CompleteFinancial PLANNING
Your family's future is our business

Update

March 2025

In not so recent news, **Donald Trump has returned to the Oval Office** and brought back some of his well-known policies… **tariffs…** on imports from countries like China, Canada, and Mexico and threats to include Australia more broadly. Although Australia is subject to a steel and aluminium tariff of 25%. But what does this mean for us here in Australia?

What Are Tariffs?

Apart from being President Trumps favourite word, think of tariffs **as taxes on goods that are imported into a country.** When the U.S. imposes tariffs on products from other countries, it makes those products more expensive for American consumers. The idea is to encourage people to buy locally-made goods instead.

The Ripple Effect

Although Australia isn't directly targeted by these first round of tariffs, we can still feel the impact. Here's how:

1. Economic Uncertainty: Tariffs can create a lot of uncertainty in the global market. Businesses might hesitate to invest or expand due to the unpredictable nature of international trade policies. This uncertainty can affect our economy, making it harder for businesses to plan for the future.
2. Decreased Demand: If the U.S. buys less from China due to tariffs, China might buy less from other countries, including Australia. This can lead to a decrease in demand for Australian-made goods and services, impacting our exports.

What Can We Do?

In short, not much. While we can't get on the phone to Donald and ask him to stop making such a ruckus, your super, pension, and investment portfolios are always diversified and take into account your long and short-term goals. This means you don't need to stress.

We have seen investment markets drop in February by approximately 4.5%, which isn't pleasant to watch. However, thinking long-term, back in 2017 during President Trump's first term in office, the ASX was sitting at approximately 5692 points, and today it stands at 8169 points. It's best not to focus on the short term, as we only lose sleep over something that may very well be a blip on the radar. I remember writing about something similar in August 2024 and undoubtedly will write about it again in the future!

This newsletter contains general advice which does not consider your particular circumstances. You should seek advice from Complete Financial Planning who can consider if the strategies and products are right for you.

Important Updates

FirstWrap to Edge Transfer	You will have received some communication on this already. All accounts currently with Colonial FirstWrap will be transferring to Edge. With this move, your administration fees should reduce and if not remain the same. The transfer is expected to happen over the easter weekend 18-21 of April. As a result, some pension payments will be made early to account for this transition.
Technology	We are still experimenting with AI to assist in compliance note-taking. Before your review, we will check with you to ensure you are comfortable with this process. If you agree, we will proceed with the recording. Rest assured, these recordings are not stored in the cloud and are only used internally to generate accurate notes.
New Clients	Just another general reminder that Jayden is handling all new client referrals. We are charging a cost for initial appointments at $550 as it is no longer economical to offer these complimentary. However, please ensure that your friends tell us they have been referred by you as we discount this cost down to $440.
Holidays	Kathy has just come back from 2 weeks of annual leave and Emma will be looking to take a break in April to align with when her kids will be on School Holidays.

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Article of Interest

Super in your 60s. It's still not too late!

For most Australians, their 60s is the decade that marks retirement. For some this means a graceful slide into a fulfilling life of leisure, enjoying the fruits of a lifetime of hard work. However, for many it means a substantial drop in income and living standards. So how can you make the most of the last few years of work before taking that big step into retirement?

Allowing for future age pension entitlement the Association of Superannuation Funds of Australia (ASFA) calculates that a couple will need savings of around $690,000 at retirement to maintain a 'comfortable lifestyle'1.) ASFA equates 'comfortable' to an annual income of $73,031.)

How are we tracking as a nation?

In 2021-2022, 50% of men aged 60-64 had super balances of less than $205,385. For women the figure was a more alarming $153,685 – barely enough to provide a single person with a 'modest' lifestyle. (ASFA estimates that to upgrade from a 'pension only' to a 'modest' lifestyle would require a retirement nest egg of $100,000.)

Last minute lift

If your super is looking a little on the thin side there are a few ways to give it a boost before retirement.

1. Make the most of your concessional contributions cap. Ask your employer if you can increase your employer contributions under a 'salary sacrifice' arrangement. Alternatively, you can claim a tax deduction for personal contributions you make. Total concessional contributions must not exceed $30,000 per year, although you may be able to carry forward any unused portion of this cap for up to five years.

2. Investigate the benefits of a 'transition to retirement' (TTR) income stream. This can be combined with a re-contribution strategy that, depending on your marginal tax rate, can give your retirement savings a significant boost.

3. Review your investment strategy. A common view is that as we near retirement our investments should be shifted to the conservative end of the risk and return spectrum. However, in an age of low returns and longer life expectancies, some growth assets may be required to provide the returns that will be necessary to support a long and comfortable retirement.

[1] As at June 2024.

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4. Make non-concessional contributions. If you have substantial funds outside of super it may be worthwhile transferring them into the concessionally taxed super environment. You can contribute up to $120,000 per year, or $360,000 within a three-year period.

5. The 60s is often a time for home downsizing. This can free up some cash to help with retirement. The 'downsizer contribution' allows a couple to jointly contribute up to $600,000 to superannuation without it counting towards their non-concessional contributions caps.

Bye-bye tax, hello aged pension?

One reward, just for turning 60, is that any withdrawals from your super account will be tax-free. This applies to both lump sum withdrawals and income stream payments. Depending on the preservation status of your funds you may need to meet a condition of release to access your superannuation.

Based on your date of birth, somewhere between age 65 and 67 you'll reach age pension age. The age pension is subject to both an assets test and an income test and some advanced planning can boost your eligibility for the pension. For example, the family home is exempt from the assets test. Releasing cash by downsizing may reduce your eligibility for the age pension.

Get it right

This important decade is when you will make the key decisions that will determine your quality of life in retirement. Those decisions are both numerous and complex.

Quality, knowledgeable advice is critical, and wherever you are on your path to retirement, now is always the best time to talk to your licensed financial adviser.

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