

Welcome to Informed, a quarterly magazine for our clients. We hope you enjoy the articles in this edition.

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If you are new to reading Informed, welcome.

If you are an avid reader of this publication you would be familiar with this forum, delivering relevant and interesting content from the financial planning industry, to help you better manage your financial life.

A core value of our business is that every Australian should have access to, and benefit from, good financial advice. In reading this publication, we hope that you find the articles interesting, and perhaps they will provide some talking points for your next review meeting with your financial adviser.

Enjoy reading this edition of Informed.

Federal Budget Summary

The announcements in this article are proposals unless stated otherwise. These proposals need to successfully pass through Parliament before becoming law and may be subject to change during this process.

Overview

The 2020 Budget is all about jobs, jobs and spending to make more jobs.

We already have JobSeeker and JobKeeper, and now we have JobMaker and JobTrainer. Each announcement the Treasurer made was translated into jobs.

Tax cuts for 11 million taxpayers equals 50,000 new jobs; expanding the instant asset write-off and the carry back of current losses is another 50,000 jobs.

Bringing forward the Stage 2 personal income tax cuts were the order of the day, and there will be no increases in tax in order to pay for spending. So unlike other economic downturns, there will be no deficits tax on high income earners.

One key theme throughout the Budget, is that the Government is keen to improve outcomes for young people. We know this recession has hit young people hard and many have taken early release of their super.

FEDERAL BUDGET UPDATE 2020/21



JOBS

The Government's primary focus – creating jobs and keeping jobs. Introduction of the **JobMaker plan** and the **JobTrainer fund**.



SOCIAL SECURITY

Those eligible will receive **two payments of \$250**. Payments will be made from **November 2020 and early 2021**.



SUPERANNUATION

New **'Your Future, Your Super'** measures to reduce the number of super funds per member.



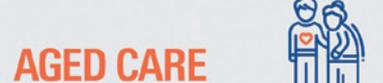
BUSINESS OWNERS

Will be able to **carry back** tax losses from previous financial years and a **\$100-\$200** per week hiring credit with JobMaker to help generate jobs.



TAX CUTS

No deficits tax on high income earners. Stage 2 personal income tax cuts are to be brought forward **2 years, backdated to 1 July 2020**.



AGED CARE

23,000 additional home care packages.

What you need to know

- **The Budget is forecast to result in a record deficit peaking at \$966 billion** (44% of GDP) in 2024. However, thanks to record low interest rates, this comes with only a minimal increase in interest payments.
- **Jobs are the Government's primary focus** — creating jobs and keeping jobs, with the introduction of the JobMaker plan (including a \$100-\$200 per week hiring credit for eligible employees/employers and reimbursement of up to 50% of an apprentice's training) and the JobTrainer fund.
- **Tax cuts will play a major role** and, unlike other economic downturns, there will be no deficits tax on high income earners. Stage 2 personal income tax cuts are to be brought forward 2 years, backdated to 1 July 2020, with tax savings for around 7 million Australians of \$2,000 or more. (Note: this has now been legislated.)
- **Businesses operating as a company will be able to carry back tax losses** from the 2019/20, 2020/21 and 2021/22 financial years to offset previously taxed profits in the 2018/19 or later financial years. This, coupled with the Instant Asset Write-off provisions and expanded access to tax concessions for small business, is calculated to generate spending and create jobs. (Note: this has now been legislated.)

- **Aged care gets a boost** with 23,000 additional home care packages. Great news for the 100,000 Australians on the waiting list for these packages.
 - **Superannuation measures called 'Your Future, Your Super'** include a stronger focus on reducing fees and costs by increasing transparency and reducing the incidence of individuals with multiple super funds.
 - **Social security** — aged pensioners, veterans and eligible concession card holders will get \$250 this year and another \$250 early in 2021. However, there is no mention of extending JobSeeker.
- If you would like to discuss the Federal Budget announcements and how it may impact your financial plan and financial planning objectives, contact your Financial Adviser.





Understanding the 2020 lingo

This year has been all about the COVID-19 lingo – JobKeeper, JobSeeker, HomeBuilder, JobMaker. So, what does it all mean and what initiatives will continue in 2021?

JobKeeper

The JobKeeper Payment scheme is a wage subsidy the Australian Government introduced for businesses significantly affected by coronavirus (COVID-19). The scheme commenced on 30 March 2020.

Businesses that suffered a substantial decline in turnover were eligible for a payment of \$1,500 per fortnight for each eligible employee, provided the business paid salaries or wages of at least that amount to the employee each the fortnight.

