Pearls of Wisdom // December 2021

NEWSLETTER

Absent: Linh, Heather, Robyn, Fotini (Fofi) and Jenny

Brett Miegel & Randell McClure

What's inside –

- New Senior Tax Accountant – Brett Miegel CPA, BCom
- Tony Quinn retires from Barmera
- Tax Free earnings via downsizer contributions
- Your festive season action plan (aged parents)
- My prosperity the personal finance tool
- Market report for December

In financial planning terms, we often discuss with our clients their transition to retirement and for one of our own, Randell McClure is dipping his toe in the retirement waters but not the whole foot just yet.

Since 1981, Randell has been at the forefront of the Accounting profession, operating in the early days as Reed and McClure and since 2004 as a Director of the PRP Group which incorporates Accounting, Taxation and Wealth Management. Having started in the Australian Tax Office, Randell was persuaded by Kym Reed to drive from Canberra to Renmark in 1981 and since then, has been a Renmark local.

Outside of work, Randell remains the longest current serving Renmark Hotel Board Member and was Chair for 13 years. Three adult children and six grandkids later, he has seen significant change and progress in our region, witnessing the continuous improvement of the Wine and Horticultural industry, the growth in Almonds and the investment in Infrastructure which has contributed to the Riverland now being a major drawcard for Tourism.

Randell reflects on the great Team of people that PRP now employs including past employees who have moved on to other pursuits in life. "We have 24 employees who aim to provide first class service to our clients and although I won't be as heavily involved, I remain confident and passionate about our industry". Randell is handing over the responsibility to Brett Miegel who has now been with the Group for 4 months, following a 6 year tenure with the ANZ Bank as the Regional Agribusiness Manager. Brett – a Loxton born and bred, CPA qualified Accountant, has the ideal experience to manage the Accounting Division. He will advise a wide range of clients and lead the Team as the Profession continues to evolve into the future.

With offices now in Renmark, Barmera and Waikerie, Brett's focus will be on servicing a broad base of Riverland businesses that are seeking Professional advice. With changes afoot, and a toe or two dipped in the water, Randell will remain with the Group into 2022 as a Tax consultant to Staff working 2 days per week, enabling him to gently transition to retirement.

Then he will decide whether there is a bit of green over that hill in the distance.

team changes

OUR BARMERA TEAM

Kathy, Thy, Fotini (Fofi), Heather, Brett, Jenny, Tracy, Jade, Robyn

BRETT MIEGEL CPA, BCOM

Senior Accounting Manager

Brett is a Certified Practising Accountant with over fifteen years of experience in Accounting, Taxation and Banking. He completed a Bachelor of Commerce degree in 2009 from the University ofSouth Australia and attained his Certified Practising Accountant status in 2017.

Brett has a passion for Small Business which has stemmed from his family owning and running businesses within the Riverland over a long period of time. Brett's parents ran a contract harvesting business/ vineyard from the late 80's up until the early 2000's and as much as he loved jumping in and out of the Tractor, his passion for solving problems led him to the Accounting profession.

The Riverland is diverse and provides constant challenges which enables Brett to work with clients to achieve their financial goals, business growth and tax minimisation.

Specialising in accounting, tax compliance and advice to small business and individuals, Brett is committed to the best outcome for each client. Away from work, Brett enjoys spending time with his family, travelling, wine tasting, health & fitness and chasing a small white ball around a golf course.

TONY QUINN SAYS GOODBYE

Tony Quinn retires from Barmera practice and is now seeking the sun in his motor home. Our professional team pictured above (including some familiar faces) will continue to meet your taxation and accounting needs.

We wish Tony all the best for his well-earned retirement.

downsizing your home?

Understanding the super downsizer contribution & potential tax savings.

Downsizing the family home is often part of the longer-term financial plans for many older Australians. But did you know that you could consider investing the proceeds of the sale of your family home to your super – dependingon your age and circumstances – as a downsizer contribution?

What is a downsizer contribution?

