

JBFS Christmas Newsletter 2022

A very happy Christmas to you all.

My prayer is that you stay safe this time of year and that contentment and peace are a real part of your life. Having recently attended a number of funerals for friends and family, I'm continually reminded of the brevity of life. The baby in a manger was born to set us free and it's this freedom we can celebrate this Christmas.

The year has not disappointed as we have shared its ups and downs.

I hope you enjoy an update from all of us at JBFS and have a truly blessed Christmas. I would like to personally thank each one of you for your support and love throughout 2022.

God bless

Anne

From March this year I now work 2 days per week and getting closer to retirement. I still hope to continue working at JBFS for as long as I can as I have the best workmates and I need to fund my future travel plans.

This year I had a fabulous time exploring Norfolk Island for 7 days and spent another week during winter at Bunya Mountains especially enjoying the wood fireplace. In November I am going on a 9 day cruise from Brisbane to Hobart and return on the Royal Caribbean ship "Quantum of the Seas". I am really looking forward to finally be resuming cruising after 3 years.

When I reduced my working days earlier in the year, I decided to volunteer on Wednesday each week at the Animal Welfare League Qld helping in the cat area. I have also fostered a few cats for up to 2 weeks while they await medical attention or adoption. As I still want to travel as much as I can this is a great way to get my "cat fix" without having a cat at home full time.



Casual for a Cause

If you've been a member of the JBFS community for a while you may remember that we hold Casual for a Cause on the last Friday of each month. On this day we go casual and donate money to charity. This year we have selected the following charities to support:-

Flying Doctor Guiding Lights Appeal

(www.savelivesqld.flyingdoctor.org.au) – helping to ensure safe night landing for the RFDS aeromedical teams by helping to fund the distribution of new RFDS airstrip lanterns.

White Ribbon Day (www.whiteribbon.org.au) –

operating in collaboration with, and alongside, many other organisations working to end violence against women.



Jeanne

I have recently celebrated 5 years with JBFS and don't believe it's possible that Christmas is nearly upon us again! The time has certainly flown by, with 2022 seeming particularly short. I'm pleased that I have been able to see more live music this year and get away for some weekend trips including a recent one to the Toowoomba Carnival of Flowers which was truly spectacular as always. I have also been fortunate to attend the Weddings of some dear friends this year as well as spending quality time with family. This Christmas I get an extra special gift in the impending arrival of grandson No. 2 who is literally due at the end of December. Nana duties will be keeping me very busy in the New Year.



Dahn

Firstly, I'd like to thank all our clients for another solid year.

There are a lot of scary and unfortunate things happening in the world, but our strength and resilience will always guide us through.

This year my beautiful wife and I welcomed our little baby girl, Mia-Mai Elaine Nguyen.

She was born at 1801 on the 20th of July, weighing in at 3.372grams (7.43lbs on the old scale).

As you can tell from the photos, my wife didn't get much of a look in, but we are hoping this will change!

I wish you all and your families a merry Christmas and happy holiday season, please stay safe and enjoy to the fullest together.

On behalf of the team, we look forward to seeing you all again soon.





John

I have reached my “50”: year old milestone, which everyone agrees is actually the new 40. We celebrated at the Lemoni Greek restaurant. We had a special guest visit from the elusive rock star, “Johnny Off His Rocker” as seen frequenting Lemoni that day. “I’m very blest to be 50 years young” I keep telling my kids.

My family and I were privileged to enjoy a joy flight that took off and landed at Eli Creek on the eastern beach of Fraser Island. Apart from being a little apprehensive as the wind picked up prior to the flight, it was in fact very calm and a surprisingly smooth landing on the beach.



Havva

Well as our eldest son celebrates his 19th birthday, I realise the silly season is almost among us again and yet another year has flown past in record speed. The year of 2022 has been a year of many ‘firsts’ for our family. First car for Boston, first Futsal tournament for Eli and also Eli’s first time being selected to play football in the Brisbane Premier Academy League competition for 2022. As I try to hang on for dear life and keep up with all of our crazy schedules, I also try to stop and appreciate the little things each and every day. The laughs, the cuddles and the family dinners. The true joy is in all of the small things.

