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Welcome to the latest edition of our client newsletter,

Our articles cover a range of topics which we hope you will find interesting. We aim to keep you informed of changes as they happen, but we also want to provide ideas to help you live the life you want – now and in the future.

In this edition we discuss some of the common themes that might be of interest to you.

If you would like to discuss any of the issues raised in this newsletter, please don't hesitate to contact us.

In the meantime stay warm and we hope you enjoy the read.

All the best,
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Preparing for the time of your life

The choices we make in life have a big influence on our personal happiness and also on the wellbeing of those we love. Sometimes we anticipate choices with a sense of excitement. And sometimes life throws us curve balls in the form of unexpected events and important decisions.

Perhaps you are thinking about a career change or how to achieve a better work/life balance? Maybe you are about to take the plunge into the property market, or choose a school for your child?

Whatever choices are ahead of you, it's better to be in the driver's seat than just winging it. The more you plan ahead, the better prepared you'll be for the good things in life.

The cost of raising kids

The cost of raising kids is rising all the time, with one of the biggest costs being education. The cost of raising two children is estimated to be more than \$1 million today for higher income families, thanks largely to the cost of private education. The simple act of choosing the right school for your child can involve competing priorities and trade-offs between lifestyle, career, income and family.

For example, families need to weigh up whether one partner will take time out of the workforce to care for children or work part-time, or whether both parents need to work full-time to afford the school of their choice.

If money is tight, would you be better off sending the kids to a public school and

spending the money saved on extra-curricular activities and family holidays? These financial and lifestyle choices can have far-ranging effects on your child's future and your family's lifestyle.

Your financial adviser may be able to suggest strategies to help you save for your children's education without sacrificing the good things in life.

Changing careers and work/life balance

Changing careers can also have a big impact on family life and finances. Will the short-term financial pain of switching to a job with a lower salary, re-training or starting a business lead to better long-term financial prospects?

And money is not the only issue. The decision to be your own boss or to work from home could also improve your work/life balance and make life less stressful for the entire family.

Sometimes what appears on the surface to be a purely financial decision can also involve complex trade-offs in other areas of life. Your adviser can help you devise a financial plan to guide you through the transition to a more rewarding work/life balance.

Property choices

Take the decision to buy your first home or upgrade, rent or buy an investment property. Unless you have significant help from your family or an inheritance, you may need to cut back spending on clothes, travel or eating out in order to save a deposit.

And it doesn't stop there. Once you buy a property you may need to re-arrange your financial priorities in order to repay the mortgage as quickly as possible. The trade-off is the emotional security that comes from owning your own home and having it fully paid off by the time you retire.

But your home is also a financial asset that can be used to help you get ahead. Once you build up equity in your home you can borrow against it to invest in wealth-creating assets such as investment property or shares.

Decisions, decisions

When we are faced with life choices it can be a challenge knowing what to consider and where to start, let alone implementing the change. So we've taken four common life events and outlined some things to think about and tips on how to get the help you need.

A successful life often comes down to the decisions we make – and don't make – along the way. Most people just muddle through, but the more effort we put into making the right decisions when it really counts, the better off we will be. If you would like to start planning some exciting new directions, we are here to help.

Get set for the new financial year (2016)

The 2015 financial year has just ended, and the tax you'll have to pay on that year is now set in cement – you can't raise or lower the amount, all you can do is pay it, or better still, look forward to clawing some of it back as a refund.

However, as the new 2016 financial year kicks off, it's an ideal time to take stock of your investments and financial situation in general, to ensure that when the next end of financial year comes around, in June 2016, you'll be paying as little tax as legally possible.

Tax friendly investing

When it comes to investing, some assets provide better tax breaks than others, so, all other things being equal, it can make good tax sense to be more strongly invested in those assets that are tax friendlier. Growth assets, namely property and shares, historically perform better over the long term than income producing assets like cash and term deposits, and they're also more tax friendly.

Let's say you invest in Australian shares, either directly or indirectly through a managed share fund, and those Australian shares are the sort that pay fully franked dividends – for example the banks, large retailers and utilities. When you receive those dividends they have already had 30% tax taken out of them, in other words, it's after-tax money, akin to the after-tax pay packet you receive from your employer.

