CENTRE IN FINANCIAL PLANNING

cifp.com.au

Centre in Finance Pty Ltd (ABN: 61 062 431 583 / AFS Licence No: 247284)
Superannuation / Retirement / Investment / Life Insurance
Level 1/347 Camberwell Road, (P.O. Box 1120) Camberwell, 3124
Phone: 9813 5822 Fax: 9813 5844 Email: cif@cifp.com.au Web: www.cifp.com.au

Introduction: HOW CAN CENTRE IN FINANCE ASSIST

* The team that cares & provides ongoing services
* Low fees with the CIFP Wrap Service discount of up to 70%

Investments: MORNINGSTAR DETAILS AS AT 30/06/2017

* Wholesale Managed Fund Details and Ratings

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* New Car * Retirement * Financial Security

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* Strategies to boost your retirement savings by 50%

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* Changes to Superannuation & Estate Tax from July 2017

HOW CAN CENTRE IN FINANCE ASSIST YOU OR YOUR FAMILY

The team that cares:

Bill Alateras
Director – Senior Financial Planner **(30 years)**
Degree in Accounting and Finance (Melbourne)

Vicki Alateras
Director - Financial Planner **(20 years)**
Degree in Social Science (Monash)
Diploma of Financial Planning

Robert Farchione
Financial Planner **(15 years)**
Diploma of Financial Planning

Nicole Hadji
Financial Planner **(5 years)**
Diploma of Financial Planning
Degree in Applied Science

* **Centre in Finance (CIF) was established back in 1994 and practicing since 1984.**
* **Our 30 years experience has made a difference during the global financial crisis.**
* **We are one of the very few financial planning practices left (less than 5%) that have maintained their own license with no institutional ownership. (Privately Owned)**
* **We pride ourselves that our clients come first and not the fund managers.**
* **Our portfolio management service has preserved capital during a falling market and increased returns during a rising market.**
* **We charge a service fee based on your account balance with portfolio management which has achieved positive results when compared to other major funds during the past 3 years.**
* **The total fees including our service fee is usually 20% - 50% lower than fees charged by other advisory or industry funds that provide advisor services. Total annual fees start from as low as 1.0% pa which includes a full portfolio management service.**

CIF FEES ON SERVICES PROVIDED	COST
* Initial Consultation	Nil
* Financial Plan (SOA)	Nil
* Investment Fee	Nil
* Total Annual Fees (Includes platform fee, manager fees & advisor fees)	1.0% pa (Average)

* **We can assist any of your family members or friends with our portfolio management service to minimize volatility and maximize returns within their risk profile.**
* **We can provide advice on super, insurance, allocated pensions, investments, cash and term deposits.**

Contact our office for a free no obligation appointment to assist you or your family with financial planning options that suits your objectives and circumstances. We can analyse existing superannuation, insurance, investment and cash options.

Contact us: Phone: 9813 5822 Email: cif@cifp.com.au Web: www.cifp.com.au

CIFP MODEL PORTFOLIO WRAP SERVICE:

- **CIFP does not charge a financial plan fee (SOA) or investment fee for the transfer of funds.**
- CIF holds its own AFSL licence, over **30 years' experience** and no institutional ownership.
- Provides strategic advice to make sure you reach your overall financial goals.
- Use Wholesale funds and negotiated **lower admin fees of up to 70% discount for CIF clients.**
- We do not take commissions and charge a low ongoing service fee to manage your portfolio.
- Insurance premiums within CFS First Wrap Super is up to **30% lower in cost for CIF clients.**

THE WRAP SERVICE IS ATTRACTIVE FOR SUPER, PENSIONS & INVEST:

- Wholesale Term Deposit Rates with 7 major Australian Banks: **(negotiated higher rates)**
- Access to over 300 Wholesale Managed Funds, Active Managed Funds plus Australian Shares.
- Low fees for small and large account balances for CIF clients only **(Up to 70% fee reduction)**
- Fee for Service with 6 monthly portfolio reviews and strategic management.
- Attractive for **SMSF** to use a low cost Wrap Service for wholesale investing and reporting.
- Ongoing advice, service and management by CIF has resulted in our clients having **20 – 25% more capital** during the past 10 years when compared to the average superannuation fund.
- **Above average returns with lower volatility provided by the Wrap Service**

Performance of the FirstWrap - CIFP Model Portfolio Service 1 year, 3 years and 5 years to June 30th, 2017