Wishing you all a wonderful Christmas, a safe New Years and I look forward to speaking with you all during 2023.



Toni

After spending so much of last year at home with a broken foot, I really appreciated the ability to be able to get out and be more independent this year. Like John and Jeanne, I celebrated my 50th birthday during the last 12 months and celebrated with a wonderful dinner with my JBFS family, and even though

I may not feel any different, I find myself saying things I grew up listening to my parents say. I loved being able to socialise again with the JBFS family and as a group we participated in an 'escape room' event in July. I like to think that it's because we don't have a criminal mindset that we were unable to escape, but we sure had fun trying!



Penny

I'm Penny and I started working at JBFS in May this year. It has been a great pleasure to get to know the staff, and the clients whom I've met so far. I work part-time so it may take me a little while to become familiar with everyone. I happen to be John's sister-in-law (for those who don't know me) so I'm already part of the crazy Bellas family.

I have five children, the eldest finished Grade 12 last year, the other four are still in high school and the youngest two are identical twins. I enjoy going to the beach, swimming, reading and spending time with the family. Being married to John's brother George, I have no choice when it comes to fishing! Thankfully I do enjoy it. Earlier in the year we had a great time camping at Fraser Island including a light-plane flight over the island, and just recently had a relaxing time holidaying (and fishing!) at Agnes Water.



Prepare for Life

Summer 2022-23

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Stepping stones

TO REACH YOUR GOALS



The calendar turns over to a fresh, brand new year, full of promise, so how do we keep these promises we make to ourselves and get to the end of the year with our resolutions intact and goals realised?

We all start out with good intentions when we set our objectives for the year to come, but motivation notoriously wanes with time and has the potential to sabotage our chances of achieving our dreams.

While many studies reinforce the notion that willpower struggles after only one month, a study tracking respondents over the course of a full year suggested that at around the three month mark half of resolutions fall over, increasing to a failure rate of around 82% by years end.¹

Monthly micro goals

One way to deal with our waning motivation, instead of setting one daunting goal to be achieved

over the period of a whole year, is to come up with a series of monthly, smaller goals. That will give you 12 'mini goals' which ideally need to be achievable on a daily basis. The theory is that if you follow the same pattern for around 30 days, you'll be establishing this pattern as a habit that you are likely to continue into the future. Each successive month will see you build on that success.

Working towards an end goal

Part of the key to making this approach work, is to ensure that all your monthly micro goals are working towards an overarching end goal. Your micro goals need to follow a theme.

This is where you can come back to your New Year's resolution and base your theme on what you want to achieve for the year. Say your theme for the year is around career aspirations – for example achieving that promotion. Your first month could simply be setting aside some time each day to network and meet people within the organisation – improving your interpersonal skills. The next month might be focused on exploring tools to improve your productivity... and so on as you work your way through each successive month.

If your priority is to work on your health and wellbeing, and end the year capable of running ten kilometres, it's also important to set some micro goals that get you there. Again, you can start small – a way of working incrementally towards your goal might be to start by drinking more water, then a month dedicated to getting more incidental exercise in your day, then a month focused on improving your diet and losing a little weight, working slowly up to lacing up your boots, hitting the track and increasing your endurance.

Smaller goals add up with time

We are calling them micro goals for a reason, it's important to not bite off more than you can chew. The key is how they add up. Viewed alone these smaller goals may not seem like a lot, but the shorter duration makes it a lot more likely you'll stick at them, developing good habits that will hopefully accrue, rather than fade over time. The fact that you are in effect starting afresh every month also gives you a much better chance of success.

Add some support into your plan

Don't be afraid to put in some processes to help you get there – it can be a good idea to use online apps to aid or track your progress. It can also help to dangle the carrot and build in some rewards for when you get to the end of each month successfully. Tell friends and family what you are working on and celebrate your successes with them.

