GFM Wealth Advisory | TRADE SECRETS

June 2022

SMSF Specialists | Investment Management | Financial Planning | Accounting

IN THIS ISSUE

END OF AN ERA: BRYAN AND MAREE MEEHAN RETIRE!

By Paul Nicol

It has been a bittersweet period for the GFM team, with stalwart staff members, Bryan Meehan (Operations Manager & Compliance) and Maree Meehan (Reception) retiring on 30 June. They will be sadly missed by the GFM team, but at the same time, we are thrilled they are entering their retirement, happy, healthy and blessed with a wonderful family and friendship group.

The story of Bryan and Maree's employment tenure at GFM is like their marriage – a perfect partnership.

The story of how Maree joined GFM over 25 years ago is a fascinating one. Bryan and Maree become clients of GFM in 1973, as Bryan knew GFM Founder Tony Gilham after attending the same school together. One evening in late 1996 when Tony was doing a home visit with Bryan and Maree to discuss their finances (yes – home visits of an evening were the norm then!) Maree indicated to Tony she was ready to return to the workforce after spending her early family years raising their 3 daughters, Belinda, Rebecca and Kelli. An office admin vacancy was available at GFM, and as was Tony's style, the role was offered to Maree in early 1997. What a smart decision that was all those years ago!

Bryan enjoyed a 35-year career as a Federal Public Servant (civilian) with the Defence Force Pay Accounting Centre (DEFPAC). In the early years of Maree's employment, Bryan would come into the GFM office and quietly go about filing and assisting with general admin duties. Many of the staff at the time were thinking "what is this guy doing, he doesn't work for us", but this summed Bryan and Maree up perfectly. Understanding how busy GFM was, Bryan would come in to assist Maree and the GFM team in his own time, willingly and without fuss, even though he was not an employee at that time.

Or, was this part of a master plan? After retiring from DEFPAC at Age 55, a compliance role become available at GFM in 2004 and Bryan was in the box seat. Although Bryan did not have specific experience in financial services, he was offered the role understanding his strong HR background at DEFPAC. Again, we were on a winner!

The contribution Bryan and Maree have made to our business since Maree started in 1997 is impossible to quantify. Perhaps the best explanation is that every organisation has "heart and soul" employees and Bryan and Maree fit this mould. They are a part of the fabric of the organisation and perfectly encapsulate the key pillars of the GFM culture – loyal, caring, modest and hard-working.

In many ways, it is remarkable how Bryan reinvented himself at age 55 to become the compliance expert within our organisation with little knowledge of the financial industry. Having our own Australian Financial Service Licence (AFSL) comes with a significant regulatory burden, and under Bryan's watch, GFM has an impeccable compliance history that is the envy of our compliance auditors and peers.

Over the years of being a staff member, Bryan has also been a prolific referrer of his DEFPAC colleagues, family and friends. Bryan's expertise in the PSS Super scheme has also been invaluable.

We are going to miss Bryan, in addition to the considerable skill he applied to his role, his pastoral care of the team of staff he managed, and the wider team has been incredible. Bryan always puts others ahead of himself, a trait that has endeared him to the many staff members he has worked with over the years.

Maree is well known to our clients as the friendly voice and familiar face that has greeted all our clients over the phone or when attending the office.

Like Bryan, Maree is a much-loved member of staff. But she is more than just a work colleague, she is a friend, a shoulder to lean on, and the first to celebrate and recognise staff achievements and special life events.

We are all going to miss Maree and Bryan greatly, but we are thrilled both are retiring on a high and as a team, we get to share these special moments with them. And like they have done their whole married life, together again, this time at the point of retiring.

Bryan and Maree – the pleasure has been all ours!

GORDON SANSON & JENNY READ: CLIENTS OF GFM SINCE 2012

By Patrick Malcolm

Gordon and Jenny have kindly written the article below on their working life, retirement and relationship with GFM Wealth Advisory. We greatly appreciate their contribution to Trade Secrets.

We are both academic biologists who have worked in universities for most of our lives. However, Jenny trained and worked briefly as an occupational therapist and then taught science at a high school on an outer island of Fiji for two years before returning to tertiary education. We are very fortunate to have separate and joint research interests that have taken us to many exciting places, and, with some reservations, we have had the satisfaction of rewarding work. Being in a university meant that we were required to contribute to the university superannuation scheme (UniSuper) from early in our careers. It is probably fair to say that super was not uppermost in our minds in the early days as we dealt with mortgages, etc. UniSuper was well run and performed well, so super investment was a hands-off experience. However, we became worried that our portfolio included businesses that concerned us for environmental and ethical reasons. Although UniSuper had some options for socially responsible investment, we became increasingly keen to have more control over how our money was invested.