Fund	1 year	3 years	5 years
FirstWrap **CIFP** Growth/High Growth Portfolio - **Option 5 (Moderate portfolio volatility)**	**+ 11.20%**	**+10.00%**	**+13.20%**
FirstWrap **CIFP** Balanced/Balanced Growth Portfolio **- Option 4 (Moderate portfolio volatility)**	**+ 10.50%**	**+ 9.20%**	**+ 12.50%**
FirstWrap - **CIFP** Conservative/Moderate Portfolio - **Option 3 (Low to moderate portfolio volatility)**	**+ 9.00%**	**+ 8.00%**	**+10.50%**

The CIF Wrap Service for superannuation and investment savings plan is available to other members of your family & friends with low fees and attractive wholesale returns.

Call Bill, Vicki, Nicole, Robert - Ph: 9813 5822 for assistance or email: cif@cifp.com.au

APPENDIX 1: ACCELERATE YOUR SAVINGS POTENTIAL

With low returns from cash and term deposits, the investment savings plan will accelerate funds for your future. With a $ 1,000 investment plus a monthly deposit will allow your money to grow in 3 to 5 years for your objectives.

*** House Deposit** *** Holiday** *** School Education**
*** New Car** *** Retirement** *** Financial Security**

The investment savings plan will provide attractive returns and allow funds to accumulate for your future goals. There are no entry or exit fees with expected 3 to 5 year returns of 6% – 8% pa as compared to 2% - 3% from cash. If you commenced a savings plan 5 years ago with $10,000 plus $1,000 per month you would now have $ 100,000. This is $ 20,000 more than funds invested in cash. **Accelerate your savings potential and reach your goals sooner.**

FirstWrap Savings Plan

- 20% Investors Mutual Equity Income Fund
- 20% Acadian Global Managed Volatility Equity Fund
- 20% AMP Capital Wholesale Australian Property Fund
- 20% First Choice Multi Index Balanced
- 20% Vanguard Indexed High Growth Fund

DIVERSIFIED SPREAD OF FIXED INTEREST, PROPERTY & SHARE OPTIONS:

- Investors Mutual Equity Income units are expected to return 6% - 9% pa net over 5 years
(Spread of Australian equities, Property & Fixed Interest) **– Moderate volatility**
(1 year return to June 30th, 2017 was 11.40% pa) - **(3 year return to June 30th, 2017 was 10.70% pa)**

- Acadian Global Managed Volatility Equity units are expected to return 6% - 9% pa net over 5 years
(Spread of International/Australian equities, Property & Fixed Interest) **- Moderate volatility**
(1 year return to June 30th, 2017 was 10.60% pa) - **(3 year return to June 30th, 2017 was 12.90% pa)**

- AMP Capital Wholesale Australian Property units are expected to return 6% - 9% pa net over 5 years
(Spread of Commercial Property in Australia, Property Trusts & Fixed Interest) **– Moderate volatility**
(1 year return to June 30th, 2017 was 7.00% pa) - **(3 year return to June 30th, 2017 was 8.00% pa)**

- First Choice Multi Index Balanced units are expected to return 6% - 9% pa net over 5 years
(Spread of International/Australian equities, Property & Fixed Interest) **– Moderate volatility**
(1 year return to June 30th, 2017 was 11.20% pa) - (3 year return to June 30th, 2017 was 7.10% pa)

- Vanguard Index High Growth units are expected to return 6% - 9% pa net over 5 years
(Spread of International/Australian equities, Property & Fixed Interest) **– Moderate volatility**
(1 year return to June 30th, 2017 was 11.50% pa) - **(3 year return to June 30th, 2017 was 9.20% pa)**

- 1 year average rate of return to June 30th, 2017 was 10.50% pa
- 3 year average rate of return to June 30th, 2017 was 9.20% pa
- 5 year average rate of return to June 30th, 2017 was 12.50% pa

- The Platform and Adviser fees (Direct Fees) charged to your FirstWrap account totals up to 0.70% pa
- The Wholesale Investment Management fees (Indirect Fees) charged in the unit price totals 0.30% pa

Make your savings work as hard as you do by earning an average return of 6% to 8% pa during the next 3 to 5 years as compared to a return of 2% to 3% pa from cash and term deposits.

Contact the team to assist you establishing a savings plan with attractive returns to meet your future goals and objectives. The savings plan may be attractive to other family members.