By the end of the year, you can look back with satisfaction at each little milestone as a personal win and you'll have stepped towards, and finally reached an overall goal that may have seemed intimidating unless broken down into manageable chunks.

So what are you waiting for? Get out that calendar and pencil in a goal a month to reach your dreams this year.

ⁱ http://www.richardwiseman.com/quirkology/new/USA/Experiment_resolution.shtml

Unwrapping the joys & pitfalls of giving

Christmas is a time of giving, when thoughts turn to family and to helping those less fortunate. To gift in a meaningful way that maximises the benefits, it's important to consider tax.

While Australia doesn't have a gift tax, there are tax considerations nonetheless for both the giver and the recipient.

Buying a toy for your grandchild is one thing but many parents wish to help their adult children or grandchildren with more substantial gifts such as a home deposit or a car. If you receive a Centrelink age pension now or are within five years of retiring, that "gift" will be counted as an asset and could affect your pension.

Helping family

Gifting with the potential to impact your Age Pension entitlements comes in many guises. It might be donating 10 per cent of your salary to your church, buying a car for your daughter or selling her a rental property you own for less than market value.

If you gift more than \$10,000 a year or a total of \$30,000 over a five-year period, then the excess will be counted as an asset by Centrelink for five years, when it assesses your eligibility for an aged pension.

Your gift won't just count in the assets test but deeming may also be applied under the income test. Deeming rules are used to work out how much income you earn from your financial assets, irrespective of their actual earnings.ⁱ

Deeming rates have recently fallen to 1 per cent for a certain level of your total financial assets, and 3 per cent above that level. Even so, this can easily eat into your retirement income.

Example: several gifts within 5 years

Date	Gift	Amount that is within the annual Gifting Free Area	Amounts within last 5 year's annual Gifting Free Areas
1 May 2009	\$8,000	\$8,000 (Less than \$10,000)	\$8,000
1 June 2010	\$13,000	\$10,000 (Maximum)	\$18,000
1 April 2011	\$7,000	\$7,000 (Less than \$7,000)	\$25,000
1 May 2012	\$10,000	\$10,000 (Maximum)	\$35,000

Source: Dept. of Human Services <https://www.servicesaustralia.gov.au/gifting>.

How do the gifting rules work?

Say you lend your daughter \$50,000 to buy a home two years before you retire. Centrelink would view the first \$10,000 as an allowable gift and it would make no difference to your situation. However, it would treat the remaining \$40,000 as a deprived asset subject to the gifting rules.

What's worse, if your daughter were to repay \$40,000 in two years, then not only would the original \$40,000 be counted in the assets test and deemed under the income test but now the \$40,000 she repays would be added to this sum. That's \$80,000 treated as an asset and deemed to earn income.

Can you afford to give?

Clearly, it's wonderful to give with a warm heart and help relatives when they need it and you can see the joy it brings. Even so, you need to be very mindful of the repercussions for your own wellbeing.

Are you sure you won't need the money to finance your retirement? Life expectancy has increased greatly so that many people can now expect to live well into their 80s and beyond.

It may be that you don't qualify for a pension on retirement, but what if you give away a sizeable sum and then need to fall back on the pension sooner than anticipated? If the help were needed within five years of your gift giving, then the amount would be subject to the gifting rules.

Of course, if you are not in receipt of a Centrelink pension nor expect to be, then you can gift away to your heart's content, provided you have the means.

Tax implications for children

It's not just the giver who can run into problems. You need to be mindful of any repercussions for the recipient of your generosity. It's natural to want to give money to your grandchildren, perhaps to help kickstart a savings plan for their future, but there are tax implications if they're under 16.

If they earn less than \$120 in interest from a savings account, then the financial institution will not withhold tax; if they earn between \$120 and \$240 the financial institution will withhold tax at 47 per cent if you don't provide their date of birth or a tax file number. If they want a refund, then they will need to lodge a tax return.

Depending on your circumstances, we may be able to help you find a more tax friendly investment to suit the needs of both you and your young family members.

