



## GREETINGS FROM ALL OF US AT PARRISH FINANCIAL.

Well, the end of yet another financial year is fast approaching – and we are excited to kick more goals in the new one! Speaking of new beginnings and endings – April marked the anniversary of our very first year as Parrish Financial, and here we are soaring into our second like there is no tomorrow! 2017 proved to be a busy year and we expect 2018 to be no different – having already kickstarted the new year with embedding a new client management system; welcoming a new member to the team, Matt Hancock (yes, we now have TWO Matt's!); and we're soon to welcome another member to the Parrish team commencing in June, Kristy Watts. Matt H, having a background in risk insurance; has joined our midst momentarily while he completes his Law Degree and will be assisting

us with research and implementation of personal risk insurance cases. Kristy, having worked in the Financial Services industry some 10 years ago has spent the majority of her working career in the Real Estate industry specifically within the property management side; so she brings a wealth of administrative and organizational skills with her. Trish will commence working remotely from Brisbane sometime in the new financial year to be closer to her ageing father – but don't fret, with modern technology, Trish will only be one email (or phone call) away! We will definitely miss seeing Trish's smiling face each day (we think a regular skype meeting is in on the agenda). We are excited for the road ahead and thank you for continuing this journey with us...!

# BUSINESS UPDATE

## Shopping bags

By now (if you previously registered your interest), most of you should have received your 'Parrish Financial' cooler and carry bags in the mail or via collection in office. We still have plenty left, so if you haven't already got them, please pop in to see one of our friendly staff! Remember, the plastic bag ban takes effect 1 July!



Pictured:  
Halle taking a shot

## Netball

It seems the older we get, the more health conscience we become. Rochelle and Nicole have certainly proved this by both signing up to the local Saints netball team for the 2018 comp; with Rochelle stepping up a grade from last year (now in Div 1) and Nicole entering Div 2 (after 10 or so years away from the sport). The two have been enjoying some very early mornings together hitting an RPM (bike) gym class a couple times a week and Nicole signing up for an AIA Vitality program which converts points earned through healthy living, to rewards. Rochelle has also taken on a coaching role for the under 10's netball team; which her firstborn, Halle, plays in. They recently participated in the Fowlers Group Carnival, which the girls had a fantastic time.



## New software system (XPLAN)

From 8th to 11th May, we closed the office doors for Offsite training to learn the ins/outs of our new software system. This has been in the pipeline for roughly 2 years, so we were ready and waiting for the rollout. Whilst it's not yet perfect, we have big hopes for improving efficiency and innovation. Once we get through the EOFY busy period, we hope to start rolling out our new look advice documentation (i.e. Statements of Advice); and gradually transition all of our document templates across to the new software – but, we will take this one step at a time... Watch this space!

## Fun Fridays

We are big believers in promoting the general wellbeing of our clients and staff alike; with that being said, every Friday fortnight we dedicate our lunch break to getting together in the board room and having some good ol' fashioned chatter, lately a hit of ping pong and importantly: sampling some of the best local cuisine that Cairns has to offer (a special mention to Eatzy Thai and Vietnamese café at DFO for their delicious crispy pork belly vietnamese rolls!) *Disclaimer: They are not clients of Parrish Financial and we receive no kickbacks for the referral*

# IN THE NEWS

## Royal Commission

The Financial Planning industry copped a beating over recent weeks as part of the Royal Commission into Banking and Wealth Management. There has been some shocking revelations and inexcusable actions by a few individuals. It is often the case that a few bad eggs cause reputational damage to all. We think Townsend's Business and Corporate Lawyers principal Peter Townsend said it best:

"Financial planners in this country are copping a kicking that they just don't deserve. Having watched the royal commission dish it out, and then read the media's 'outrage', I smell a witch hunt and I simply have to point out some things which seem to have been missed in all the 'courtroom drama'," he said.

"The view that the majority of financial planners are money-hungry spivs is completely wrong. The many that I've dealt with have been honest, hard-working professionals who'd do just

about anything to ensure their clients are well looked after," Mr Townsend said.

Mr Townsend certainly mirrors our sentiments and whilst there are definitely some bad eggs out there, the industry is certainly getting a shake-up.

Having said that, the Financial Adviser Standards and Ethics Authority (FASEA) has still not come to a final conclusion on their preferred education pathway; however, despite it all, we take this opportunity to remind you that both Matthew Parrish and Rochelle Curtis already surpass the proposed minimum education standard as they each possess a relevant Masters' Degree; so we do not expect any impact from our end. As always, we continue to participate in ongoing professional development study and also attend relevant industry events to keep our knowledge up to date.

# DON'T MISS THE JUNE 30 DEADLINE





### Royal Wedding

No doubt everyone knows about the royal wedding between Meghan Markle and Prince Harry. But you may have missed another exciting piece of royal news

### Royal Photo bomb!

Prince Charles made a visit to Cairns in April and mingled with parishioners of St John's Anglican church over a cup of tea – and our very own Phoebe Mow managed to make herself unforgettable by “photo bombing” his picture. The smiles say it all!