If your marginal tax rate (the highest rate of tax you pay) is also 30%, at tax time you

will have no further tax to pay on these dividends. Indeed, if your marginal tax rate is less than 30%, you will get some tax refunded on the dividends (being the difference between the 30% company tax rate and your marginal rate). Interest income, the type you receive from cash, term deposits and bonds, on the other hand, is fully tax payable by you. In this sense fully franked dividends of say, \$10,000 are not the same as interest income of \$10,000 once tax is taken into account – for most people, the dividends are really worth more.

Other tax benefits of investing in growth assets include the ability to claim a tax deduction for the holding costs of those assets, and for many people, particularly property investors, a major expense is the interest cost of the loan used to acquire the asset. Where the holding costs exceed the income generated by the asset, such as rent, that loss is tax deductible which helps dilute the real cost of holding the investment – and this is called negative gearing.

Boosting your super

Then there's superannuation, which is deliberately taxed lightly in order to encourage people to embrace it – and with the new financial year upon us, consider

boosting your super through salary sacrifice. For those unfamiliar with the concept, this is where you choose to take less salary home, and have that amount that you don't take home in your regular pay packet, paid into your super fund instead. The beauty of this is that any contributions going into your super this way only lose 15% to the taxman, whereas if you took the money home as your normal salary, you could lose up to 45% of it to tax. Through salary sacrifice, you can get the double whammy benefit of paying less tax and building your retirement nest egg at the same time.

Don't leave it until the last minute

Good tax management involves understanding your finances and investments, having a financial plan in place, and keeping tabs on your money throughout the entire financial year – as opposed to a going into a mad scramble to ramp up deductions in the weeks or days before each June 30.

If you need some help in this area, speak to us. As the new financial year begins, it's an ideal time to do it.





Planning a Winter escape

Australian getaways

Mid-winter is typically a time we start thinking about a holiday. The shorter days and cooler temperatures often have us dreaming of getting away from it all and taking some time out – preferably somewhere warm.

The fall of the Aussie dollar in the last couple of year's means staying local has become a more popular choice – with Australian residents taking nearly 6,000ⁱ more domestic trips in 2014 than in 2012.

So if a holiday is an important part of your lifestyle planning, what does Australia have to offer? We investigated some options for the traveller looking for something a bit different.

For the foodie

If giving your palate a strenuous work out sounds like your idea of heaven, then a 'Food Safari' trip could be ideal. From seafood to cheese, Wagyu beef to wine, Australia certainly has a lot to offer. Food safaris tend to be arranged through specialist tour companies where you can sample gourmet delights of your chosen region. Dining in celebrated restaurants, as well as meeting local farmers, artisans and growers of locally made produce, are all part of the experience. Some tours include cooking lessons, so you can even release your inner Matt Moran.

The great outdoors

The diverse landscape of Australia offers endless possibilities for those that enjoy being out and about. A popular option is a walking holiday – usually kept to smaller groups and ranging from four days up to up to two and a half weeks in length. It really just depends where you want to go and how long you want to walk for! Joining a group can take away the stress of having to figure out where you are going, and minimises the risk of getting lost or stranded – especially if you are heading outback. Plus you get the benefit of knowledgeable guides who can provide interesting insights into the history of the places you are walking through, enriching the entire experience. And if you want to add some luxury to your trekking adventure, look to glamping holidays – essentially luxury camping – featuring all the comforts of home in a canvas under the stars.

For those with sea legs

A sailing holiday can be something exciting and different – especially if you are used to vacationing on dry land. There are plenty of options – whether you are an experienced sailor or a novice. You can even be part of a flotilla – a group of boats all sailing together – so help is always close at hand if being on the high seas alone makes you a little nervous. The Whitsundays is a popular destination for sailing holidays – and with 74 tiny islands to explore, it's not hard to see why.

Hitting the road

Many people hire, or indeed own, a campervan. And it is an ideal way to travel around the country without paying for accommodation, and with the option of self-catering to boot. Many camping and caravan sites are situated in stunning locations. There are options for those who want isolation and tranquillity, as well as full resort style amenities – such as swimming pools and club houses. A great resource is www.campsaustraliawide.com. Wherever your destination you are bound to find somewhere to pitch up for the night here.

Off-piste

While the skiing season in Australia might not be as long as Europe, it's still very popular. Running from June to September, the New South Wales and Victorian Snowy Mountains become a hub of downhill activity. Many Australian's never get to experience snow – so it can be a very unique and unforgettable experience. So whether you are chasing the sunshine or after the big chill – staying domestic has plenty to offer.

Speak to us if you need help budgeting for your next holiday.

ⁱ <http://tra.gov.au/research/domestic-travel-by-australians.html>