

# Paysafe News



## What a Year

Well goodbye to 2022 – and mostly good riddance!! It was certainly a tough, tough year for investment markets and for the performance of our client portfolios.

Really, there is nowhere to hide with investments when interest rates are rising and property, share and fixed interest markets are all dropping.

But, the great thing about our clients is that they know they are in it for the long haul, and short term market gyrations are always there – just this year has been worse than most.

The Australian Share Market started on the decline and with some ups and downs during the year has managed to finish about 2% down, which is a lot better than where it was at in August. Property markets have fared even worse with residential prices falling between 8-11% and commercial and industrial even worse.

But hey, there is always a silver lining, and that should be delivered in 2023.

We are starting to see inflation ease and that means we are coming to an end of the interest rate tightening that has caused chaos in all of the aforementioned markets. Now inflation is easing but that is not directly attributable to the interest rate policy of the Reserve Bank.

Inflation is falling because strategic assets are coming back on line after Covid. Take airlines for example, you might remember that Qantas parked all of their jets in the Arizona desert during Covid (apparently the dry air is good for aircraft). Now when the demand took off again after Covid those planes needed to be put back into service – but that takes time. So not enough planes means that prices go up whenever you want to fly.

Shipping is another example, during Covid all the worlds ships were put into dry dock. Bringing those assets back on line takes time, so when demand ramped up there are not enough ships to handle freight – shipping cost go up.

So, here is looking to a much brighter 2023.

Andrew

## Video Updates

A really important way that I communicate with clients is via video sent by email.

My last video was in November and it communicated to you the steps we are taking to keep your data safe.

From time to time I will be sending you short, targeted videos that really help me stay in touch with you.

These videos come to you as an email only open the email if it comes from **admin@paysafe.com.au**

I can assure you that any email that comes to you from that source is safe to open.

Our emails have two factor identification at our end and they are safe and virus checked.

The videos are a part of the fee that you are paying us, so it is important that you do watch them, they will only be 5 minutes long, so it is not a huge time commitment.

Andrew



As a result of the Royal Commission into Finance and Banking conducted in 2018 we have seen many changes from what we used to know as Financial Planning. While financial planning once meant "investment advice" it now has much more far reaching consequences.

The financial planning industry is regulated by The Australian Securities and Investment Commission (ASIC), and the instrument they use to administer the industry is The Corporations Act.

Since the Royal Commission ASIC have been redefining financial planning in Australia.

The major change is how financial services are to be provided. No longer can a financial planner take fees for doing no work. There must be a clearly defined fee and a clearly defined service associated with that fee, and this needs to be communicated to clients every

year, and the client must give signed consent for that fee to continue.

ASIC has also broadened what constitutes financial advice to include:

- Estate Planning
- Risk Assessment
- Aged Care
- Impacts on Family
- Annual Reviews

Advice must be written, and in a format that is easy for the client to understand.

Furthermore, ASIC has the power to ban, fine or impose restrictions on advisers who do not comply with the law.

So, now financial planning services MUST be "delivered" to you, it can no longer be a matter of "just call us when you need us".

Here at Paysafe we welcome these changes, it is the way I have worked for years, so it comes as no shock.

## Financial Planning – A New World

So, when we are calling you and booking in times remember that the service is the service we are REQUIRED to deliver. We also think it is great to have regular communication with our clients, so Paysafe and the new rules merge together quite nicely.

We are all working extremely hard to deliver a first class financial planning experience to every client, I think that most understand that the additional workload means that eventually our service will become more expensive.

But please be assured that we are doing all that we can to keep costs low. One example of this is the use of technology. We have to use technology (with safeguards) to continue to deliver services to you at a reasonable cost – our highest overhead is wages, so anything that is labour saving keeps our costs down.

Fee increases with additional (worthwhile) services are inevitable, but we are always happy to talk you through them at any time – we offer complete transparency.

We hope you enjoy the ride!!

## Super Performance 2022

As you can see, most of the most recognized super funds have had a pretty hard time of it in 2022, so don't be too distressed to see negative numbers on your upcoming annual reports.

What is interesting to see is the long-term performance. We have annus horribilis years, 2022 was just one of them, in every case we see much better returns in the medium to long term, and let's face it, super is about as long-term as you can get.

Fund	1 Year	3 Year	5 Year
Australian Super Balanced	-2.17%	5.63%	7.30%
HESTA Balanced Growth	-1.79%	5.34%	6.75%
Uni Super Balanced	-4.17%	4.37%	6.65%
Aware Super Growth	-3.70%	4.82%	6.45%
Care Super Balanced	-1.68%	5.00%	6.38%
Australian Retirement Trust Balanced	-0.96%	5.54%	7.15%
NGS Diversified	-3.55%	4.00%	5.92%
Equip Super Balanced Growth	-3.71%	4.51%	6.03%
Vision Super Balanced Growth	-3.80%	5.30%	6.71%
Vic Super Growth	-3.30%	5.04%	6.46%
IOOF Multi Series 70	-1.63%	4.42%	6.18%
Implemented Portfolios No.3	-1.45%	2.72%	4.97%
Source: Canstar Super Ratings			

## Super Update Extension of the “Downsizer Contribution”

We have been getting used to the “Downsizer Contribution” for some time now. This is a special “once off” contribution to superannuation for those who are selling their principal place of dwelling.

The contribution allowed is \$300,000 per owner (so 2 x \$300,000) for a couple.

You must have owned the home for 15 years and make the contribution within 90 days of settlement.

But the big change is that the age limit has been reduced down from 60 to 55.

So anyone who is 55 or older is now eligible for the “Downsizer Contribution”. This is a fantastic way to boost your super fund while selling a too large home after the kids have all left.

Superannuation offers tax protection and it enables you to boost your retirement savings at a critical time.

## This Month's Super News

### Q: Can I still make a tax deductible contribution to superannuation?

The answer is probably YES. If you are under 75 (or even 75 and one month old) you can still make tax deductible contributions to superannuation up to your concessional cap of \$27,500 each year.

Why is this handy to know – look at the case study.

A couple sell their investment property when they are 74. The Taxable Capital Gain made on that sale is \$50,000 each. That would normally be added to their taxable income.

But, they elect to make a \$27,500 contribution to super each, reducing their taxable income from \$50,000 to \$22,500, we then apply the tax free threshold of \$18,000 and they are paying tax on \$4,500 – a tax bill of

## News Tidbits

- **Do you have a Will and Powers of Attorney?**

We can help – with a strategic partnership with one of Melbourne's most respected legal firms we can help you through the maze of Estate Planning and get the outcome you want.

- **Bank still Offering Low Rates?**

Come in and have a talk to us about how to get the maximum interest rate for your \$ invested, there are lots of safe options available to you to take advantage of higher rates on your savings..

- **Aged Care Advice**

Did you know that Andrew Bowring is a Specialist Aged Care adviser? There are only 800 in Australia, so if you or your family members need advice on how to financially manage Aged Care you can call on us.

**Watch this space in 2023 as we launch a new  
and exciting website**

### Disclaimer

*Rod Lethborg, Noel Lethborg and Andrew Bowring are Authorised Representatives of Advocate Advisory Group AFSL Number 405576. This newsletter contains General Advice only and does not take into account your personal circumstances or financial goals. Before acting on any of the contents of this newsletter you should seek professional advice from a person who is licenced to be able to provide that advice.*