prp keeping you informed

June2019

Federal Budget Briefing April 2019

With the federal election having been run and won by the government, the budget announced in April carries a lot more credence. Most of it will still have to be passed by the new parliament and many of the changes will not apply until after July 2020.

Energy Assistance Payment

The most immediate benefit is for recipients of a Centrelink or DVA entitlement who will receive a once off, tax exempt, Energy Assistance Payment to help meet the cost of their next power bill.

The payments will be made by 30 June 2019 and will provide $75 for singles and $125 for couples.

Superannuation

From 1 July 2020 the government intends to:

- Push out the age at which you can contribute to super without meeting the work test to 66, including being able to make up to 3 years of non-concessional (after tax) contributions under the bring forward rule.
- Extend to 74 the age at which people can receive a spouse contribution.

This is in addition to the changes that allow:

- People with superannuation balances under $300,000 to make contributions in the year after they last meet the work test; and
- For all homeowners who sell their principal residence of 10 years or more to make "downsizer contributions" of up to $300,000

Aged Care

$21.6 billion has been allocated to improving the quality of aged care services including:

- Aiming to add an additional 13,500 residential care places
- Aiming to add an additional 10,000 home care packages
- Increases to the dementia and veterans home care supplements
- Additional funding for the Commonwealth Home Support Programme+

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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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Working flexibly... even in retirement

Not quite ready to retire but don't want to work full time? Here are some ways to get the best of both worlds.

Today's workforce offers a wealth of opportunities for Australians to shape their career paths – from self-employment and freelance work, to flexible working hours and career breaks. But while many older Australians may not have enjoyed this flexibility throughout their working lives, they now have more options available to find a work-life balance that suits them.

Rather than following the traditional model of retiring outright at age 65, retirees can now even choose to stay active in the workforce – and earn extra income – while easing into a more relaxed lifestyle.

Here are 7 ways you can take advantage of flexible working options in your golden years.

Ease into retirement

A growing number of Australians are winding down for retirement by cutting their working hours before they quit the workforce for good. One in three Aussies over age 45 say they plan to part-time work before retiring altogether – whether with their current employer, in a different line of work, or on a contract basis.[1]

With a transition-to-retirement (TTR) strategy, you can start drawing an income stream from your super once you reach your 'preservation age'. This enables you to work fewer hours, while still having a way to top up your weekly income.

There are some conditions, however, so check in with your financial adviser to find out if this is the right option for you.

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Taxation

The budget announced future changes to the personal income tax rates that the government wants to introduce. These changes are:

- From 1 July 2022 increase the upper threshold for 19% tax bracket to $45,000
- From 1 July 2022 increase the maximum Low Income Tax Offset to $700 for incomes up to $37,000 and phasing out until income reaches $66,667.
- From 1 July 2024 remove the 37% tax bracket and reduce the 32.5% tax bracket to 30%, meaning that anyone with income up to $200,000 will pay a maximum tax rate of 30% plus Medicare.

The Low & Middle Income Tax Offset will be increased such that the base rate will be $255 and the maximum offset will be $1,080. It remains non-refundable and continues to people with income up to $126,000. The offset will cease from 1 July 2022, when the above changes start to kick in.

Medicare Levy

The income thresholds before the Medicare Levy applies have been indexed for the 2018-19 financial year, as shown below.

Status	Income Threshold
Single	$22,398
Single eligible for SAPTO	$35,418
Family	$37,794
Couple eligible for SAPTO	$49,304
Extra allowance for each dependent child	$3,471

Become a consultant

If you're not ready to give up your career completely, you might consider going into consulting so you can keep using your professional expertise and experience to continue earning an income.

If you start consulting later in life, you'll be able to source clients through the professional networks you've built up over the years. As your own boss, you can also control when and where you work; you might even choose to work primarily from home and hold meetings with clients anywhere in the world via video conferencing.

Because you'll be self-employed, you may also need to register as a sole trader with an Australian Business Number (ABN).

Your financial adviser, together with your tax adviser and legal representative, can also help make sure you meet your tax and legal obligations.

Turn your hobby into a business

Nearly any hobby can become a profitable business – the key is to focus on an activity you're passionate about and find a way to monetise it.

For example, if you enjoy painting or handicrafts, you could sell your work at local markets or online through websites such as Etsy. If writing is your forte, you might do some freelance copywriting or write book reviews. Alternatively, you could share your knowledge and skills with others by giving classes at a community college or becoming a guide at a local museum or art gallery.

Remember, if you're earning an income in retirement, it might have implications for your tax position and government benefits – so speak to your financial adviser before you get started.

Take on a carer's role

Retirement can be a wonderful opportunity to devote time and energy to looking after loved ones. For instance, you could play a hands-on role in raising your grandkids – especially if both their parents are working full time. Or perhaps you want to help your adult children with their own life events, such as planning a wedding or moving house.