If you're aged 65 years or older^ you may be eligible to make a downsizer contribution of up to $300,000 to most super funds from the proceeds of the sale of your primary residence, which is owned for 10 years or more.

A downsizer contribution doesn't count towards any of the contribution caps – and can still be made even if a person has total super savings greater than $1.7 million, or if they do not meet the work test requirements. It is a once-off option and doesn't apply to the sale of any residences in the future.

Your spouse, provided they are also aged 65 years or older^, can also make downsizer contributions to their own super, of up to $300,000 from the same proceeds, even if they are not an owner of the property. To do this, the sale price is key, as your couple contributions cannot be more than the total sale price of the property.

Benefits of the downsizer contribution

No work test requirements

There is no requirement to meet a work test or work test exemption for this contribution, which makes it ideal for those aged between 67 and 74. It is even more appealing if you are aged 75 or over, as outside of this opportunity, you can no longer make voluntary contributions.

Contribution caps don't apply

It doesn't matter how much you already have in your super – the total super savings test (must be $1.7 million or less to make after-tax contributions) doesn't apply for downsizer contributions.

May be more tax-efficient

The downsizer contribution is an after-tax contribution, so no tax is paid on the way in. And because you are over 65^, it is returned tax free when you withdraw the funds in the future.

You don't have to buy a new home

The money you make from the sale doesn't have to be used to purchase a new home, and there is no need to move to something smaller or cheaper. If it involves the sale of a previous principal residence (that is now an investment property), there is actually no need to move at all.

Who is eligible?

There are a number of eligibility criteria, however we can advise that we have used this strategy successfully for a number of clients. If you are looking to sell and want more information regarding your options, please contact us.

Your festive season family action plan- ageing parents

As we approach the end of another year many people will be looking forward to the festive season, the chance to slow down and catch up with family, particularly elderly parents.

Busy lives, distant homes and COVID can make it easy to feel out of touch. Sadly, it might be a time when you notice changes in an ageing parent, but it can provide an opportunity for planning as a family.

Address the looming issue of how to support and access care for a loved one either now or in the future, may ensure they do not have to face a planning crisis mode to give greater control and independence.

SIGNS SOMEONE NEEDS HELP

- Missed appointments
- Appliances left on
- Unclean house
- Unexplained dents in the car
- Fridge empty / not eating
- Forgetting to take medications
- House & garden appears neglected
- Loss of interest in hobbies
- Depressed mood or behaviour changes
- Changes in personal hygiene

WHY HAVE A FAMILY MEETING?

- Understand the costs of care and what you might need to pay
- Ensure estate planning reflects your parent's wishes
- Explore priorities and preferences and help the family share a common view
- Understand how aged care works and the options available
- Review cashflow needs

YOUR ACTION PLAN

- Check current wills and powers of attorney are in place and appropriate
- Learn where all the important documents are kept
- Be observant
- Talk to your family about problems
- Talk to your parents about their future and what they feel is important
- Understand care options and research

equity market strength defies

pandemic lockdowns

Investors continue to enjoy surging markets after a strong profit reporting season despite the significant uncertainty of the COVID-19.

The Australian share market continues to hover around record highs despite millions of people across the country enduring lockdowns that are shrinking the economy.

With rising vaccination rates, confidence remains high that this outbreak will mirror the last year's COVID-19 episode, when economic activity quickly returned to normal. At least 80% of all Australian adults are on track to be vaccinated later this year – a key threshold that will prompt most states to reopen.

The strong local equity market performance has been led by the banks, which have benefited from an ongoing residential property boom, while mining stocks have also been driver by global demand for commodities. Strong demand from China combined with supply issues in Brazil pushed iron ore priced through the $US200 per tonne level, before falling back to around $US130 by mid-September.

Other sectors benefited from cashed up consumers ready to spend after pandemic-induced lockdowns, although more recent levels of government support have been far less generous than last year's JobKeeper scheme.