See Link for full story: <http://www.dailymail.co.uk/femail/article-5592511/Prince-Charles-mingling-parishioners-cup-tea-Cairns-women-photobomb.html>



### Bitcoin

Cryptocurrencies have caused a deluge of debate over the past 12 months; with quite a few queries coming through to our office. Please let us know if you have any questions on what this is all about.

### Commonwealth Games

Cairns was abuzz with Commonwealth Games excitement in April; hosting the basketball heats and rolling out Cairns Festival 2018. The Esplanade and surrounding areas were jam-packed with entertainment such as live bands and cultural exhibitions – making a nice outing for families; and, likewise created a great boost to the local economy. Some of us here at Parrish Financial managed to get amongst it and even get to a basketball game between the mens rivals Australia verse New Zealand – what a game!

## LEGISLATION UPDATE

### First Home Super Saving Scheme

As announced in the 2017 Federal Budget, this measure allows individuals to save for their first home inside superannuation. Under the scheme, first home savers who make voluntary contributions into the super system are able to withdraw those contributions, and an amount of associated earnings, for the purpose of purchasing their first home. The measure was legislated on 13 December 2017.

*If you, or someone you know (kids, grandkids), would like to discuss this further, please give us a call.*

### RG97 Consultation (Fee disclosures)

For too long, many super funds and investment managers have evaded full fee disclosures; however, they have now awakened to the dawn of a new era of transparency when it comes to their obligations to disclose fees and costs. The Australian Securities and Investments Commission (ASIC) found “considerable inconsistency” in the way fees and charges are listed by funds – RG97 now calls for most super funds to disclose more granular detail about how and why they charge members particular fees. As a result, we are finding that the regular ‘industry’ super fund is not as ‘cheap’ as they once were. No surprises there. And it’s not just about fees; there is also a call for greater transparency across investment strategies (i.e. how funds are invested). We welcome the change and are excited about the road ahead; which we believe is becoming more of an ‘even playing field’...



### Upsizing superannuation by downsizing your family home

Just before Christmas, Parliament passed the legislation confirming the ability from 1 July 2018 for senior Australians to contribute to superannuation when downsizing their family home. The Downsizer Superannuation Contribution (DSC) measure, forms part of the Government's plan to improve housing affordability while also offering people the opportunity to contribute up to \$300,000 (per

person) from the proceeds of the same. We've had quite a bit of interest in this measure already and continue to invite more enquiries of this nature as it is a fantastic opportunity to get additional funds into the superannuation environment, without affecting your super cap. Naturally, there are plenty of requirements that must first be met. If you are interested, give us a call to schedule your next appointment.

# What does the Federal Budget MEAN FOR YOU?



## FEDERAL BUDGET 2018-19 PROPOSALS

On the evening of Tuesday, 8th May 2018, the Federal Government handed down its budget for the 2018-19 financial year. Given that it will likely be the final budget before the next federal election; it comes as no surprise that there are plenty of promised tax-cuts. Let's take a look:

### Taxation

**A seven-year personal income tax plan** which consists of the introduction of a new Low & Middle-Income Tax Offset (LMITO); an increase to the existing Low-Income Tax Offset (LITO); extending the upper thresholds for certain income tax brackets, and the eventual removal of the 37% personal income tax bracket. Set to take place over the course of the next 7 years.

**No change to Medicare Levy** which means it will no longer be increased from 2% to 2.50% as legislated to commence from 1 July 2019. The Medicare Levy low-income thresholds will also be slightly increased.

**Small businesses** will continue to benefit from the accelerated depreciation measure; whilst some restraints have been placed on partnerships accessing the capital gains tax (CGT) concession. The CGT concession however has remained unchanged.

**Deductions for vacant land** will be denied effective 1 July 2019.

### Superannuation

**For individuals aged 65 to 74** the superannuation contribution rules will be amended to allow them more time to make contributions to super after they have retired and finished working. Special conditions will apply (e.g. super balance must be less than \$300,000).

**SMSF membership will increase from 4 to 6** which provides greater flexibility for larger families. The uptake on this is expected to remain relatively low, given that only about 7% of SMSFs have more than two members currently.

**A three-year audit cycle for some SMSFs** instead of every year will be allowed for certain SMSFs who have historically demonstrated good compliance and return lodgments. As a result, it could make future running costs cheaper by reducing audit costs from annual to every 3 years; however, an increased risk of compliance breach consequences should they occur. Proceed with caution on this one.

**Individuals who earn more than \$263,157** and who have multiple jobs may be able to negotiate to receive additional salary / wages in lieu of lost SG that would otherwise trigger a breach in the concessional contribution cap. The finer details of this measure remain unclear, so watch this space!