In 2010, about three years before Gordon was due to retire, a work incident resulted in reduced vision, potentially permanent. We started to think more seriously about how best to manage our resources and plan for the future, and, on friends' recommendations, we went to see GFM. This meeting was very reassuring and gave us much to consider. However, Gordon's sight did improve, and we were able to continue with the work we enjoyed and to which we felt committed.

In 2012 GFM set up our family super fund. Gordon had been offered a secondment to the US to work on new technologies in education, which was both a frustrating and rewarding experience. Jenny took early retirement. One consequence of our five years in the US is that the fund's trustees had to be residents in Australia. This was a bit daunting, but it was handled most efficiently by Patrick and the GFM team. Over subsequent years we have tried to divest ourselves of any parts of our portfolio that conflicted with our values and to support businesses that, in our view, contributed positively to a sustainable future. Patrick took on our concerns with understanding, patience and great diligence. We continue to be impressed with his ability to maintain a balanced portfolio that provides consistent and sound returns while meeting our investment specifications. Despite our relatively conservative investment strategy, which we feel is appropriate for our stage of life, and the constraints we put on our investment strategy, we feel our funds have performed very well. We have the great satisfaction of controlling our investments with confidence, and we look forward to our regular meetings with Patrick. We always learn something new.

We almost always take Patrick's advice; he understands what we want to achieve and is very proactive. But we have also gained the confidence to be proactive ourselves, though it is reassuring to have the safety net of GFM's experience and ethics and the wonderfully friendly and helpful GFM team!

We returned from the US to live in regional Victoria on a small acreage. Even though we are formally retired, we continue our research at a more relaxed pace. Much of our time is spent slowly renovating an old house and extensive gardens and ministering to a flock of agisted and rescued sheep and alpacas. And, of course, enjoying time spent with family and friends.

INVESTING: IT'S ALWAYS LONG TERM, AND YOU MUST BE DIVERSIFIED!

By Paul Nicol

Can you believe that we are almost at the midpoint of the calendar year? It has been a hectic start to the year with a quickly changing market dynamic at the forefront of our minds.

It is fair to say share markets have had a difficult start to 2022. Markets face a four-way collision of the pandemic, a geopolitical crisis (Ukraine), an interest rate tightening cycle due to inflation shock, and significant COVID lockdowns in China. This is a unique combination, and it is hard to understand the short term impacts of how each issue intersects with the other.

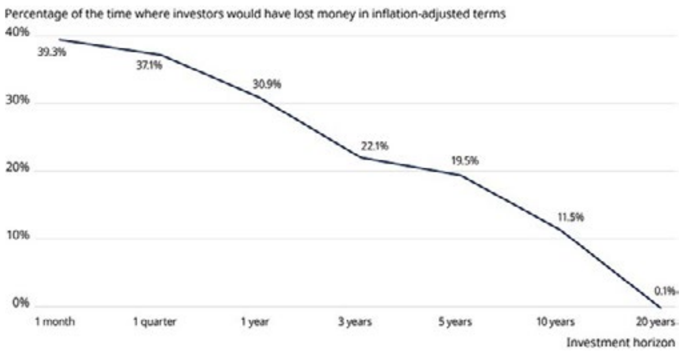
As a consequence, share market returns have turned negative in 2022. Capital has shifted out of quality growth companies and into oil and gas, banks, financials, resource and commodity companies, exacerbated by the geopolitical conflict in Ukraine. This rotation of capital saw many international growth companies sold off, particularly in the IT and Healthcare sectors, with little regard for their fundamentals. Many of these companies reported their highest ever sales and profits during the quarter (Microsoft & Apple, to name a couple) but have been heavily sold off.

The volatility has caused reflection on investing and acts as a friendly reminder of the fundamentals:

- Invest for the long term
- Always be diversified

Why is it best to invest for the long term? Consider the following.

Using over 150 years of data on the US stock market index, if you invested for a month, you would have lost money roughly 40% of the time in inflation-adjusted terms.



