FIDUCIAN FOCUS

MAY 2021

A note from Robby Southall

Recently I sat down with several of my team and asked them what I thought was a fairly simple question; what are the biggest challenges our teams are facing right now? I was surprised when I heard their responses as I was anticipating replies of, need more staff, not enough time, regulations keep changing. However, what I heard was very different and that the lack of face to face interaction with the Fiducian network had hit many of them harder than we realised.

We pride ourselves on our Fiducian family and the impact of COVID-19 has meant we have been unable to come together as a family in over 12 months.

Each year we host three training sessions, including our three-day annual conference, which are all highly anticipated events as they give our Fiducian family the chance to reignite, brainstorm, engage, learn and discuss how their businesses, work and lives are going with those they know will completely understand. During the pandemic, the opportunities for personal interactions were understandably vastly reduced and the impact has been difficult for many.

While we are seeing travel restrictions easing across the country we still need to be cautious as we have also seen how quickly restrictions can be put back into place.

It's been inspiring to see the long hours of dedicated service our planners continue to give to their clients. We receive many heart-warming stories from clients dating back more than 20 years.

So far this year, we've welcomed 7 new financial planners to the Fiducian family who now also benefit from the excellent support structure Fiducian provides across training, practice management, technology, legal assistance, compliance and investments research. With professional training days underway, it is good to see them all settling in and working with their clients to give them a better financial future.

Fiducian market overview

The Australian economy has been bouncing back from the pandemic, aided by the virus being effectively eliminated from the country. The vaccination rate though remains low with only 7% of the population vaccinated by 26 April 2021.

The Government net debt is forecast to reach around 50% of GDP this year and could rise further as fiscal, as well as monetary, stimulus is likely to be required for some time to come.

Most share markets reacted to the initial spread of the coronavirus last year with a heavy setback in March but then quickly began to rebound, with most major markets rising through 2020. This year, up to 27 April, market movements have included rises of 12% for the broad US market (S&P500), 9% for the technology-focused Nasdaq, 8% for the UK, France 13%, Germany 11%, Japan 6%, India 3% and Australia 7%, while China fell 1%. Markets could have further upside, assuming expansionary monetary and fiscal policies remain in place.

Major sovereign bond markets saw yields reach record lows in March 2020 as the virus spread. Central banks have since tried to keep rates low to lift economic activity, although longer-term bond yields in some cases have begun to rise. The US 10-year Treasury bond yield fell to an historic low of 0.54% on 9 March 2020 but had risen to 1.62% by 27 April 2021. Similarly, the Australian 10-year bond yield was 0.57% on 8 March 2020 but was 1.74% on 27 April this year. Most bond markets continue to look expensive.

Fiducian funds

Fiducian's diversified funds have provided stellar results and are currently performing above benchmark for international and domestic shares, around benchmark for listed property and well underweight fixed interest sectors, while cash weightings remain well above benchmark.

Fiducian Diversified Fund Returns to 31 March 2021	3 years	5 years	7 years	10 years
Balanced	8.8%	9.2%	8.8%	8.6%
Capital Stable	5.3%	5.3%	5.4%	5.8%
Growth	9.7%	10.2%	9.6%	9.3%
Ultra Growth	10.1%	11.3%	11.2%	10.6%

Rates over one year are annualised.

Rates are net of investment management fees and are not adjusted for tax.

Past performance is not a reliable indicator of future performance and Fiducian Group does not guarantee the performance of the Funds or any specific rate of return.

What you may not know about tax and superannuation when saving for retirement

By: Audra Beerling, Financial Planner, Fiducian Financial Services Sunshine Coast

Superannuation can be viewed as a long-term savings plan and is a great tax saving tool you can use towards your retirement planning. There are a number of key advantages of having your retirement assets in the superannuation environment:

Income in retirement

When you have decided to retire from work you are able to convert your superannuation accumulation account to an account based pension. Once your funds are in pension phase your investment earnings inside your pension account are tax free and, if you are over 60 yrs. of age, your pension payments will also be income tax free to you.