APPENDIX 2: SUPERANNUATION STRATEGIES (Part 1)

SAVINGS STRATEGY DURING PERIODS OF LOW RETURNS

With interest rates at historically low levels and lower returns from growth assets we need to consider the benefits of **tax deductible (concessional)** contributions into superannuation to reduce tax. Even with the restrictions in superannuation the benefits are rewarding for retirement. This strategy is attractive for those between 10 to 30 years before retirement.

You can accumulate 30% to 50% more wealth by contributing savings to super.

The example below is based on a comparison for the average employee earning $ 60,000 pa.

How to invest $ 1,000 per month for future retirement benefits:

1. **Contribute $ 1,000 per month gross into super earning 5% pa gross.**

2. **Investing $ 1,000 per month gross into investments outside of super earning 5% pa gross.**

COMPARISON OF OPTION 1 & OPTION 2: - NET ACCUMULATION OF WEALTH

	5 years	10 years	20 years	30 years
Option 1: (Contribution to Super)	**$ 58,000**	**$ 128,000**	**$ 327,000**	**$ 648,000**
Option 2: (Invest outside Super)	**$ 43,000**	**$ 93,000**	**$ 227,000**	**$ 433,000**
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Difference	**$ 15,000**	**$ 35,000**	**$ 100,000**	**$ 215,000**
Benefits of contributing into Super	**35% extra wealth**	**37% extra wealth**	**45% extra wealth**	**50% extra wealth**

During times of low returns, taxation benefits within superannuation provides the stimulus required to accelerate wealth for your savings and retirement.

Feel free to contact our office to analyse the benefits of additional savings super contributions which relate to your individual circumstances and objectives.

APPENDIX 2: SUPERANNUATION STRATEGIES (Part 2)

SMART STRATEGIES TO BOOST YOUR RETIREMENT SAVINGS:

The strategies below can be very effective with further consideration: Lets's discuss

Strategy 1:	Boost further savings via concessional contributions to super
Strategy 2:	Invest non-super money in superannuation
Strategy 3:	Purchase Life & TPD insurance tax effectively
Strategy 4:	Divert cash flow from your home loan into Super
Strategy 5:	Grow your superannuation without reducing your income
Strategy 6:	Top up your super with the help of the government
Strategy 7:	Contribute into super and offset Capital gains tax
Strategy 8:	Convert business capital into tax free retirement benefits
Strategy 9:	**Find any lost superannuation:** (Call or log onto the various Websites)

	ATO Super seeker:	www.ato.gov.au (Online services Super seeker find lost super)
	Ausfund:	www.unclaimedsuper.com.au (Search for lost super)
	Superannuation Helpline:	13 10 20
Find any lost funds	ASIC unclaimed money search:	www.fido.gov.au (Online services unclaimed money search)
	State revenue office:	www.sro.vic.gov.com (Online services unclaimed money search)

THE BENEFITS OF INVESTING IN SUPERANNUATION:

1. Tax effective savings during your working life.
2. Reducing taxable income through contributions to superannuation.
3. Your lump sum and savings take advantage of compounding investment returns over your life time.
4. Tax free lump sums and income from age 60.
5. Tax deductible for employed or self- employed.
6. Government sponsored co-contribution of up to $ 500 every year.
7. You can invest in a whole range of asset classes from 100% defensive to 100% growth focused.
8. Access to death, disability and income protection benefits payable from your superannuation fund.
9. In most cases superannuation benefits are protected from creditors.
10. Lump sums death benefits can be 100% tax free to eligible dependents (Spouse)
11. Transition to retirement strategy (TTS) from age 56 (Preservation Age)
12. Centrelink friendly strategies (exempt until pension age for assets test and income test).

APPENDIX 3: ACCESS TO SUPERANNUATION

WITHDRAWING AND ACCESS TO SUPERANNUATION INVESTMENTS:

All superannuation funds in a **preservation status** cannot be accessed unless you meet a release condition. All new superannuation investments including growth are preserved until at least reaching age 55. From age 55 Preserved components can only be accessed should you meet one the following other criteria's:

1. Preservation Ages for Men and Women:

D.O.B before 1 July 1960	Preservation age is 55
D.O.B between 1 July 1960 and 30 June 1961	Preservation age is 56
D.O.B between 1 July 1961 and 30 June 1962	Preservation age is 57
D.O.B between 1 July 1962 and 30 June 1963	Preservation age is 58
D.O.B between 1 July 1963 and 30 June 1964	Preservation age is 59
On or after the 1st of July 1964	Preservation age is 60

1. **You have retired permanently from the workforce.**
2. **You remain in the workforce working less than 10 hours per week.**
3. **You have commenced a Pre-retirement (Non commutable income stream)**
4. **You are retirement age and 65 plus**

Any **unrestricted funds** can be accessed at any time and any age. The main issue at this time would be the taxation consequences for making the withdrawal.

