



NEWSLETTER JUNE 2017

EMAIL ADDRESS

Please use only the following email address so we can all see and act on your emails, even when one of us is away.

admin@goldschmidt.com.au

This will be visible to David, Lila and Denise, so less risk of David missing it. In order to ensure you receive emails from us please add this contact email to your favourites. Google explains how to do this.

REMINDERS

Anyone who has made a personal concessional (deductible) contribution to super must lodge a "Notice of Intention to Claim a Tax Deduction" form with their super fund. Not us.

Anyone who receives franking credits from direct shares or share investments through us, but does not have to lodge a tax return because their taxable income is too low, should still do an "Application for Refund of Franking Credits" form NAT4131 and get a pleasant surprise present from the ATO.

WORKING? EARNING LESS THAN \$51 021

If any client is working and has a taxable income below \$51 021 (but add back salary sacrifice) then please don't forget to put \$1 000 into your super fund as a personal non-concessional contribution to get all or part of the Government's \$500 co-contribution.

DULL GREY ACCOUNTANT

Some people might think that a financial adviser should be a dynamic person with amazing computer and analytical skills.

I'm not that. I'm really just a dull grey accountant with 46 years of experience in dealing with money. To give you an idea, on about my third day of work as an articled accounting clerk, the old managing partner (to whom I was fortunate to be articled) came up to me and gruffly said "David, Chartered Accountants wear **white** shirts" That was 46 years ago and since then none of my clients would ever have seen me in a shirt that was not white.

I also can't bring myself to chase people, even if maybe I should. I don't follow up people who've been in to see me, as I say that a first meeting is without cost or obligation and I mean it. Possibly some people wait for a follow up to goad them into action, but it's not my style.

Also, from my experience, I have come to believe that logic is not a great tool to decide whether share markets are going to go up or down. Markets are always uncertain. No more now than in the past. Bad news sells. Forecasters have a 50% chance of being correct, so if they jag it they say "I told you so, now I'm the guru" but if they get it wrong nobody remembers, so they try again next year. They'll get lucky eventually.

The real problem with trying to find someone who can forecast the future is that it's an ideal way for con artists and scammers to attract the naive. If it looks too good to be true it probably isn't true, but try telling that to the poor unfortunates who've lost most of their life savings to a guru.

I'm not into forecasting. Anyone who thinks an adviser should be able to, needs to find a guru.

Lastly, I confirm that I have no intention of retiring for a while, body and brain permitting, so it's good to have Denise on

board with her expert knowledge of systems and processes.

WHAT DOES THE \$1.6M LIMIT MEAN TO PENSIONS?

The amount that people can have in tax free allocated pensions on 01/07/17 has been limited to \$1.6m. Those with more than \$1.6m think it's a terrible change, those with nowhere near that probably think it's fair.

To me it's just another early warning of a change that is coming. The baby boomers (the pig in the python) are now becoming self-funded retirees and pensioners. The government will not be able to get enough tax out of the working population to pay the pensions and other public service costs.

They will increasingly have to figure out ways to get more tax in, preferably from retirees, and reduce costs such as pensions. The recent punitive pension asset test reductions are just the start. Watch this space. It wouldn't surprise me if one of these years the home counts as an asset for pension asset purposes and super won't be available as a lump sum to blow and go on the pension.

DEATH TAX

I've mentioned before, and do again, that allocated pensions inherited by non-dependents such as major children, are subject to tax at 15%. Dependents such as spouses inherit tax-free.

Therefore if you get the bad news from your doctor that your time here is limited, contact us and we will take all your money out of super/allocated pensions tax-free so the cash can be passed on to your heirs tax-free. This does not apply if you have dependents such as a spouse or partner.

There are exceptions to this situation such as under age 55 and insurance, which we'll advise on at the time if necessary.

BOOKS

I've recently read "The Dictators' Handbook" by Bruce Bueno de Mesquita. Nothing to do with financial planning but a fascinating explanation of how autocrats get into power

and stay in power. The principles apply to town councils, large corporations, democratic governments, as well as better known autocracies like Zimbabwe and North Korea. Fascinating reading for anyone interested in how things actually work in politics. Hint: it's all about the money.

The other good one was "Industries of the Future" by Alec Ross. It does a very good job of explaining which industries will simply die (like making buggy whips) and which will survive and thrive in the digitised, robotised future. Great reading for youngsters making career decisions or redundant mining employees or just very interesting anyway.

FREE BOOKS

One of my clients mentioned that he is a member of the State Library Service and he receives his books for free by online downloads. The computer literate can go to slwa.wa.gov.au and become a member, but I'm sure the less expert could front up to their local library and they would help set it up.

FREE ELECTRICITY

Well, not quite free, but I would encourage clients who don't already have solar power panels to consider investing in a system. It has materially decreased our power costs and made us more conscious of power usage. It's a good financial investment and should also delay the climate-change day of reckoning by a few hours.

Kind Regards,
GOLDSCHMIDT & CO PTY LTD



DAVID GOLDSCHMIDT A.C.A.
Director

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