Tax benefits

Earnings from investments held inside a complying superannuation fund are taxed at 15% compared with investment earnings held outside of superannuation that will be taxed at your marginal tax rate. Depending on your income, this could result in a tax saving of up to 32% [1]

Salary sacrificing

Commencing a salary sacrifice strategy may be beneficial in building your superannuation assets with the added benefit of saving income tax. Salary sacrifice is an arrangement set up between an employee and employer and involves salary sacrificing part of your gross wages into superannuation. The benefits of this strategy is that not only can you reduce your taxable income (and potentially pay less tax) but the money that is contributed to superannuation (through concessional contributions) only attracts a tax rate of 15% which is lower than most individual's marginal tax rate. [2]

Super Concessional Caps

There are limits (caps) placed upon the amount of money that is able to be contributed into superannuation each year. Concessional contributions (CC's) are named so because they are made from pre-tax income and are taxed at a concessional rate. CC's include employer contributions (including contributions made under salary sacrifice) and personal contributions (claimed as a tax deduction). The amount that is contributed via concessional contributions is taxed at the concessional rate of 15%. [3]

As of 1st July 2021, CC's will be increasing from $25,000 p.a. to $27,500 p.a. At the same time, non-concessional contributions (personal contributions for which you do not claim an income tax deduction) will be increasing from $100,000 p.a. to $110,000 p.a. [4]

Additionally, since 1st July 2018, if your total superannuation balance was less than $500,000 on 30th June the previous financial year, and your CC's are below the annual concessional contributions cap, you may be entitled to accrue the unused amounts and carry them forward for up to five years. This may give you the flexibility to make additional concessional contributions when circumstances allow. This is especially helpful if you have irregular employment or if you have taken time out of the workforce.

Seeking financial advice is recommended when you are looking for a tax-effective way to build your retirement savings. Superannuation and taxation are complex areas of advice and it can be challenging for individuals to keep up to date with changing regulations and laws. Your financial planner will be able to assist you with maximizing your contributions and finding opportunities available to you to boost your superannuation savings.

[1] Source ATO 2021
[2] Source Fiducian 2021
[3] Individuals with income above $250,000 are subject to a Division 293 tax on super contributions. Source ATO 2021
[4] Source ATO 2021

Welcome to the Fiducian Family

Maryanne Hamilton
Fiducian Financial Services
Townsville, QLD
Principal

Renee Hush
Fiducian Financial Services
Sydney CBD, NSW
Financial Planner

Ryan Pitts
Fiducian Financial Services
Bunbury, WA
Principal

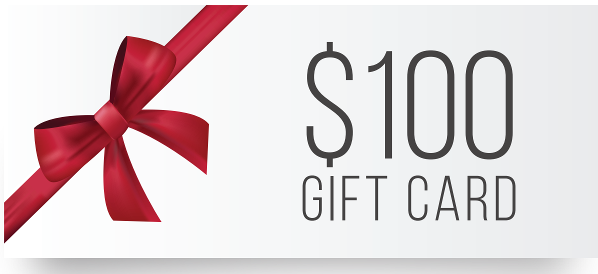
Testimonials – what our clients say

“I feel a part of the “Fiducian Family” with the amount of time Lyndsay takes to ensure we are happy & comfortable with our portfolios and her service.

“Jeff Frame, without hesitation took the time with both myself and my daughter, to run through it [superannuation] in an uncomplicated manner, to explain its purpose.

“For over twenty years now, Fiducian financial planners have been helping me manage my money, and live a full life, rich in the things that money can’t buy, as well as the necessities. Thanks to them all!

Win a $100 Gift Card



Go in the running to win a $100 Gift Card. You can submit your Fiducian success story by email, Facebook or post and automatically go in the running to win a $100 gift card. *

Make sure you include your contact details so we can contact you if you win.

Email: marketing@fiducian.com.au
Subject: Hear my story – Fiducian Focus
Facebook: @fiducianfs – send us a message or tag us in your post using hashtag #hearmystory

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