

2020 Vision for Financial Wealth



Capital Partners

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What better year to have your finances in tip top shape than the one requiring 20/20 vision!

The start of any year is always a good time to assess your financial wealth and super to make sure you are on track to achieving your dreams, but the start of a decade is even more significant.

So where do you start?

Firstly, look at your current position. After all, if you don't know where you are, how can you know what you need to do to achieve your financial goals?

Assess your income and outgoings and see how you can create a budget, to increase your savings and reduce your debt.

Don't be afraid to haggle

It's not just about cutting back on spending. You can also make savings without feeling any pain. For instance, instead of foregoing small pleasures, instead look at negotiating a better deal on your household bills.

So shop around for a better priced insurance policy; check your current internet provider's offering; and seek a cheaper deal with your electricity and gas provider or on your mortgage.

Has your variable home loan come down in line with the general fall in interest rates and others on the market? See if your bank can match that better rate. If not, you may wish to consider changing lenders but make sure the costs of switching don't negate the benefits.

Boost your super

On the other side of the ledger, you should also consider strategies to help build your wealth. For example, why not put a little extra into your super for your retirement? You can make concessional contributions of up to \$25,000 a year. If your employer's compulsory Superannuation Guarantee contributions fall below this level, consider salary sacrificing or making a personal deductible contribution to top up your super balance. Concessional contributions only attract 15 per cent tax on your pre-tax income versus your personal tax rate. That means you keep \$85 of every \$100 invested.

If you didn't reach your concessional contributions cap last year, and your super balance was less than \$500,000 at 30 June 2019, you can contribute that shortfall this year or carry it forward for up to five subsequent years.ⁱ

And if you are aged 65 to 74 and no longer working full time, you may still be able to make a voluntary contribution to super this year, provided you pass the [work test](#). You need to have worked at least 40 hours over 30 consecutive days in the year you make the contribution.ⁱⁱ

An exemption may apply for 12 months if you satisfied the work test in the previous financial year and your super balance is less than \$300,000.

Revise your investments

On the subject of super, why not take a look at your investment mix. Make sure it's working for you in the current interest rate and investment environment while still meeting your risk profile.

And most importantly, consolidate your super. While some people have more than one fund to access better insurance or other benefits, for others, having multiple accounts means you could be paying extra fees without any added benefits. You might find this has been done for you, as since July 2019 the Australian Taxation Office has acquired inactive low balance super accounts with the intention of consolidating them into another existing account. But this only occurs if the balance is less than \$6000.ⁱⁱⁱ

You might also look at other avenues to save money. Perhaps consider depositing a percentage of your salary into a savings account to provide a buffer should some emergency occur.

Protect your family

The start of a new year is also a good time to check your Will is in order. Have your circumstances changed in the last 12 months? If so, you really need to update your Will to reflect your new lifestyle.

The new year, whether financial or calendar, always offers a good opportunity to assess where you are in building your financial [wealth](#) and making sure you are financially fit.

Why not call us to discuss how you can make the 2020s a decade with a perfect vision.

i <https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?page=3>

ii <https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions-too-much-can-mean-extra-tax/?page=3>

iii <https://www.ato.gov.au/Individuals/Super/Growing-your-super/Keeping-track-of-your-super/>



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At Capital Partners, we understand that life is filled with ups and downs. It's complex. Certainty is in short supply. But with tailored, objective financial advice – advice built on evidence and your values and life goals – you can set the path for living your best life, whatever fate and circumstance throw at you.

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