Giving to charity

Giving to charity is often top of mind at Christmas too. Any donation over \$2 is tax deductible but this has no bearing if you are retired and not paying tax. Of course, the reason for giving should never be predicated on tax considerations, although it may be handy.

A tax deduction only applies if the charity is a deductible gift recipient (DGR) endorsed by the ATO or listed by name in the tax law, so you need to check that the charity has DGR endorsement.

Giving to those in need or to those you love can be a rewarding experience no matter what time of year, but it's important to understand the implications for both giver and receiver.

If you would like to know more about how gift giving will impact on your financial wellbeing and that of your family, then give us a call.

i <https://www.humanservices.gov.au/individuals/topics/deeming/29656>



MORTGAGE VS SUPER

With interest rates on the rise and investment returns increasingly volatile, Australians with cash to spare may be wondering how to make the most of it. If you have a mortgage, should you make extra repayments or would you be better off in the long run boosting your super?

The answer is, it depends. Your personal circumstances, interest rates, tax and the investment outlook all need to be taken into consideration.

What to consider

Some of the things you need to weigh up before committing your hard-earned cash include:

Your age and years to retirement

The closer you are to retirement and the smaller your mortgage, the more sense it makes to prioritise super. Younger people with a big mortgage, dependent children, and decades until they can access their super have more incentive to pay down housing debt, perhaps building up investments outside super they can access if necessary.

Your mortgage interest rate

This will depend on whether you have a fixed or variable rate, but both are on the rise. As a guide, the average variable mortgage interest rate is currently around 4.5 per cent so any money directed to your mortgage earns an effective return of 4.5 per cent.ⁱ

When interest rates were at historic lows, you could earn better returns from super and other investments; but with interest rates rising, the pendulum is swinging back towards repaying the mortgage. The earlier in the term of your loan you make extra repayments, the bigger the savings over the life of the loan. The question then is the amount you can save on your mortgage compared to your potential earnings if you invest in super.

Super fund returns

In the 10 years to 30 June 2022, super funds returned 8.1 per cent a year on average but fell 3.3 per cent in the final 12 months.ⁱⁱ In the short-term, financial markets can be volatile but the longer your investment horizon, the more time there is to ride out market fluctuations. As your money is locked away until you retire, the combination of time, compound interest and concessional tax rates make super an attractive investment for retirement savings.

Tax

Super is a concessional tax retirement savings vehicle, with tax on investment earnings of 15 per cent compared with tax at your marginal rate on investments outside super.

Contributions are taxed at 15 per cent going in, but this is likely to be less than your marginal tax rate if you salary sacrifice into super from your pre-tax income. You may even be able to claim a tax deduction for personal contributions you make up to your annual cap. Once you turn 60 and retire, income from super is generally tax free. By comparison, mortgage interest payments are not tax-deductible.

Personal sense of security

For many people there is an enormous sense of relief and security that comes with having a home fully paid for and being debt-free heading into retirement. As mortgage interest payments are not tax deductible for the family home (as opposed to investment properties), younger borrowers are often encouraged to pay off their mortgage as quickly as possible. But for those close to retirement, it may make sense to put extra savings into super and use their super to repay any outstanding mortgage debt after they retire.

These days, more people are entering retirement with mortgage debt. So whatever your age, your decision will also depend on the size of your outstanding home loan and your super balance. If your mortgage is a major burden, or you have other outstanding debts, then debt repayment is likely a priority.

All things considered

As you can see, working out how to get the most out of your savings is rarely simple and the calculations will be different for everyone. The best course of action will ultimately depend on your personal and financial goals.

Buying a home and saving for retirement are both long-term financial commitments that require regular review. If you would like to discuss your overall investment strategy, give us a call.

i <https://www.finder.com.au/the-average-home-loan-interest-rate>

ii <https://www.chantwest.com.au/resources/super-members-spared-the-worst-in-a-rough-year-for-markets/>

We hope you enjoyed our new look quarterly newsletter Prepare for Life.

Please contact our office if you would like to discuss anything in this edition.

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