Source Schroders

However, if you had invested for longer, the odds would shift dramatically in your favour. On a 12–month basis, you would have lost money slightly more than 30% of the time. Note, 12–months is short term investing.

On a five–year horizon, that figure falls to 20%. At ten years, it is approaching 10%. At 20 years, it is negligible; there was only one year where stocks lost money in inflation-adjusted terms (July 1901– June 1921, when the real return was –0.2% a year).

These statistics are almost identical for the Australian share market.

Warren Buffett has said about long term investing:

- *"Only buy something that you'd be perfectly happy to hold if the market shut down for ten years."*
- *"If you aren't willing to own a stock for ten years, don't even think about owning it for 10 minutes."*

And probably my favourite:

- *"Much success can be attributed to inactivity. Most investors cannot resist the temptation to constantly buy and sell."*

William Green wrote in his book, 'Richer, Wiser, Happier':

- *"My costliest mistakes have come whenever I grew impatient or envious of other people's returns and strayed off course by gambling on private companies or individual stocks that held the promise of a racier route to riches. The paradox here is that the slower road almost always proves to be faster in the end. The investors I admire most tend to be heroically inactive, not because they're lazy but because they recognise the benefits of patience."*

And finally, Benjamin Graham:

- *"Invest for the long haul. Don't get too greedy, and don't get too scared." "The best way to measure your investing success is not by whether you're beating the market but by whether you've put in place a financial plan and a behavioural discipline that are likely to get you where you want to go."*

And, what does 'diversify' mean?

You diversify by investing your money across different asset classes such as shares, property, cash & fixed interest. Then you invest across the different sectors and options within each asset class.

Why?

Diversification is your best defence against a single investment failing or one asset class performing poorly. When done correctly, diversification can minimise volatility while maximising return opportunities.

While these are well–understood investment disciplines, it is incredible how the emotion of different market conditions can influence the desire for short term decisions that deviate from the long–term plan.

NEW OPPORTUNITIES: CONTRIBUTING TO SUPER UNTIL AGE 75

By Denise Slattery

Several significant changes to the superannuation rules for older Australians have recently been legislated. These included:

- Partially removing the work test for people aged 67 to 74;
- Extending eligibility to make non–concessional contributions under the bring-forward rule to individuals aged under 75 at the start of the financial year;
- Reducing the downsizer eligibility age from 65 to 60; and
- Removing the $450 salary exemption for paying superannuation guarantee (SG) contributions

These changes will commence from July 1 2022, and have created opportunities for people currently prohibited from contributing to super due to their age.

Work test removal

Currently, a person aged between 67 and 74 can only make super contributions if they meet the work test. The work test is being gainfully employed for at least 40 hours within 30 consecutive days in the financial year in which they wish to contribute.

Following the passing of the legislation, a person who has reached the age of 67 can make/receive voluntary (both non–concessional and employer contributions) until 28 days following the end of the month in which they turn 75.

The work test still applies to those individuals who wish to claim a tax deduction for personal contributions (i.e. concessional contributions). However, there has been a change in the legislation regarding when the work test must be met. For a person to make a personal contribution over age 67, they must have already met the work test when the contribution is made.

From July 1, 2022, the work test does not need to be met before the contribution is made. Instead, it must be met in any period during the financial year of contribution.

Extension of the non–concessional bring forward rule

Under current rules, to trigger the bring-forward rule (which allows you to bring forward three years of non–concessional contributions, $330,000, in the one financial year), a person must be under age 67 on July 1 of the financial year in which they contribute.

A person's previous June 30 total superannuation balance (TSB) can also limit the amount of non–concessional contributions (NCCs) that can be brought forward.

The thresholds for NCCs made in 2021/22 are as follows:

Total superannuation balance as of June 30 2021	2021/22 NCC bring forward cap
Less than $1.48 million	$330,000
At least $1.48 million but less than $1.59 million	$220,000
At least $1.59 million but less than $1.7 million	$110,000 (standard cap)
$1.7 million and over	Nil

Under the new rules, to trigger the bring-forward rule, a person must be under age 75 on July 1 of the financial year in which they contribute. Importantly, the TSB restrictions outlined above still apply. People aged 73 and 74 on July 1 of the financial year can bring forward up to two years' NCC cap space (TSB permitting), even though they can't contribute past age 75.

The removal of the work test for voluntary contributions for older people, combined with the extension of the bring-forward rule, presents new opportunities.

