# AVENUES


# GET YOUR NEW FINANCIAL YEAR GAME ON

A new financial year is always a good time to review your finances and make sure they are in good shape.

You'll be starting this coming financial year wearing a confident grin with this list of eight things to do now to get new financial year ready.

WINTER 2018

HILLROSS

# GET YOUR NEW FINANCIAL YEAR GAME ON CONTINUED

## 1. Check in on your goals

There's no point doing anything until you know what you're doing it for. Write down your goals for the next financial year (and beyond) to make sure your plans can help you get there.

If you already have goals you're working towards, now's a great time to check if you're still on track.

## 2. Get across the changes in super laws

There have been a number of changes to superannuation laws recently, that will impact many Australians. Some of the key ones include:

- Eligible first home buyers are now able to save for a home deposit using their super.
- Personal super contributions can now be claimed as a tax deduction by most people
- The spouse super contribution tax offset thresholds have increased, meaning more people are now eligible to a tax offset of up to $540 for contributions into a spouse's super account.
- From 1 July 2018, any unused amount of before-tax contributions limits can be carried over to the following year.

## 3. Check you're on track for your retirement

No matter how far away your retirement is, it's always a good idea to be clear about how you're tracking.

One way to do this is to check your super's invested in the right investment option for your age, stage in life and individual circumstances. You can also have fun looking at the type of retirement career you'd like to have (and then how you might fund it).

## 4. Get ready for tax time

Even though you can't finish your tax return until after the financial year ends, getting ready for it can take longer than you think. Some ways to get started includes: getting your tax receipts in order, being clear on how the legislation changes could affect you, and understanding what tax deductions you're entitled to.

## 5. Give your budget some love

A budget needs to change as your life does. Take some time to check your budget against your bank statements and see whether they're in sync. It's also a good time to check if you can get a better deal on things you pay for regularly like your internet, phone and utilities.

It can also be interesting to step back and look at your overall patterns of spending. As Jacob Lew, Former U.S. Secretary of the Treasury said, "The budget is…an expression of our values and aspirations". So, if the way you're spending money doesn't match your budget, you might want to make some changes.

## 6. Check your will reflects your wishes

Make sure your will still reflects your life and wishes. It's also worth seeing that your money's properly protected and invested according to your circumstances and goals.

Separate to this are whether your super fund beneficiaries are up to date. If you die, the death benefit and/or balance in your super fund are usually paid to the people you've nominated (beneficiaries). If you don't nominate anyone, or you haven't updated them to match your current wishes, the money may not go where you want it to.

## 7. Review your insurance

It's important to have enough insurance in place, so all you've saved and worked for in life is protected. It could also mean you won't be a financial burden to your family if something goes wrong.

## 8. Emergency savings

If you don't already have one, it's a good idea to build an emergency fund into your budget (one in five Australians don't have enough money set aside to cover a $500 emergency)1. This can give you some peace of mind and reduce the need to rely on high interest borrowing options (eg credit cards).

### We're here to help

*Understanding what's happening with your finances, and keeping on top of them as your life changes, can make a big difference to your wealth and stress levels. Talk to us if you have any questions or need some financial advice to reach your goals.*



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# WATCH OUT FOR TAX SCAMS

The end of the financial year will likely bring the usual wave of scams. Here's what to watch for.

The Federal Budget is behind us, and amid the celebrations over tax cuts (around $500 annually for low to middle income earners), now is the time to be mindful of scammers pretending to be from government bodies – especially the Tax Office. In some cases, scam victims have lost close to $1 million dollars.

## Beware scams posing as ASIC

If previous years are anything to go by, the end of the financial year will bring the inevitable wave of scams. Money watchdog ASIC for instance, has recently warned about crims posing as ASIC representatives asking victims to pay bogus fees. They often make contact via email, accompanied by an invoice that infects your computer with malware if you click the link.

Protect yourself by looking for warning signs that show an email isn't from ASIC at all. The clues include requests to make a payment in order to receive a refund, or if the email asks directly for your credit card or bank details.

## Dodgy emails seeming to come from the ATO

More worrying, the Tax Office has recently advised that scammers are leaving voicemail messages on their victims' phones, threatening the recipient with arrest due to an unpaid tax debt or suspected tax evasion. It can be scary stuff for those on the receiving end.

Scammers are also sending fake emails asking for completion of a 'tax refund review' form to allow recipients to receive a refund. Apparently the form asks for online banking details, credit card numbers (and even credit limits) as well as your personal address. The Tax Office is warning not to click on or save any attachments as they may download malicious malware. Above all, do not disclose the personal information the form is requesting.

## Scam victims can pay dearly

Not surprisingly, many people are taken in by these scams, and in previous years up to 48,000 people have reported coming across these scams between the peak tax-time months of July and October. Hundreds of Australians have collectively handed over millions of dollars to scammers with one victim losing $900,000 borrowed from friends and family. Others have handed over personal details such as tax file numbers, which can lead to identity theft.

## Protect yourself – and your money

In many cases, scam emails are easily spotted. Hover your computer's mouse over the email address of the sender and it will show the true source. Have a close look through the email, and you'll typically find that scam messages are poorly written with some pretty obvious spelling mistakes. The email may ask you to click what appears to be a link to the Tax Office website but when you hold the mouse over the link, it won't have the official ato.gov.au address.