**Personal deductible contribution notice of intent integrity changes** will now require tax payers to confirm (at the time of lodging their tax return) that they have provided a valid notice of intent to their fund when claiming a tax deduction for their personal contributions.

**Super balances under \$6,000** have some new proposals:

- **Insurance within superannuation** will move from a default framework to an 'opt-in' basis for individuals under age 25, whose accounts have not received a contribution in 13 months and are inactive.
- **Changes to fees charged within super** will result in a ban of exit fees on all super accounts and introduce a 3% annual cap on passive fees charged by super funds.
- **Transfer to ATO:** All inactive super accounts with balances below \$6,000 will be transferred to the ATO.



## Older Australians

**An increase to Pension Work Bonus** will allow pensioners to disregard employment income up to \$300 fn (currently \$250 fn). In addition, the Pension Work Bonus will be extended to earnings from self-employment.

**Means testing of pooled income streams** will apply to new accounts whereas existing pooled income streams purchased before 1 July 2019 will be grandfathered.

**Comprehensive Income Products for Retirement (CIPR)** will be introduced which requires trustees to develop a strategy that would help members achieve their retirement income objectives. The Govt will release a position paper outlining its proposed approach.

**Expansion of Home Care** increases the number of high level home care packages available over the next four years by 14,000; in addition to the 6,000 packages that were previously announced.

**Residential aged care** will be given a cash injection to the tune of \$60m to support new residential aged care places and short-term restorative care places.

**National register of enduring powers of attorney** will see a new register established which aims to protect older Australians from abuse through ensuring that only one enduring document can be registered at any one time, enable easy identification and clarity as to the precise roles and powers of attorney.

**Remember, these are proposals only at this stage.**



In other news, the Treasurer talked about 'open data' and the banks will be the first to be forced to have it. What does this mean? Effectively, you will be able to ask the bank for all the information that they have on you – might make switching loans (or banks) a whole lot easier!

Airport security will get a beef up with \$293m earmarked for new scanners and cargo screening in the wake of last year's alleged terrorist attempt to bring down an international airline. The Government is pledging to put more officers, dogs and full-body scanners at major airports; as well as boost high-tech screening of inbound cargo and mail using techniques such as machine learning and big data crunching. It's also rumoured that we will need to produce identification at domestic airports. Watch this space!

## KIDS CORNER

Teaching kids the secrets of financial success: Over the years, the number of our clients who commence an investment account for their children and grandchildren has been on the rise (well done!) With an increasing interest in this space; we thought it was timely to include some hints and tips for helping little ones on their path to financial success.



1. Help them budget and save. Educate your children about the need to save and budget for upcoming expenditure – talk to them about your own household finances even! Sit down with them and work out a budget with a realistic timeframe and continue to remind them along the way. When they reach their goal, reward them by taking them shopping.
2. Give them pocket money. This is one of the simplest and most powerful ways to teach kids the value of money – and it should be earned rather than given freely!
3. Set up a bank account. This can teach them the basics of everyday banking. Discuss their statement when it arrives in the mail – pay particular attention to the progress of their savings and be sure to praise them when they reach a milestone.
4. Make money fun. Find some fun games that teach about the interaction of money – such as shopkeepers, monopoly and other games – depending on their age.
5. Surf the net. There are plenty of resources online to prevent you from re-inventing the wheel! Try a few of our favourites: MoneySmart, CommBank Youth App, Kidspot, Bankaroo.



# EOFY IS JUST AROUND THE CORNER



## Don't forget to take advantage of:

- **Personal deductible contributions into superannuation:** Since 1 July 2017, all eligible Australians under the age of 75 can claim tax deductions for personal super contributions, subject to the annual concessional contribution cap of \$25,000. Why not give your super balance a boost and at the same time, reduce your personal tax liability? Speak to us today so we can assess whether this is viable for you!
- **Salary sacrifice:** If lump sum contributions into super don't suit your cash flow arrangements, perhaps you might consider establishing a regular arrangement (through your payroll). Give us a call to discuss this more.
- **Maximise your super contribution caps:** Non-Concessional (post-tax) \$100,000 (or \$300,000 if aged under 65). Concessional (pre-tax) \$25,000.
- **Pre-pay loan interest costs:** Whether you have an investment loan or margin loan; if you have the available cash flow, you may wish to consider pre-paying your loan interest to increase your available deductions in the current FY.
- **Income Protection premiums:** Having an income protection policy in place not only protects against the inability to earn employment income; the premiums are tax-deductible!

Over the coming weeks, our priority is to focus on EOFY strategies. Post 30 June, we will resume our usual review process – so if you would like to review your financial plan, please give us a call or shoot us an email, to arrange your next appointment!

## EOFY CUT-OFF DATES

The final day for all end of financial year processing is Monday 25th June to ensure sufficient time for processing.

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)



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