Recycling existing super money

The withdrawal of existing superannuation benefits and re-contributing these funds back into the superannuation environment can be beneficial under two scenarios:

To save tax when a death benefit is paid to a non–tax dependant (e.g. adult children)

A re-contribution strategy is the process of a withdrawal and re-contribution of superannuation, which converts super components from taxable into tax–free.

Non–tax dependent beneficiaries (typically adult children) are taxed at 15% (excluding Medicare) on the taxable component of a death benefit. No tax is payable on the tax–free component.

Therefore, for clients with non–tax dependant beneficiaries (e.g. adult financially independent children, siblings, nieces, nephews, friends, or charity), an effective estate planning strategy may be to undertake a re-contribution strategy to limit the amount of taxable component paid to non–tax dependants upon death.

Let's look at Hugo's situation.

Hugo is aged 70 and has $1,100,000 in his SMSF. The components of his SMSF are as follows:

- Taxable Component – $550,000
- Tax Free Component – $550,000

Hugo undertakes a re-contribution strategy to increase the tax–free component of his benefit by withdrawing $330,000 from his fund and re-contributing these funds as a non–concessional contribution. The withdrawal of $330,000 is taken proportionately from the taxable and tax–free components.

The table below outlines the tax components of Hugo's superannuation benefits following the re-contribution strategy.

Current Components	Taxable	$550,000	50%
	Tax Free	$550,000	50%
	TOTAL	**$1,100,000**	**100%**
Withdrawal and re-contribution	Taxable	$165,000	
	Tax Free	$165,000	
Resulting Components	Taxable	$385,000	35%
	Tax Free	$715,000	65%
	TOTAL	**$1,100,000**	**100%**

As a result of the recommended re-contribution strategy, the tax–free component of Hugo's benefits has increased by $165,000 and would result in a tax saving of approximately $24,750 (15% of $165,000) when the funds pass to a non–dependent beneficiary via the Estate.

Equalising super balances for a couple

Superannuation balances can be equalised where the spouse with the larger super balance cashes out some of their balance, and the spouse with a smaller super balance uses these proceeds to make an NCC.

When considering the transfer balance cap, this strategy allows a couple to maximise the combined amount they can hold in the tax–free pension phase. It may also allow the surviving spouse to keep more in the super environment upon the death of their partner.

Let's look at Peter and Kim

Peter (aged 68) and Kim (aged 69) have recently retired. Their superannuation accounts have accumulated $1.9 million and $800,000, respectively. Peter and Kim are yet to commence a retirement phase pension.

If Peter and Kim don't attempt to equalise their balances, the most they will be able to hold in the pension phase will be as follows:

	Account-based pension	Accumulation phase
Peter	$1,700,000	$200,000
Kim	$800,000	–
Total	$2,500,000	$200,000

As an alternative, Peter can withdraw $330,000 from his accumulation account (tax–free) and use this to make a non–concessional contribution of $330,000 for Kim. Peter and Kim could then commence account-based pensions within their transfer balance caps. Their position would then be as follows:

	Account-based pension	Accumulation phase
Peter	$1,570,000	–
Kim	$1,130,000	–
Total	$2,700,000	–

Contributing capital to super

The ability to make NCCs to age 75 without a work test, in combination with the extension of the NCC bring–forward rule to those under age 75 at the start of the financial year, gives people more flexibility to contribute outside capital to super (and then into a tax–free retirement phase pension – transfer balance cap restrictions permitting).

Circumstances where this might arise may include:

- generate investment income surplus to their requirements and want to redirect this to super;
- have proceeds from shares, managed funds, inheritances, payments on termination of employment, or an investment property that they wish to contribute;
- have proceeds from the sale of their family home and want to contribute the proceeds to super, in conjunction with the downsizer contribution rules (or perhaps save the downsizer contribution rules for the future sale of a property);
- are selling a business and wanting to contribute proceeds to super using the small business CGT cap;
- have received a personal injury payment and want to make a super contribution under the personal injury rules; and
- wish to transfer money from a foreign super fund (these transfers are considered contributions).

If you feel that any of the above strategies may benefit you, please speak to your adviser.

SMSF ASSOCIATION ANNUAL CONFERENCE – APRIL 2022

By Patrick Malcolm

The SMSF Association is the independent, professional body representing Australia's self–managed super fund sector. We commenced membership of the SMSF Association back in 2003, and seven of the GFM team are SMSF Specialist Advisors.