The US share market has also continued to surge despite disappointing jobs data in early-September which dampened the mood on Wall Street. European share markets performed strongly although Japan remained flat.

The US federal Reserve continued to support its economy and is unlikely to taper its bond buying program with Federal Reserve Chairperson Jerome Powell previously stating that better employment figures were needed before the central bank ceased support.

The Reserve Bank of Australia held interest rates at a record low 0.1% in September as lockdowns across the country continued to weigh on the economy. It also extended its $4 billion per week bond buying program out to at least February 2022.

"While the outbreak is affecting most parts of the economy the impact is uneven, with some areas facing very difficult conditions while others are continuing to grow strongly," the RBA said in September.

Meanwhile, there are also signs of inflationary pressure emerging around the world with COVID-19 causing ongoing disruptions across global supply chains. The international Monetary Fund has recommended central banks take a 'wait and see' approach to assess whether it is permanent or transitory.

The Australian residential property market has again proven resilient through lockdowns and a short construction ban in NSW aimed at slowing the spread of COVID-19. Housing prices have risen almost 11 times faster than wages growth over the past year, according to CoreLogic. Australian housing values rose 15.8% across the first eight months of 2021.

In the commercial property sector, office and retail have been most negatively impacted by lockdowns, but industrial has been booming thanks to rising demand for e-commerce logistics.

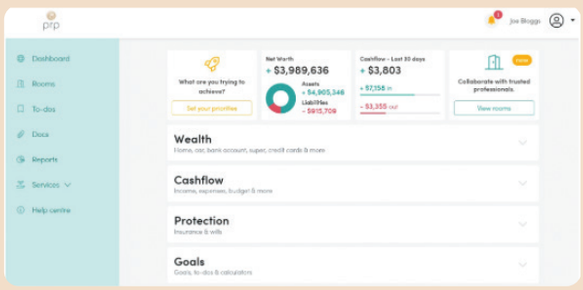
If you are concerned about current market conditions, please contact our office today.

my prosperity

At PRP we are always looking for ways to make managing and understanding finances easier for our clients. In order to best understand your situation you need to have a holistic view of all your finances and protections.
Enter MyProsperity...

MyProsperity is a web based portal available on your computer and mobile devices that enables you to bring your financial world into one central place making it easier to manage and record all aspects of your finances and wealth.

You can access your account across multiple devices and it is secured via bank-level security within the platform.



Wealth portal example.

Some of the helpful features that can help you include...

• The ability to track and organise your income and expense transactions while monitoring your budget. This gives you a better understanding of where you can make improvements to reach your goals.

• A place to store all your financial records and information, tax returns, insurances, wills and estate planning docs. They can all be kept in one place.

• The Pro version* has the ability to automatically update the values of your bank accounts, superannuation, shares and investments daily while your property and vehicle values are updated monthly. This is available for most products and is connected via direct portal links.

• Setting and tracking your financial goals and objectives. This helps keep you on track to reach your finance goals whether that be to pay off your mortgage quicker or save for the holiday or investment.

• Secure communication with your finance team through the 'Rooms' function. This allows messages and documents to be sent and stored securely while also having the ability for some documents to besigned electronically. This saves the need to print, sign, scan and return each individual document.

Access to MyProsperity is currently available through our Wealth Management packages. If you would like more information on the MyProsperity portal and how it can help you take control of your financial world – Contact Ben Townsend on (08) 85864132 **Additional costs may apply for Pro version.*

THE PRP TEAM

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Financial Planning Director

GARRY
Financial Planning Director

HOLLY
Financial Adviser

BRETT
Senior Accounting Manager

CALLAN
Tax Accountant

KATHY
SMSF Tax Accountant

JADE
Tax Accountant

THY
Graduate Accountant

NICOLE
Senior Book-keeper

HEATHER
Senior Book-keeper

ROBYN
Book-keeper

FOTINI (FOFI)
Senior Book-keeper

MEL
Client Services

MARIA
Client Services

KYLIE
Client Services

JENNY
Client Services

ELIZABETH
Reception

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