Future Portfolio Withdrawals:

Whenever possible should you be able to withdraw any funds from your superannuation benefits we recommend that they be withdrawn as per your asset allocation within a super fund. Please call us to confirm that this is the case before proceeding.

The new superannuation rules now allow you to remain in the superannuation system until age 75 ensuring that your tax effective investment continues. Therefore the more you can accumulate the more tax effective your investments will become.

TAXATION ON WITHDRAWALS FROM SUPERANNUATION: (Unpreserved)

Age	**Tax Payable (excluding Medicare) Taxed Element**	**Tax Payable Tax Free Element**
60 or over	**Tax Free**	**Tax Free**
55 – 59	**0% Tax on first $ 195,000**	**Tax Free**
54 and under	**20% Tax**	**Tax Free**

PS: Untaxed Element has tax of between 15% to 45%.

APPENDIX 4: ALLOCATED PENSIONS

THE BENEFITS OF INVESTING IN ALLOCATED PENSIONS:

1. Control and access to your capital.
2. The Fund pays no tax on earnings and thus usually provides a higher return than super of between 1% to 2% pa.
3. Tax free lump sum withdrawals and income from age 60.
4. You can nominate the level of pension required each year. There is a minimum as set out by government legislation but there is no maximum. The minimum income amounts allowable by legislation are as follows:

Minimum incomes for ages:	Ages 55-64	4% pa	of your capital on July 1st each year
	Ages 65-74	5% pa	“
	Ages 75-79	6% pa	“
	Ages 80-84	7% pa	“
	Ages 85-89	9% pa	“
	Ages 90-94	11% pa	“
	Ages 95 and over	14% pa	“

5. Income can be paid fortnightly, monthly, quarterly, half yearly or annually.
6. Benefits are paid tax free to financial dependants upon death. (Spouse)
7. Select the type of investment portfolios – Cash, Fixed Interest, Shares, Property, etc.
8. Allows you to qualify for a higher Centrelink Age Pension (Income test favourable for Pre January 1st, 2015)
9. You can allow your capital to grow tax free if you withdraw the minimum pension.
10. Your capital is paid to your estate upon death - no loss of capital. (Estate Tax may be payable)
11. Gives you access to quality investment managers and investment portfolio’s to suit your particular risk profile.
12. Income or Capital may continue to be paid to dependants upon death.

WITHDRAWING AND ACCESS TO ALLOCATED PENSION INVESTMENTS:

Lump Sum Withdrawals from your Allocated Pension (Non Preserved)

Whenever possible should you require to withdraw any funds from your allocated pension funds we recommend that they be withdrawn as per your asset allocation. Please call our office in order to confirm that this is the case.

Access to fund options:

1. Over the phone by calling Centre in Finance on 9813 5822
2. Send your request with your account number via the internet to cif@cifp.com.au

There are no fees when withdrawing from your Allocated Pension.
Withdrawals may take up to 7 days (usually 5 days) and will be paid directly into your nominated bank/credit union account linked to your allocated pension.

APPENDIX 5: CENTRELINK AGE PENSION & BENEFITS

Assets Test & Income Test thresholds from July 2017 to qualify for Centrelink benefits.

HOMEOWNERS: - ASSETS TEST:

Single Pensioner:	Part pension if assets are **$ 253,750 to $ 550,000**
Couple Pensioners:	Part pension if assets are **$ 380,500 to $ 827,000**
Separated by illness:	Part pension if assets are **$ 375,000 to $ 973,000**

NON HOMEOWNERS: - ASSETS TEST:

Single Pensioner:	Part pension if assets are **$ 456,750 to $ 753,000**
Couple Pensioners:	Part pension if assets are **$ 583,500 to $ 1,030,000**
Separated by illness:	Part pension if assets are **$ 583,500 to $ 1,176,000**

INCOME TEST:

Single Pensioner:	Part pension if total assessable income is from **$ 4,368 pa to $ 50,560 pa**.
Couple Pensioners:	Part pension if total assessable income is from **$ 7,800 pa to $ 77,438 pa.**
Separated by illness:	Part pension if total assessable income is from **$ 7,800 pa to $100,183 pa.**

PS: Income from allocated pensions is not deemed as income for Centrelink.
(New allocated pensions established after January 1st, 2015 will be deemed)

- **Low Income Health Card** (**any age**) is also available from Centrelink which is income tested.
  - **Income for Singles $ 28,236 pa threshold (Deemed Assets up to $ 850,000)**
  - **Income for Couples $ 48,828 pa threshold (Deemed Assets up to $ 1,500,000)**

- Commonwealth Seniors Health Card (**Pension age**) is also available which is only income tested. Income from allocated pensions are not deemed if established before 01/01/2015.
  - **Income for Singles** **$ 52,796 pa (Indexed in September each year)**
  - **Income for Couples** **$ 84,472 pa (Indexed in September each year)**
  - **Separated by illness** **$105,592 pa (Indexed in September each year)**

FUTURE PENSION QUALIFICATION:

CENTRELINK PENSION QUALIFYING AGE FOR BOTH MEN AND WOMEN:

Date of birth	**Age Pension**		**Full Age Pension (Including supplement)**
01/07/1952 – 31/12/1953	65.5	**Single**	**$ 23,088 pa ($ 888 pf)**
01/01/1954 – 30/06/1955	66.0		
01/07/1955 – 31/12/1956	66.5	**Couple (each)**	**$ 17,420 pa ($ 670 pf)**
01/01/1957 and onwards	67.0		

DEEMING RATE CALCULATIONS:

COUPLES:

First $ 83,600 of savings at	1.75%
Next savings at	3.25%

SINGLES:

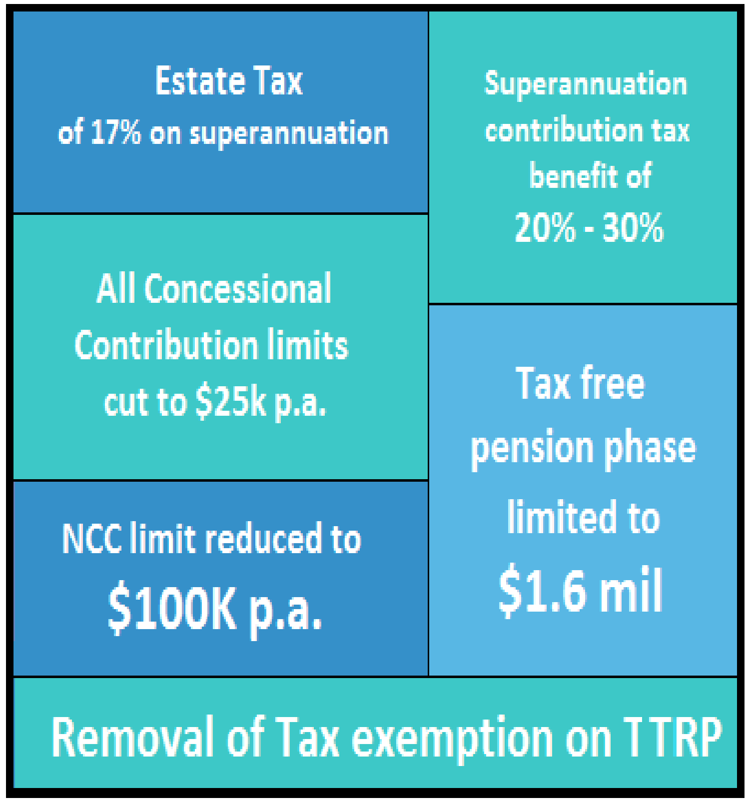
First $ 50,200 of savings at	1.75%
Next savings at	3.25%

APPENDIX 6: SUPERANNUATION CHANGES - JULY 2017

The 10 changes to the superannuation system, have passed through Parliament with seemingly little debate and no major surprises. It is important to understand how these changes on July 1st, 2017 may affect you and what steps you should be taking now before it is too late.

Are you ready for the Government's superannuation & estate tax changes on July 1st, 2017.

1. ESTATE TAX (ANTI-DETRIMENT PROVISIONS):



Superannuation and allocated pension **death benefits** paid to your spouse will continue to be **tax free.**
Superannuation and allocated pension **death benefits** paid to your estate or adult children **will be taxed at 17%** from July 1st, 2017 - (taxable component).
CIFP has a strategy to eliminate super/pension estate tax.