The Association runs an intensive three–day annual conference providing up to date SMSF legislative, taxation and estate planning training and education. The annual conference was in Adelaide this year, and seven GFM employees attended. It was the first interstate conference we have been able to attend since March 2020, and even this conference was impacted by COVID–19, with it pushed back from February to April.

The SMSF sector is in good shape, well regulated, and continues to grow steadily.

We picked up plenty of valuable information that will help us fine-tune our SMSF advice and service offering.

The GFM Group is committed to delivering high–quality advice in the SMSF area.

THE DOWNSIZER SUPERANNUATION CONTRIBUTION

By James Malliaros

Since July 1, 2018, people aged 65 and older have been able to contribute up to $300,000 from the sale proceeds of their home to super, regardless of their work status, non–concessional contribution cap (NCC) space, or total super balance (TSB). These are known as downsizer contributions.

Before the availability of downsizer contributions, some older Australians were prevented from contributing sale proceeds from their home into super because of contribution eligibility restrictions or the contribution caps. The Government identified this as a problem as it potentially discouraged older people from downsizing homes that no longer met their needs which would free up stock for younger people.

In the 2021/22 Federal Budget, the Government announced a proposed reduction in the downsizer eligibility age from 65 to 60. A Bill and separate Regulations to implement this proposal have now been finalised.

What's changing?

The legislative change is straightforward – the eligibility age for making a downsizer contribution changes from 65 to 60. The super contributions acceptance rules were amended to ensure that funds can accept downsizer contributions from age 60. The change will apply to downsizer contributions made on or after July 1, 2022.

However, it is important to note that whilst the eligibility age for downsizer contributions will reduce, there haven't been any corresponding changes to the preservation rules. Therefore, the contribution will be preserved until the person meets a condition of release, which is likely to be retirement or reaching age 65.

Eligibility requirements

To make a downsizer contribution:

- The person must be age 65 (or age 60 from July 1, 2022) or older at the time the contribution is made – there is no upper age limit;
- The proceeds from the sale of the home are either exempt or partially exempt from capital gains tax (CGT) under the main residence exemption (or would be entitled to such an exemption if the home was purchased before September 20, 1985);
- The home was owned by the person (or their spouse) for ten years or more;

- The property being sold must be located in Australia and not be a caravan, houseboat, or mobile home;
- The contribution must be made to super within 90 days of the change in ownership of the property (usually settlement) unless the ATO allows a longer period;
- A downsizer contribution must not have been made previously for another property – even if the maximum amount wasn't contributed at that time; and
- The maximum downsizer contribution is $300,000 for each individual

These eligibility requirements mean that practically, an after-tax contribution using the downsizer provisions can be made:

- From age 67 to 74, without meeting a work test (to be scrapped from July 1, 2022, anyway),
- Past age 75, when most other contribution types can't be made,
- Even if the person doesn't have enough NCC cap space to contribute the desired amount of proceeds, and
- Regardless of a person's TSB, which may otherwise limit after-tax contributions.

A downsizer contribution forms part of the person's tax–free component within super. This means it will be paid tax–free upon death to both tax dependents and non–tax dependents (e.g. adult financially independent children).

Eligibility age

To be eligible to make a downsizer contribution, a person must be 65 or older when the contribution is made (not when the contracts are exchanged or proceeds received). This eligibility age will be 60 for contributions made on or after July 1, 2022.

A person must make a downsizer contribution no later than 90 days from when the property changes ownership. A change in ownership for this purpose is usually the date of settlement.

Therefore, people who are aged 60 – 64 considering selling an eligible property this financial year to use some or all of the proceeds to make a downsizer contribution may wish to ensure that the sale and/or settlement date allows them to make a downsizer contribution on or after July 1, 2022.

Downsizing not required

The term 'downsizer contribution' is probably somewhat of a misnomer. A person doesn't have to 'downsize' to be eligible to make a downsizer contribution; they only need to meet all the eligibility requirements outlined above.

So, a person could be eligible to make a downsizer contribution where they sell an eligible property and:

- buy a less expensive property and use the leftover funds to make the downsizer contribution,
- upgrade to a more expensive property and use other funds to make the downsizer contribution (e.g. money in a bank account), or
- don't buy another property (e.g. enter residential aged care, rent, or move in with family).

Does an investment property qualify?

