entitled to a Pensioner Concession Card but haven't received it by now, you can make an enquiry online by setting up a myGov account, or call 132 300, Monday to Friday from 8am to 5pm.

# COMMUNITY INVOLVEMENT

The team at Parrish Financial participated in a 5km CityRun on September 15. We are proud to say that we all made it to the end; with Rochelle and husband Dean crossing the finish line first out of our group at 28min 10sec. The fastest result recorded at the event was 8min 11sec. (We have some work to do!) Part of the registration fees went toward 'Run for the Reef Research Fund'.

Rochelle and Dean also took on the Gold Coast Half Marathon on June 30; completing 21km in just over 2 hours. An enormous feat!



Team at the Cairns CityRun.  
Absent: Trish and partner Tony

## IN THE NEWS



2017 has brought plenty of headlines both overseas and Down Under. Starting on home soil, The Australian Parliament has been in hot water with Citizenship issues, Ms Hansen making a major fashion statement wearing a Burqa in the Senate; a Plebiscite costing upward of \$120m, and an undecided Qld voting result (at the time of writing) currently hanging over our heads (although, we have a pretty good idea of the outcome). The latest announcement from Prime Minister Turnbull is a Royal Commission into Aussie banks (for financial stability or to keep them honest?)

### Overseas:

- We have another Royal wedding on the cards!
- Brexit still hasn't been finalised.
- Trump is still Tweeting.
- And North Korea is keeping everyone on the edge of their seats.

## PLASTIC BAGS

Plastic Bags are on the way out! So, Parrish Financial would like to provide you with your choice of a Cooler or Carry Bag (or both). For those of you who are not on email, please give our office a call to put your order in. Otherwise, if you have already provided your preference via the online survey, your orders have been recorded.

As luck would have it, our order arrived, but, upon inspection of the goods, we discovered the wrong bags were delivered, so it's back to a 12 week wait. We appreciate your patience, and will distribute the bags once we receive them!



## CHRISTMAS CLOSURE DATES

Closing 4:00pm Thursday 21st December 2017.

Re-opening 7:30am Monday 8th January 2018.



We wish everyone a very Merry Christmas and wonderful New Year and look forward to seeing you all again in 2018!

If you have an emergency during our Christmas closure period; please contact Matthew Parrish on 0417 447 888.

# EOFY

And what an end to the financial year it was! There were substantial changes to the superannuation rules which took effect 1 July 2017. This certainly kept us on our toes in the lead up to 30 June! We have not seen a reform as major as this since 2007.

To celebrate our 'survival', Matthew took all the girls out for the annual EOFY dinner to say thanks for all the hard work! It was all hands' "on deck"! Everyone enjoyed a delicious meal and a very 'relaxing' evening.



Matthew, Rochelle, Lee-Anne, Christine, Trish, Nicole. Venue: C'est Bon Restaurant.

Here is a brief re-cap of how Australians were impacted this year:

## Superannuation

Concessional contributions reduced to \$25,000 pa.

Introduction of catch-up concessional contributions over 5-year period. This measure means that any unused cap each year can be carried forward on a rolling basis for up to 5 years. The catch? Your account balance must be under \$500,000. Initially, this was due to take effect 1 July 2017; but has been delayed until 1 July 2018.

All individuals under the age of 75 are now permitted to claim tax deductions for personal super contributions. A great opportunity for anyone who receives a Christmas Bonus!

After tax contributions reduced from \$180,000 pa to \$100,000 pa.

A new super savings scheme for first home buyers introduced! Individuals will be able to make extra voluntary contributions of up to \$15,000 a year beyond their employer's Super Guarantee payments, (up to a total of \$30,000). These contributions will be taxed at 15% and can be withdrawn to go towards the deposit on a first home. Withdrawals will be allowed from 1 July 2018.

A new \$1.6m super balance cap was introduced; which leaves individuals with super balances in excess of this amount; unable to make additional non-concessional contributions. This is different to the Pension 'Transfer Balance Cap' which applies to pension balances (see below).

## Pensions

Introduction of the new \$1.6m "Transfer Balance Cap". This restricts the amount of funds that can be transferred from super to pension phase to \$1.6m.

Removal of tax exemption for Transition to Retirement pensions (TRIPs formerly known as TTRs). Up until 30 June 2017; the investment earnings on super assets financing a TRIP were exempt from tax. This is no longer the case. Therefore, it is vital that you keep us informed whenever there are changes in your circumstances, such as retiring from work, turning age 65, so we can convert your TRIP to a Retirement Phase pension.

Whilst a lot of the new measures that came into effect on 1 July are viewed as restrictive, there was another major announcement; but this one had a more positive spin. Still in proposal phase; the Federal Government announced an additional non-concessional cap for retiree downsizers. As follows:

From 1 July 2018, it is proposed that people aged 65+ can contribute up to \$300,000 (individually) into super from the sale of their principal home, if they've owned their home for at least 10 years. The existing restrictions for contributions over age 65 won't apply for these non-concessional contributions (i.e. the requirement to meet the work test etc). We see this as a great opportunity IF it is passed through parliament. Watch this space..!

**If you would like to know more about any of these changes, please call us!**

In other news, there were other changes that took effect as well, in summary:

## Social Security

Reinstatement of Pensioner Concession Card (PCC) entitlements: Anyone who lost eligibility to the Age Pension, as a result of the Asset Test reductions, will have the PCC reinstated to them.

## Tax (individuals)

Medicare levy to increase by 0.50%: From 2019, the Medicare levy will increase from 2.00% to 2.50%.

New thresholds for HELP debt repayments: From 1 July 2018, income thresholds for the repayment of HELP debts (previously known as HECS) will be revised, along with the repayment rates and the indexation of repayment thresholds.

## Tax (businesses)

Extension of the deductibility threshold for small businesses: The Government is extending the existing accelerated depreciation allowance for small businesses by 12 months to 30 June 2018.

A bank levy of 0.015% per qtr or 0.06% pa will be introduced for authorised deposit institutions. Super funds and insurance companies will not be subject to the levy.

## Tax (investors)

Restrictions on deductions for residential property investments.

# Happy New Year

Our new years' wish: **Tomorrow is the first blank page of a 365page book. Write a good one!**

**Have you been in for a review lately? Contact us to arrange an appointment!**

**Phone: 07 4054 7778 or email [contact@parrishfinancial.com.au](mailto:contact@parrishfinancial.com.au)**