For example a $ 500,000 super/pension death payout to your estate or adult children may be taxed by **$ 85,000.**

The CIFP strategy will save $ 85,000 tax.

2. CONCESSIONAL CONTRIBUTIONS:

The maximum annual tax deductible superannuation contributions has reduced from $ 35,000 to $25,000.

All individuals under the age of 75 (work test) can make superannuation contributions during the year and claim a deduction to reduce personal income tax.
The $ 25,000 limit includes employer contributions, salary sacrifice and personal deductible contributions.

Superannuation is an attractive retirement savings strategy with annual tax benefits of 20% to 30%.

3. NON-CONCESSIONAL CONTRIBUTIONS (TAX FREE):

The non-concessional contribution (NCC) annual limit has been reduced from $ 180,000 to $ 100,000.

The opportunity for people aged under 65 to "bring forward" two additional years' worth of NCC cap is still available. This amount has been reduced from $ 540,000 to $ 300,000.
If you have more than $ 1.6 million in superannuation no further NCC to superannuation is available.

4. INCREASED ACCESS TO CONCESSIONAL CONTRIBTIONS (TAX DEDUCTIBLE):

All individuals under the age of 75 will be able to claim tax deductions for personal superannuation contributions from 1 July 2017. This removes the current restriction on employees making concessional contributions for which they can claim a personal tax deduction allowing everyone to have the same opportunities to contribute.

The new rules are now more flexible to reduce tax from other income - interest/dividends/rental.

5. TRANSITION TO RETIREMENT PENSION CHANGES (TTRP):

The tax exemption on earnings supporting a Transition to Retirement Pension (TTRP) will be removed from July 1st, 2017. Currently these earnings are tax-free but they will be taxed at the standard rate of 15% pa.
While these arrangements can remain in place, they lose their tax effectiveness. If you are under age 65 and not yet retired you may consider the transfer back to superannuation. This will depend on your circumstances.

6. SUPERANNUATION TRANSFER LIMITS TO PENSION:

A superannuation transfer balance cap introduced which limits the total superannuation an individual can transfer into the tax free pension phase at $1.6 million. This will apply from 1 July 2017 and will include current retirees as well as those yet to enter pension phase. Amounts in excess of $1.6 million will have to be transferred from the pension phase back to accumulate (superannuation) and subject to 15% tax on earnings.

7. LOWER INCOME LIMIT FOR EXTRA CONTRIBUTIONS TAX (HIGH INCOME EARNERS):

Individuals with total income and superannuation contributions of more than $250,000 will pay 30% tax on their concessional contributions. This lowers the current level of income applicable for this tax rate from $300,000.

8. LOW INCOME SUPERANNUATION TAX OFFSET:

This will replace the Low Income Superannuation Contribution which is set to finish on 30 June 2017. This will allow individuals with an adjusted taxable income of $37,000 or less to receive an effective refund of the tax paid on their concessional contributions up to a cap of $500.

9. CATCH – UP OF CONCESSIONAL CONTRIBUTIONS:

Unused concessional contribution caps can be carried forward on a rolling basis for up to five years for those with account balances of $500,000 or less. This will allow people with changing circumstances or interrupted work patterns to boost their superannuation through catch-up contributions.
The effective date for this change has been delayed to 1 July 2018.

10. SPOUSE CONTRIBUTIONS TO SUPERANNAUTION:

The income threshold for spouse contribution offset will increase from $ 10,800 pa to $ 37,000 pa.
This will now allow more individuals who make spouse contributions to superannuation of up to $ 3,000 pa to receive a tax offset (refund) of $ 540. This is an immediate return of 18%.

CO-CONTRIBUTION TO SUPERANNAUTION TO CONTINUE: (50% RETURN ON INVESTMENT)

For assessable income up to $ 33,516 pa, the ATO will contribute up to $ 500 into superannuation when you make a non concessional contribution of up to $ 1,000. **This represents a 50% return on your capital.**
You can still receive a partial co-contribution from the ATO for assessable income up to $ 48,516 pa.

It is important to seek advice to assess your situation prior to 30 June 2017 to prepare for the changes.

CIFP can assist you to understand how these changes impact your retirement plans.

Please call us (03) 9813 5822 to speak or make an appointment to see either Bill, Vicki, Robert or Nicole and discuss the options available with the superannuation rule changes coming on July 1st, 2017.