If you are unsure if a phone call or voicemail is from the tax man, call the Tax Office on 1800 008 540. Better still, contact us as we can be a valued source of reassurance if you find yourself crossing paths with a scammer.

*– by Paul Clitheroe AM*

*Paul Clitheroe AM, co-founder and Executive Director of ipac securities limited, Chairman of the Australian Government Financial Literacy Board and Chief Commentator for Money magazine.*

# WHEN TO CHARGE YOUR KIDS BOARD

I recently came across a news story about a hapless New York couple, who have taken their 30-year old son to court in a last ditch effort to get him to move out of home. My first thought was "only in America". But here in Australia, high rents and low housing affordability are seeing plenty of parents shelve plans for an empty-nester lifestyle as their 20-, 30- and even 40-something offspring show no signs of leaving the family home.

Research by Finder shows 40% of 20-24 year olds still live at home, and even one in ten 30-somethings, and about 5% of people aged 40-plus still share a roof with mum and dad.

## When does the rent-free ride stop?

Many parents relish having their children at home for longer, and there is a whole variety of reasons why multi-generation living is becoming more commonplace in Australia – anything from cultural norms to rising rents. While it can be unfair for one generation to shoulder the financial burden of many heads living under one roof, the issue of whether or not to charge adult children board can be very contentious.

Finder found some parents say the rent-free ride should stop when children turn 19. One in five believe their child should pay board when they land a job, and a similar proportion of parents is against the idea of charging board altogether.

The thing is, parents can be fantastic teachers when it comes to helping kids of any age manage their money and learn to live within their means to enjoy a financially sustainable future. Sure, if your son or daughter is studying or in an apprenticeship, they probably don't have much cash to spare. But continually providing a free ride when your kids are earning an independent income can encourage an artificial view of how the world works.

More to the point, shelling out for adult kids can prove a drain on parents' finances at a time when they are nearing retirement.

## A stepping stone to independence

Charging your children board – even just a small amount, when they have the capacity to pay, is a stepping stone towards adulthood. And for parents who could be looking at spending 20 or more years in retirement, every bit helps to stretch their own money further.

If you'd prefer your adult child to start paying their way, try to approach the subject with tact. No one enjoys a surprise announcement that they're suddenly expected to cough up cash on a regular basis. But be firm. However much you choose to charge, it is important that board is paid regularly. This sends a strong message that bills need to be paid on time, and they need to be paid first, ahead of life's luxuries. Surely that is an essential life lesson we should pass onto our kids!

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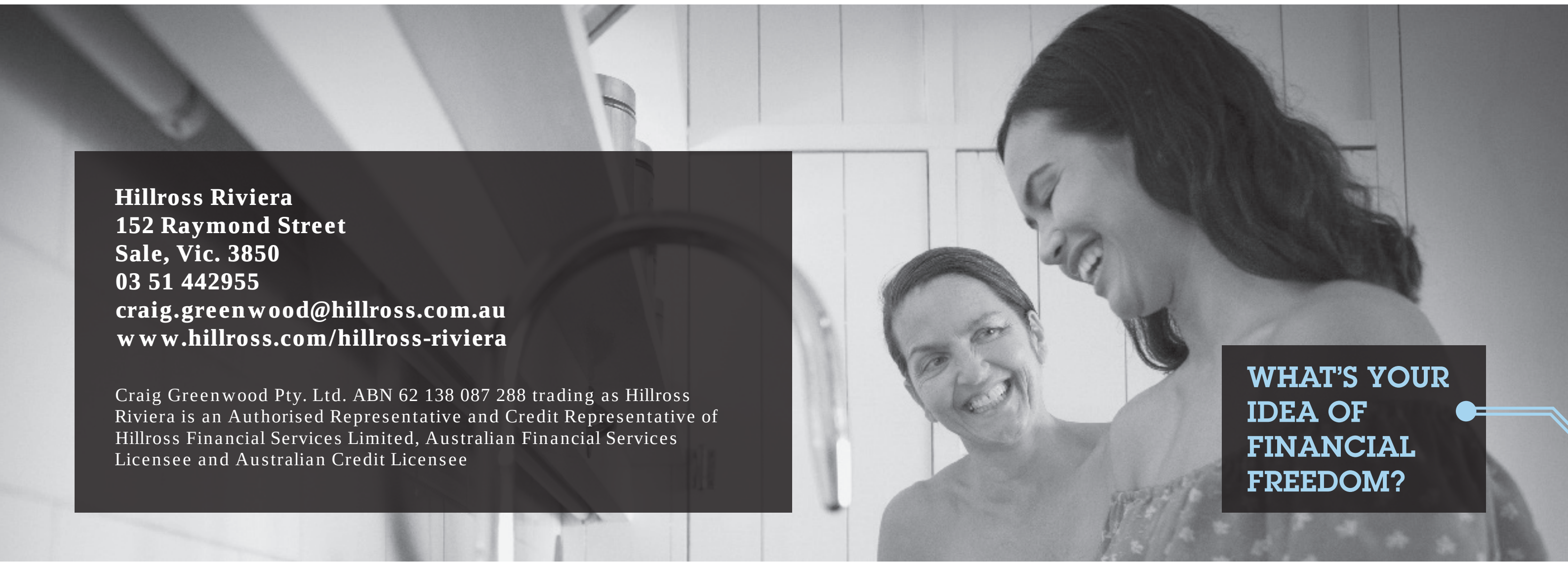


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