But for some, retirement can also mean taking on an official care role for their elderly parents or their partner. The government provides a helping hand to carers through financial assistance such as the Carer Allowance, Carer Payment and Carer Supplement. So if you're planning to care for someone, your financial adviser can help you work out which benefits you're eligible for.

Join the sharing economy

The sharing economy has taken Australia by storm, and helps people make extra cash using their property, vehicle or skills. For example, Airbnb lets you to rent out your spare room or your whole property, while CarNextDoor allows people to rent your car when you're not using it.

If you've got some free time on your hands, you could become a driver for a ride-share service like Uber. Meanwhile, online platforms such as Airtasker let you put your skills to work for all sorts of tasks from gardening to furniture assembly.

It's important to be aware that the Australian Taxation Office is clamping down on share-economy workers, so talk to your financial adviser or accountant about the specific rules that apply to you. Your adviser can also help you to understand any impacts of earning money from the sharing economy on your entitlement to government benefits.

Serving on a board

Becoming a board member can be a rewarding way to continue making a difference within your industry or community after you retire. When choosing which board to serve on, think carefully about the skills you can offer, as different boards carry varying responsibilities – from shaping policy to raising funds.

You should also consider the potential workload: as well as attending regular meetings, you may be expected to undertake specific tasks like conducting research or organising events.

So before joining, find out how much time you're expected to give to your role and make sure it's something you can commit to for the medium or long term.

Give back to the community

If you want to get involved in your local community, there are many charities in need of volunteers so it should be easy to find one that aligns with your interests.

If your grandchildren live far way, working with kids could be an enriching experience. Children's organisations and hospitals rely on volunteers to read books and organise activities. If you're an animal lover, you might consider helping out at a local animal shelter or fostering a homeless cat or dog.

You can also think about how to make the most of your specialised skills and training – for instance, if you're a health professional you could assist with disaster relief, or if you're a lawyer you could volunteer for a legal aid organisation.

A financial adviser can help

No matter how you choose to spend your retirement, it's important to make sure you're financially prepared for the transition. Your financial adviser can tailor your financial plan to suit your retirement lifestyle, as well as making sure you're getting all the financial benefits you're entitled to.

1 Australian Bureau of Statistics, Retirement and retirement intentions, Australia, 2017.
Source: Financial Wisdom Insights Autumn 2019

IMPORTANT INFORMATION

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$30,000 Instant Asset Write-off

Thinking of purchasing assets for your business?

The instant asset write-off threshold has been increased to $30,000 and extended to 30 June 2020.

If you purchase an asset (new or second hand) costing less than $30,000 and it is used or installed ready for use from 7.30pm AEDT on 2 April 2019, you can claim a deduction for the business portion.

Different thresholds apply for assets purchased before that date:

- From 29 January 2019 until before 7.30pm AEDT on 2 April 2019, the threshold is $25,000
- Before 29 January 2019, the threshold is $20,000

You may purchase and claim a deduction for multiple assets provided each asset is under the relevant threshold.

Assets that cost $30,000 each or more can't be immediately deducted. You can continue to deduct them over time using the small business pool. From 2 April 2019, the instant asset write-off has also been expanded to include businesses with a turnover from $10 million to less than $50 million.

Single Touch Payroll

Single Touch Payroll (STP) is a new way of reporting tax and super information to the ATO.

If you are using a solution that offers STP reporting, such as payroll or accounting software, you will send your employees' tax and super information to the ATO each time you run your payroll and pay your employees.

The information is sent to the ATO either directly from your software, or through a third party – such as a sending service provider.

If you have a software provider, they can tell you more about the type of STP solution they offer. For a list of available STP solutions visit the STP product register (htpps://api.gov.au/productregister/).

There will also be a number of options available for employers who do not use payroll software, such as No-cost and low-cost Single Touch Payroll solutions (/business/single-touch-payroll/in-detail/low-cost-single-touch-payroll-solutions/).

Options will depend on your number of employees:

- Large employers with 20 or more employees should now be reporting through STP, or have applied to us for a later start date.
- Small employers with 19 or less employees will need to report through STP from 1 July 2019. This is a gradual transition, and we are providing flexible options.
    - If you're an employer with four or less employees you will have additional options

Behind the Scenes at PRP

George Tsolomitis

George commenced work with us in January this year and in this short time, George has become an integral part of our team. His hard work, ambition and attitude will ensure his future success.

George was born and raised in Renmark working on the family farm with his parents and two older sisters. If he isn't spending time with family and friends he is working on his beloved Holden's which include a VB and a VH Commodore plus a HSV VZ Clubsport.

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