



Financial *Insights*

STAYING THE COURSE

JUNE 2022

As we enter into June, the Financial Year will soon draw to a close.

Markets have been volatile, and so the question beckons as to the best approach to manage investments at this time.

With a change in Government, Pensions, SGC & Work Test remain as previously announced.

We hope you enjoy browsing this newsletter for more details.



KEEP YOUR INVESTMENTS DIVERSIFIED

Whether the market is *bullish* or *bearish*, **maintaining a diversified** portfolio is **essential** to any **long-term** investment strategy. Diversification **lowers** your portfolio **risk** because, no matter what the economy does, **some investments are likely to benefit!**

Financial Markets are no more uncertain today than they were previously.

How Should an Investor Look at Short Term Volatility?

For an investor, one should be wary of gambling on market movements when there is short term volatility. Typically, the two worst actions an investor can take are to become more aggressive in a rising equity market or to switch to cash after a fall in the equity markets. Picking the 'sweet spot' is like winning the lottery – unpredictable!

Remember every 'bull market' to date has run out of steam at some stage and every 'falling market' inevitably has **improved** and **risen** past previous highs. **Investment volatility** is a *natural bi-product* of our free market capitalist world. **Investors need to accept its inevitability and prosper from the rewards it offers over the long term.**

Financial Markets are no more uncertain today than they were previously.

When headlines unsettle you, consider the source and maintain a long term perspective

Portfolio volatility means **different things** to different people, as does the word risk.

To some it means **fluctuations** ;

- in the **value** of the investment,
- in the **variations** in the level of **income**
- in the **total return** of the portfolio.

Variations in total returns are probably the most meaningful and in this sense, it is important for each investor to understand how the **long term expected average return** from their portfolio will **not** necessarily reflect any **one** year's performance of that same portfolio. Thus, it is more considered and relevant to assess the **performance** of a portfolio **over** the **long term** because short term results can be significantly above or below the long term expected average.

FROM 1 JULY 2022

With a change in Government, **Pensions, SGC & Work Test** remain on course.

SUPER GUARANTEE CONTRIBUTIONS (SGC) INCREASE

Increasing the super guarantee rate will mean Australians **accumulate** more **superannuation** over their working lives, **increasing** the likelihood of a **comfortable retirement**.

The percentage rate for superannuation guarantee payments by your employer is **currently** 10.0%.

The SGC is set to **rise** to **10.5%** from **1 July 2022** for the 2022–23 financial year.



CHANGES TO THE WORK TEST FOR SUPERANNUATION CONTRIBUTIONS

From **1 July 2022**, members **under** 75 years of age will be able to **make personal contributions** and **salary sacrificed** contributions **without** meeting the work test, **subject** to **existing** contribution **cap limits**. They may also be able use the bring forward rule.

Fund Trustees will **no longer** have to administer the work test at the time they accept the contribution.

However, those **aged 67 to 74** will **need** to **meet** the work test if they wish to **claim a personal deductible contribution**.

PENSIONS

On 25 March, the government announced a further **extension** to the temporary reduction in superannuation **minimum drawdown** rates.

This means that you will be able to **continue** to take advantage of the **50%** temporary **drawdown reduction** from **1 July 2022** until **30 June 2023**.

If you wish to discuss the implications for your pension, please contact us.



FINANCIAL PLANNING HEALTH CHECK



The key to success for financial plans is to ensure that it remains **relevant** to your **current financial situation** and **needs**.

If your personal or financial circumstances have changed, then it may be time for a **financial reassessment** and “*health check*”.

If you have any questions about your specific circumstances, please contact us 02 5858 4100



DISCLAIMER: This represents general information only. Before making any tax or business decisions, we recommend you consult us to take into account your personal investment objectives, financial situation and individual needs.