A business that suffered a substantial decline in turnover was eligible for a payment of \$1,500 per fortnight for one business participant who is actively engaged in operating the business.

From 28 September 2020, the JobKeeper Payment was extended for eligible businesses until 28 March 2021.

Businesses and not-for-profits are required to re-assess their eligibility for the JobKeeper extension with reference to their actual turnover. Businesses eligible for the JobKeeper extension receive \$1,200 per fortnight from 28 September 2020 and \$1,000 per fortnight

from 4 January 2021, for eligible employees and business participants. Lower rates of payment (\$750 from 28 September 2020 and \$650 from 4 January 2021) apply for eligible employees and business participants who work less than 20 hours a week in the relevant period.

If you are a business owner and unsure if you qualify for the JobKeeper extension, talk to your Financial Adviser and check the Government Treasury and Australian Tax Office websites for more information.

JobSeeker

The JobSeeker Payment is an income support payment that replaced the previous Newstart Allowance and is targeted at individuals aged between 22 years old and Age Pension age who are looking for work.

On 27 April 2020 the Australian Government introduced a temporary Coronavirus Supplement of \$500 per fortnight which was paid in addition to certain income support payments including JobSeeker Payment. The payment of the Coronavirus Supplement has been extended from 25 September 2020 to 31 December 2020 at the rate of \$250 per fortnight.

How much you are paid on JobSeeker depends on your individual circumstances. Your Financial Adviser and the Services Australia website can assist in providing more specific information based on your circumstances.

HomeBuilder

Another Coronavirus measure introduced by the Australian Government is the HomeBuilder package to stimulate the building and construction industry. Under this scheme, grants of \$25,000 are provided to eligible owner-occupiers to build a new home or renovate an existing home. The value of a new home cannot exceed \$750,000, while a contract to renovate an existing home must be between \$150,000 - \$750,000 and the value of the property before the renovation must not exceed \$1.5 million.

There are additional eligibility rules so if you think you may be eligible, check all the requirements before you go about applying, but be quick as it is only available to eligible applicants who enter a construction contract by 30 December 2020.

JobMaker

On 6 October 2020 the Australian Government announced its Budget 2020/21 plan, which included a \$74 billion JobMaker Plan as a key element, designed to support a stronger economic recovery and help get more Australians back into paid work.

Within the JobMaker Plan there are a number of measures including:

- **Lower taxes** – the Government has brought forward personal income tax cuts by two years.
- **Hiring Credit** – if legislated, this scheme will provide businesses with a monetary incentive to hire employees aged between 16 and 35 years old. It is estimated around 450,000 jobs for young Australians will be supported through the JobMaker Hiring Credit.
- **Apprenticeships** – if legislated, the Government will invest an additional \$1.2 billion into the Boosting Apprenticeships Wage Subsidy, which is estimated to benefit up to 100,000 new apprentices and trainees.
- **JobTrainer** – if legislated, the Government will establish a \$1 billion JobTrainer Fund to support up to 340,700 additional free or low-fee training places for Australians wishing to retrain and upskill which will increase their job prospects.

Want personalised advice?

For assistance understanding the lingo, and for a general review of your financial plan, contact your Financial Adviser who can work through the details in relation to your individual circumstances.

Cyber security

Did you know that Cybercrime is one of the most prevalent threats in Australia, and the most significant threat in terms of overall volume and impact to individuals and businesses?

According to the Australian Cyber Security Centre, Australians lost over \$634 million to scams in 2019.

We know cyber crime is a real threat to Australian businesses, which is why we are doing what we can to keep our data, systems and devices safe. Here are a few simple steps you can take too.

What you can expect from us



A secure network and up-to-date devices



Regular back-up of our data



USERNAME
P@SSWORD123

No shared accounts or passwords



Strong password management framework and two-factor authentication



Password protected documents if we need to share your personal information



A process to report and resolve any suspicious activities or issues



We want to make sure we keep your personal information safe

If you have any concerns, please get in touch with your financial adviser

What you can do to protect your personal information

Install anti-virus software on all your devices and regularly update the software



Use a strong password or unique passphrase and activate two-factor authentication where possible

iEATcake4breakfast

Don't share your personal information or whereabouts on social media



Never give out your personal information over the phone unless you have properly identified the caller



Remember that we will not ask you to perform financial transactions over the phone



Let us know if you see an email from us that you think may be a scam



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