prp keeping you informed

December 2016

Special US election edition – A Trump Presidency

Donald Trump's victory in the US Presidential election has sent shock waves across the world. Even many Republicans have been surprised by the party's unexpectedly strong performance, which is likely to see it keep a majority in both the Senate and House of Representatives, as well as winning the Presidency.

The implications are far reaching, both politically and for investment markets. But what does his surprise victory mean for Australian investors? And how should you respond?

The new President's policy priorities

Donald Trump will be sworn in as President on 20 January 2017. Once he comes into office, his domestic political priorities are expected to be:

- Cutting company tax from 35% to around 20–25%.
- Cutting income tax, with three basic rates: 12%, 25% and 33%.
- Scrapping Obamacare.
- Increasing spending on defence by US$450 billion and Veterans' programs by US$500 billion.
- Introducing a US$300 billion infrastructure spending program.
- Taking a tough stance on immigration, with promises to clamp down on both legal and undocumented immigrants.

Looking beyond the US, Trump has pledged to introduce a much more aggressive trade policy, including:

- Naming China as a currency manipulator and putting tariffs on some Chinese imports
- Changing the terms of the North American Free Trade Agreement (NAFTA), and
- Abandoning the Trans-Pacific Partnership (TPP).

It is still unclear whether the new President will be able to act unilaterally on trade policy or whether he will be able to win the support of Congress to change current policies, especially treaties such as NAFTA.

Meanwhile, his energy policies are also likely to have implications worldwide, including a pledge to reduce drilling regulations on oil companies and reverse some climate change policies.

How markets reacted

Investment markets dislike uncertainty — and Donald Trump's win has been described as 'revolutionary' and 'a vote against the political status quo'. So it's not surprising his victory caused market jitters across the globe.

But once investors had the opportunity to digest the news, markets soon recovered. So, while futures trading showed the US S&P 500 down 5% in the immediate election aftermath, US markets actually rose when they opened the next morning.

Similarly, the US dollar initially fell, then recovered to finish stronger against most currencies, including our own. What happens next may depend on the signals the President-elect gives on the likely direction of his new administration. Many will be hoping to see him maintain the conciliatory and pragmatic tone we heard in his victory speech, rather than the more hard-line rhetoric of the campaign itself.

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Did you know?

We have accounting and taxation services in both Adelaide and Renmark? We would be happy for you to refer friends and family to have their tax returns completed by us!

Do you know someone who would benefit from PRP Group Services? Why not pass along this newsletter to introduce us!

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What it means for investors

Over the longer term, a Trump victory has both positives and negatives for Australian investors. The policies he has announced are likely to be highly stimulatory. Assuming he is able to get them through Congress (now more likely, given the Republican majority), a combination of tax cuts and big new spending programs could speed up economic growth and boost the US dollar.

That could see shares climb higher — especially companies with large cash holdings offshore, or those likely to benefit from Trump's nationalistic policy focus.

However, in the medium term, a more expansionary policy could increase inflationary pressures, increasing the likelihood that the Federal Reserve will raise interest rates more aggressively. That could dampen sharemarket growth while driving Treasury bond yields higher.

Meanwhile, Trump's anti-trade policies and increased tariffs are also likely to be inflationary, potentially weakening the US economy and sharemarkets. Investors may be well advised to monitor events carefully and ensure they have the right level of exposure to US and international markets as conditions change.

How should you respond?

Markets rise and fall from day to day — but as an investor, it's the long-term growth outlook that truly matters. That means it's important to stay focused on your long-term goals and hold the investment portfolio most likely to help you achieve them. Your financial adviser can help you with the investment mix for your individual situation, managing emerging risks without sacrificing opportunities for growth. If you're concerned about the effects of recent market movements on your investments, make an appointment to talk to them today.

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Business Name Availability

How do I check if a business name is available?

If there's a specific business name you'd like to use, you can check online by using a 'check business name availability' search. Use link below:

https://connectonline.asic.gov.au/RegistrySearch/faces/landing/SearchRegisters.jspx?_adf.ctrl-state=fayhsgqt4_52

The ASIC website will advise if the name is available or similar to other names. If similar, we recommend you vary your business name.

Help! The business name I want to register is already taken.

You've come up with your perfect business name, only to find it's been registered by someone else. If this is this case, you'll need to come up with a different business name.

Can I change my business name after it's registered?

Unfortunately you can't change a business name once it is registered.

It doesn't matter how big or small the change is, you will need to register a new business name and cancel the old one.

Businesses using labour supply

If you use workers who are not directly engaged by your business e.g. labour hire or subcontractors, you must ensure you have undertaken due diligence to make sure these businesses are adequately registered for work injury insurance. If you do not, you could find yourselves liable for the underpaid premiums and hefty fines.

A labour hire arrangement is one where a labour hire company or agency provides labour/workers to a client/'host employer' but the labour hire company (labour hire supplier) is ultimately the employer and responsible for the worker's remuneration and therefore their work injury insurance.

To check if the business you have engaged is registered with ReturnToWorkSA use the Employer Lookup feature.

May we suggest if you do a search, print a copy for proof of search

https://www.rtwsa.com/online-services/for-employers/registered-employer-lookup/employer-lookup

INFORMING GENERATIONS

Is everyone in your family getting the financial advice they should?

Australian families are changing and so are their financial needs.

It's no secret that Australia's population is growing older — around 15% of Australians are now aged 65 or over, while the proportion of younger people is slowly declining. And by 2020, the median age of Australians will have reached 40.

This demographic shift is likely to have a big impact on Australia's economy in the years ahead. What's more, it could even shape some aspects of your family's lifestyle — anywhere from career choices and spending habits to living arrangements and family planning.