The property being sold does not need to be the person's main residence. Nor does it need to have been their main residence for the entire ownership period. It just needs to be a property that is eligible for a full or partial CGT main residence exemption at some stage during the ownership period (and meets the other downsizer requirements).

Therefore, the following properties might qualify upon sale:

- a property that was previously the person's main residence but which is rented at the time of disposal, or
- a property that is currently the person's main residence (genuinely) but was previously used as an investment property.

Consider future total super balance and transfer balance cap issues

Although a downsizer contribution doesn't count towards a person's NCC, it will affect their total superannuation balance (TSB). They may not be able to transfer part or all of the contribution into a retirement phase income stream due to their transfer balance cap (TBC).

Total super balance

A downsizer contribution will increase the person's super balance and will be added to their TSB on June 30 following the contribution.

It is therefore important to note that a person's TSB can impact their eligibility for a wide range of benefits and opportunities, including:

- making non–concessional contributions,
- accessing the full two years of bring–forward NCC cap,
- making catch–up concessional contributions,
- receiving the Government co-contribution,
- using the work–test exemption, and
- segregating pension assets in an SMSF.

Transfer balance cap

A downsizer contribution still counts under a person's TBC if used to commence a retirement phase income stream. If the person has a super balance that is already approaching (or has reached) their TBC, they may not be able to transfer all (or any) of their downsizer contribution to a retirement phase pension.

If the contribution is retained in the accumulation phase, earnings will be taxed at a maximum rate of 15%, and this needs to be compared to the person's marginal tax rate outside of super.

Centrelink and the downsizer contribution

Downsizer contributions allow people aged 60 and older to contribute some home sale proceeds into super.

However, one of the main issues is the potential reduction or cancellation of a person's Age Pension entitlement.

There is no specific Centrelink asset or income test exemption for downsizer contributions. A person's main residence is usually fully exempt from means-testing. Once sold, aside from a potential 12–month assets test exemption on the proceeds intended to be used to buy or build another main residence, the sale proceeds will be assessed depending on their future use.

Therefore, the proceeds that don't find their way back into a new main residence will usually be means-tested.

In conclusion

Combined with the recently legislated removal of the work test for contributions for people 67 to 74 and the extension of the bring-forward rule until the year in which a person turns 75, the downsizer changes increase the flexibility of older people wishing to contribute to super.

However, it's not always a matter of automatically contributing the sale proceeds under the downsizer provisions just because you can. We strongly recommend you contact your adviser to weigh up your options to determine the best outcome.

INTRODUCING NADINE CORERA

By Witi Suma

It is with great pleasure that we introduce a new member of our team, Nadine Corera. Before joining GFM in January this year, Nadine had gained several years' experience within the financial services industry, with the last six working predominantly in the areas of Client Services and Paraplanning.

Nadine is GFM Wealth's Client Services Administrator and is primarily responsible for preparing the paperwork required to administer our clients' investments, superannuation and insurances. Nadine has a strong customer focus, attention to detail and a thirst for knowledge. With her skillset in client portfolio administration, she is an asset to GFM, and we are very proud to have her on board.

Here's a quick Q and A with Nadine:

Q. Your family?

My family consists of my mum, dad and younger brother.

Q. Favourite holiday destination?

Having Sri-Lankan background, I enjoy travelling there to see extended family. I enjoy the warmer weather as well as the wonderful food.

Q. Hobbies?

I enjoy seeing the many musicals and art shows that Melbourne always has on show. I was lucky enough to win front row tickets to see Hamilton quite recently and loved the experience. My favourite musical would have to be the Lion King.

Q. Favourite food/drink?

I like trying new cuisines and would say that I enjoy most foods. My favourite cuisine is Italian and Malaysian.

Q. Your proudest moment?

Graduating with my Commerce degree. I found the whole experience challenging yet very enriching, and I am grateful to have had access to such an outstanding education.

Q. What sports do you follow?

I enjoy attending the Australian Open every summer in Melbourne, and I also enjoy watching the 20-20 cricket instead of the longer forms of the game!

Q. The best part of working at GFM?

There is a strong commitment to personal development for all staff members. The people I get to work with daily are smart, professional, and willing to share their knowledge.

2022/23 FEDERAL BUDGET

By Patrick Malcolm

The 2022/23 Budget was handed down in April. The Budget focused on addressing the cost of living pressures individuals and families face. It was relatively silent on the superannuation front.

