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In conjunction with

PATRON Financial Advice

Money Matters - July 2016

Welcome to the latest edition of our newsletter. We hope that you find the following articles to be informative - as we aim to help you make better financial decisions.

Economic Update - July 2016

The Big Picture

Brexit – or the referendum to decide Britain's future in the EU – dominated news up until the vote on June 23rd and then swamped it. The polls were always close – and there were only two possible outcomes – 'exit' or 'remain'. But for some reason, markets and the British people were stunned when the 'exit' vote got up.

If we allow for the 72% turnout (voting was not compulsory) 'exit' scored 37% of the vote, 'remain' 35% and the 'no vote' was 28% - so it was a close run race. But Boris Johnson – the lead MP for 'Brexiting' – looked a bit like a frightened rabbit when he won. Indeed, he has now dropped out of the race to be the next PM!

Current British PM, David Cameron, went into hiding after announcing he would stand down by October and the leader of the opposition, Jeremy Corbyn is in trouble with half of his shadow ministry resigning because they claim he didn't lobby hard enough to 'remain'. And then 80% of his party gave him a vote of no confidence – but he won't stand down, yet. There are now rumours of replacing the Governor of the Bank of England because of his views on Europe. The England soccer coach got sacked a couple of days after Brexit because his team lost to Iceland in Euro 2016! Nobody seems to have won! But leadership issues are not confined to Britain.

There is a chance that Parliament, who must sanction the vote for an exit to be enacted, might not take that next step and Germany is even looking like it might try to woo Britain back in.

The main downside for Britain is that London might lose its status as a major financial centre. In time, Europeans, who now freely work in Britain, might have to go home and vice versa. But it will take years for the whole process to unravel – perhaps a decade.

In the meantime stock markets have taken big hits but our ASX 200 seems to have done relatively well. Losses have largely been erased.

Of course, at home, we not only have Brexit to deal with. We have our own election on July 2nd, a possible rate cut on July 5th and the US jobs report on July 8th.

The US Fed seems to have walked away from a rate hike anytime soon – as we have been predicting for months. One cut in December is a far cry from the Fed's four this year that they predicted last December – but it makes sense to wait.

Brexit may play a role in the Fed's thinking but the last jobs number of +38,000, when +160,000 was expected, demonstrates a hike now would not be prudent.

Our jobs data were quite well received but we still see some weakness in full-time employment. Yes, there were +17,900 new jobs, but all were part-time. There were zero new full-time jobs, making January the last increased trend in full-time jobs!

But there are some good points. The European Central Bank did raise its growth forecast for 2016 – from 1.3% to 1.4%, and the Spanish general election the Sunday after Brexit, resulted in an increased majority for the ruling People's party. This has been taken as a statement of conservatism after Brexit. That is, there was no swing to more radical parties that might want to follow Britain out of the EU.

By the way, Brexit is nothing like Lehman Brothers and the GFC. It's not even as bad as the Greek debt crisis. Maybe more like the Blues losing the State of Origin series again (for those south of the border)!

To continue reading, please visit: http://www.infocus.com.au/news/economic-update-july-2016

An Easy Way To Gain More Control Of Your Super

When you're focused on getting ahead, particularly early on in your career, it's not unusual to change jobs every two to five years. This means you probably have more than one superannuation account. While super may not seem anywhere near as exciting as climbing that proverbial corporate ladder, it pays to keep your super in one place. The good news is that it's easier than you think to keep your super on track.

Get your super on track

There are a few issues you're likely to encounter by having multiple super accounts, such as:

- Paying duplicate fees
- Not knowing what you're invested in
- Extra paperwork
- Missing out on entitlements.

The end result is that your money is not being invested as efficiently as possible. Consolidating your super accounts into a single account can make a big difference to your retirement savings.

Control how your money is invested

One of the major benefits of consolidating your super is that it's far easier to keep track of your investments. This means you know who is managing your money, which asset classes you're invested in and importantly the returns you are getting.

It's easy to consolidate

Bringing all of your super accounts together isn't as time-consuming as you might think. But there are a few things to consider before you get started:

- Costs: Check termination fees from your old funds and contribution fees into the new one. These come out of your account so they reduce your balance.
- Insurance benefits: Make sure you are not losing important benefits by ceasing your existing cover. It is also important to make sure you have cover during any transition between funds. Will cover be automatic in the new fund?

Once you've decided on one fund, simply complete a Transfer Authority Form for each of your old funds you wish to rollover. Most super funds have these forms available, but you can also download a copy of from the ATO website here http://www.ato.gov.au/super/content.aspx?doc=/content/85287.htm.

Should you have any queries in relation to this newsletter, please feel free to contact our office or your adviser.

The Right Time To Think About Your Super Is Now

It's easy to become complacent about super when you can't access your money for 15, 20 or 30 years or more. But the fact is most Australians won't have enough money to enjoy the retirement they want and deserve. So while it's tempting to put super in the 'to do later' pile, do your future self a favour and take the time to think about your super now.

It's never too early to start thinking about your super

The estimated retirement savings gap is $79,200 for the average Australian.[1] Without enough super you will be relying on the Age Pension, which is unlikely to be enough to fund the overseas holidays, tripping around Australia or splurging on children or grandchildren that you dreamed of for your retirement.

The good news is that you can make your dream retirement happen by taking control of your superannuation. The sooner you decide how much you need for a comfortable retirement, the sooner you can put a plan in place to achieve this. In fact, the earlier you start the better off you'll be.

Boost your super savings

The Government wants you to save for retirement so there are a number of different strategies available to help you reach your retirement goals. Not every strategy may be suitable for your situation, but common strategies that may help you include:

- The Government's co-contribution scheme
- Salary sacrifice into super and potentially minimise your tax
- Use your contributions to pay for insurance and avoid out-of-pocket expenses

Start by choosing the right super fund for you

The first step in taking control of your super is choosing the right super fund. Here are some things to consider:

- Investment options: Make sure that the fund offers a wide selection of investment options that suit your investment strategy and risk profile
- Fees and costs: Look at the fund's product disclosure statement to get details of all significant fees. When comparing fees, remember to factor in any extras that may differ from fund to fund
- Insurance cover: Make sure that that the fund offers the types of insurance and level of cover you want at an acceptable cost
- Extra features or services: Some super funds provide extra features, such as automatic rebalances, which help ensure your investment strategy stays on track. If you don't want to revisit your superannuation investments regularly (and let's face it, who does?), options like this can be really useful.

[1] Financial Services Council

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