That's why it's more important than ever to take control of your family's financial future. And that includes making sure every family members get the financial guidance they need at each life stage.

A family affair

No matter what life stage you're at, or where you fit into your family tree, your financial decisions could have a lasting impact on your loved ones. That's why it's worth including other members of your family in the financial advice process.

By getting advice together, everyone has the chance to share their perspective, voice their concerns and discuss the future. It will also give your Financial Adviser a deeper understanding of your family's overall circumstances.

Here are just some of the life events your financial adviser can help you and your family with:

Starting out – joining the workforce, saving for your first home or buying a car

Raising a family – taking time off work or saving for your children's schooling

Managing debt – paying off your mortgage, getting rid of student debt or using debt to grow your wealth

Staying covered – protecting your financial security with personal insurance

Career changes – switching jobs, getting a promotion or facing redundancy

Making plans – saving for holidays, renovations or other major purchases

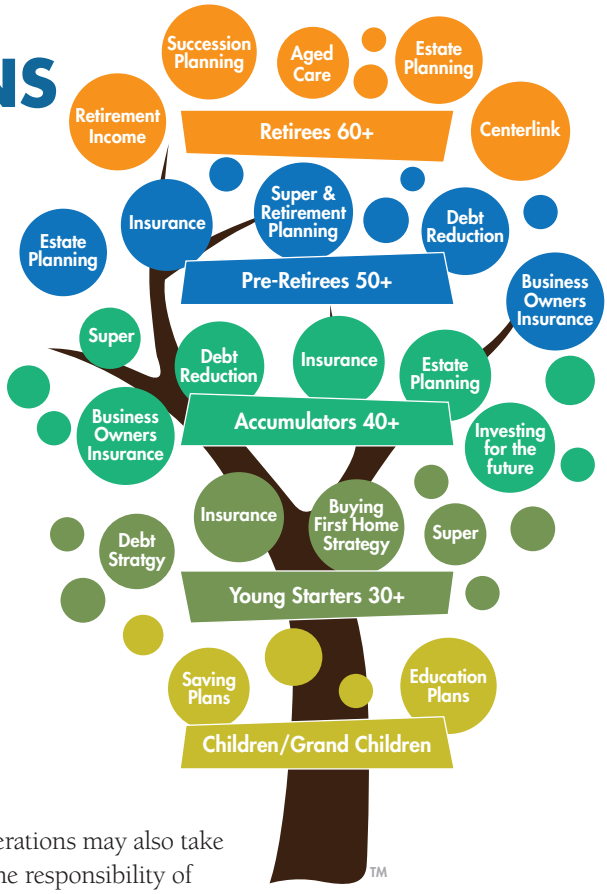
Receiving an inheritance – investing it wisely for the future

Finishing work – planning for retirement and managing your retirement income

Aged care – looking after elderly parents or exploring aged care options.

Helping our elders

Now that Australians are living longer, the demand for aged care services is likely to increase as well. And in many families, younger generations may also take on more of the responsibility of caring for parents, grandparents and other relatives.



Your financial adviser can help too — by putting appropriate retirement and aged care strategies in place for you and your loved ones. With the right advice, older family members can progressively take advantages of various assistances from the Government as they advance in age.

Sharing the wealth

Financial advice is about more than simply winding down and preparing for retirement. When your financial adviser helps you build a financial strategy, you should also think about how you want your wealth to be passed down to future generations.

Regardless of your age or financial situation, it makes sense to have a proper estate plan in place. That way, you can have peace of mind knowing your assets will be divided according to your wishes after you pass away. It can also help your family members avoid disputes or resentment while they're grieving.

The first step is to create a will — and if you're not sure how to go about it, your financial adviser can help.

Investing in the young

As the cost of living rises and property prices continue to soar, it can be tough for younger Australians to get a head start and become financially stable. As a result, many baby boomers are looking to give the next generations a helping hand now, rather than holding off the transfer of wealth until after they've passed away.

Your financial adviser can show you the most effective ways to help out the young ones and get them set up for the future. Depending on your situation, this may include gifting an asset, helping to pay off your child's home loan, or taking out an investment bond to save for your grandchildren's education.

IMPORTANT INFORMATION

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Frozen Christmas Pudding

Ingredients

- ½ Cup (110g) caster (superfine) sugar
- 1 Cup (250ml) water
- ½ Cup (85g) currants
- ¾ Cup (100g) sweetened dried cranberries
- 2 litres vanilla ice-cream
- 2 teaspoons vanilla bean paste
- 1 teaspoon cinnamon
- 85G unsalted shelled pistachios, chopped
- ¼ Cup (60ml) brandy
- Blackberries and raspberries, to serve
- Icing (confectioner's) sugar, for dusting

Method

1. Place the sugar and water in a small saucepan over low heat and stir until sugar is dissolved. Bring to the boil for 1 minute.

2. Place the currants and cranberries in a bowl and pour over the sugar mixture. Set aside for 10 minutes or until the fruit is plump. Drain and allow to cool completely.

3. Place the ice-cream, vanilla and cinnamon in the bowl of an electric mixer and beat for 1 minute or until softened. Stir through the currant mixture, pistachios and brandy and spoon into a 1.75 litre-capacity pudding basin lined with muslin. Top with a round of non-stick baking paper and freeze for 4 hours or overnight until set. Top with berries and dust with icing sugar.

Serves 8–10.

Christmas Wishes

The management and staff of PRP wish you and your family our warmest wishes for a wonderful Christmas and a Prosperous New Year.

PRP Christmas Trading Times

Adelaide & Renmark Wealth
Closed from 12pm on the 23rd December 2016 and re-opening 9th January 2017

Renmark Accounting
Closed from 12pm on the 23rd December 2016 and re-opening 9th January 2017

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