Individuals

In a Budget targeting the hip pocket, some of the big-ticket measures were:

- LMITO Increased – The low and middle-income tax offset (LMITO) will increase by $420 in 2021/22. Thus, eligible individuals may receive a tax offset of up to $1,500 upon lodgement of their upcoming 2021/22 tax returns. This will be for those earning between $48,001 and $90,000 but phasing out up to $126,000.
- $250 Cost of Living Payment – A once-off, tax-exempt cost of living payment will be made to six million eligible pensioners, welfare recipients, veterans and eligible concession cardholders.
- COVID Test Expenses Deductible – As announced last month, the cost of taking a COVID test (PCR or RAT) to attend work will be tax-deductible, dating back to July 1 2021. Employers also have relief in that Fringe Benefits Tax will not apply where COVID tests are provided to employees.
- 2022/23 Income Tax Rates Unchanged – The tax rates for the upcoming financial year remain unchanged from the current year.

Superannuation

The Budget was relatively quiet on this front, with only two items of note:

- Pension Drawdowns – 50% Reduction Extended to 2022/23 – This reduction to minimum annual drawdown amounts for superannuation pensions will be extended by a further year to June 30 2023.
- Super Guarantee Increase to Proceed – There was no indication that legislation would be introduced to repeal the existing law to increase the SG rate to 10.5% (up from the current 10%) from July 1 2022.

Business

The headline measures included:

- 20% Additional Deduction for Skills Training and Digital Adoption – Businesses with a turnover of less than $50 million stand to receive a 20% uplift in deductions (on what they would usually be entitled to) for eligible expenditure on external training courses and digital technology. This 20% boost applies to expenditure incurred from the time of the Budget until June 30 2023, for digital adoption and until June 30 2024, for skills training. Some exclusions apply.
- Apprentice Wage Subsidies Extended – The Boosting Apprenticeship Commencement and Completing Apprenticeship Commencements wage subsidies will be extended by three months to June 30 2022. Additionally, over five years, funding has been set aside to introduce a new Australian Apprenticeships Incentive System from July 1 2022, to support employers and apprentices in 'priority occupations'.
- Reduction in GDP Uplift Factor for PAYG and GST Instalments for 2022/23 – This will be pegged at 2% for 2022/23. This is significantly lower than the 10% that would otherwise have applied under the statutory formula. It will apply to small to medium enterprises eligible to use the relevant instalment methods (up to $10 million annual aggregated turnover for GST instalments and $50 million annual aggregated turnover for PAYG instalments).
- PAYG instalments: Option to Base on Current Financial Performance – Companies will be permitted to opt to have their PAYG instalments calculated based on current financial performance (as opposed to last year/past period performance) extracted from business accounting software.
- Employee Share Schemes for Unlisted Companies – The investment thresholds for unlisted companies for employee share schemes will be changed.

Other

- Temporary Reduction in Fuel Excise – This has been reduced by 50% for six months. If passed on in full, it will result in the excise (and the price of fuel) being reduced by just over 22 cents per litre. This takes effect immediately.
- Relief for First Home Buyers – The Home Guarantee Scheme will expand by making it available to 50,000 individuals/couples each year. Under the scheme, eligible first home buyers can, with the assistance of the Government, obtain a loan to build a new home or purchase a newly–built home with a deposit of as little as 5%.

ANNUAL GOLF DAY: FRIDAY, MARCH 25, 2022

By Mai Davies

We held our 19th Annual Golf Day at Riversdale Golf Club on Friday, March 25, 2022, attended by many keen golfers. Everyone had a fantastic time, and we were blessed to have perfect weather.

It was also great to have new players join us this year. The course was in perfect condition, and we had some terrific prizes on offer.

Congratulations to John Davies, Ric Casey, David Harris and Mark Tully with an Ambrose Score of 52.60.

The Runners–Up with a score of 53.25 were Anne Perazzo, Gary Lang, Steve Callinan, Sue Callinan

The photos from the day can be found on our website: *https://www.gfmwealth.com.au/news–info/events/past–events/*

GFM IS NOW ON FACEBOOK

GFM has recently established a company Facebook page, and we will share our webinars, articles of interest and a range of other informative content.

GFM Wealth would like to connect with you on Facebook. You can "Like" our page by clicking on the button on our page. Please feel free to invite your friends, family or colleagues to "Like" our page as well.

www.facebook.com/gfmwealthadvisory