MST ADVISORS
Financial Business & Tax Advisory Services

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Market St. Market Mix

ABOUT THIS NEWSLETTER

Welcome to the MST Advisors bi-monthly newsletter, keeping you on top of the issues, news and changes you need to know. Should you require further information on any of the topics covered, please contact us via the details below.

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2024-25 Federal Budget Recap

In his 2024 Federal Budget speech, treasurer, Jim Chalmers, announced that 'The number one priority of this government and this Budget is helping Australians with the cost of living'.

But what exactly does that mean? Let's take a closer look at what the 2024 Budget proposes -

An average tax cut of $1,888 in 2024-25

The budget proposes significant tax relief for ALL Australian taxpayers to alleviate cost-of-living pressures, including reduced tax rates, adjustments to the income thresholds, and increased low-income thresholds for the Medicare levy.

This measure aims to boost disposable income and encourage economic activity by allowing Australians to retain more of their earnings.

$300 back in the pocket for ALL Australian Households

To combat rising energy costs, the government has allocated $3.5 billion for a one-time $300 energy bill rebate for all Australian households, designed to directly reduce headline inflation by about 0.5 percentage points in 2024-25 without adding to broader inflationary pressures.

This initiative also extends to one million small businesses, receiving a $325 rebate.

Superannuation contributions on paid parental leave

The 2024 budget integrates enhancements to parental leave and childcare into comprehensive support for families. It includes a $1.1 billion investment to extend superannuation contributions to government-funded Paid Parental Leave, improving financial security for new parents.

Additionally, the budget boosts childcare support, aiming to make childcare more affordable through increased subsidies, reducing the financial burden on families and supporting parents' return to work.

These measures are part of a broader effort to provide more robust support for families and promote gender equality.

$3 billion in student debt… wiped

In an effort to alleviate the burden of education costs, the budget proposes a change to the way the government calculates HELP debt indexation, erasing $3 billion in student debt for over 3 million Australians.

An investment in education for Australians

The budget commits to reforming tertiary education and increasing vocational training funding, aligning skills training with market needs.

Specifically, it allocates $88.8 million to provide 20,000 new fee-free TAFE places, including pre-apprenticeship programs relevant to the construction industry.

Additionally, the government is introducing Commonwealth Prac Payments to support students undertaking mandatory placements, offering $319.50 per week to more than 73,000 eligible students, which includes those in fields like nursing and social work.

This investment is part of a broader effort to align skills training with labor market demands and support sectors critical to economic growth.

Supporting small businesses

To aid small businesses, the 2024 budget extends the $20,000 instant asset write-off for an additional year, enabling continued investment in necessary business equipment. This extension is designed to enhance the cash flow of small enterprises and encourage further economic activity among local businesses.

Additionally, the budget includes investments to support the mental and financial well-being of small business owners, recognising the unique challenges they face and bolstering the resources available to them for sustainable operation.

Access to affordable medicines

The budget allocates up to $3 billion to reduce the maximum PBS co-payments. This includes a one-year freeze on the maximum patient co-payment for everyone with a Medicare card and a five-year freeze for pensioners and other concession cardholders, ensuring that no pensioner or concession card holder will pay more than $7.70 for PBS-listed medications until 2030.

… And an increase to health funding

The budget allocates $888.1 million to expand mental health services. This includes funding for new and existing programs that provide critical support for individuals facing mental health challenges.

An additional $2.2 billion is directed towards improving the aged care system, and investments are made in strengthening Medicare with a focus on urgent care clinics, reducing hospital admissions, and supporting regional and remote health services.

This expansion aims to provide wider access to necessary health services, significantly improving health outcomes and making healthcare more affordable and accessible to more Australians.

A 10% increase to Commonwealth Rent Assistance

In response to the housing affordability crisis, the budget increases Commonwealth Rent Assistance by 10%, benefiting nearly 1 million households. This follows a 15% increase from the previous year, marking a substantial boost to aid renters, especially given the rising rental market costs.

Housing affordability

The government is investing $6.2 billion in new housing initiatives to tackle affordability and accessibility.

This funding supports the construction of more homes, including affordable and social housing options, addressing critical housing shortages and supporting community infrastructure development.

The 2024-25 Federal Budget is strategically focused on alleviating financial pressure through targeted support measures. By understanding and applying these benefits, Australian households can better navigate the challenges of rising living costs.

For tailored advice on how to adjust your financial plan in light of the new budget measures, consider consulting with a financial adviser or accountant. They can help you understand the specific impacts on your personal finances and strategise accordingly.

Supercharge your Super before the clock strikes EOFY!

EOFY can have a tendency of creeping up on you… The calendar ticks over to 1 June, suddenly, your inbox is bombarded with EOFY sales, and you're left thinking 'Where has this year gone, it feels like Christmas was only yesterday!'.

Then you remember the superannuation tasks you've been putting off.

If this sounds familiar, then keep reading for our top ten tips to making the most of your superannuation before EOFY.

Let's get started with – Five ways to boost your Super with contributions

1. Consider additional Concessional Contributions (Pre-Tax Contributions)

Why? Because these contributions are taxed at just 15%, potentially lowering your taxable income. It's like giving less to the taxman and more to future you!

You're allowed up to $27,500 annually, including your employer's 11% contribution. However, there is one exception to this…

2. Catch-up on Unused Concessional Contributions

If you haven't maxed out your concessional contributions from previous years, legislation now allows you to make 'catch-up' contributions if your super balance is under $500,000.

Look back up to five years to see if you've got unused caps you can access.

3. Take Advantage of Non-Concessional Contributions (After-Tax Contributions)

If you're a low- or middle-income earner, the government co-contribution scheme is a great way for you to contribute to superannuation personally AND get a little bonus top up from the government.

It's also a great way to add larger amounts to super, because you're allowed to contribute up to $110,000 per year (or $330,000 if you are eligible to 'bring forward' future contributions).

4. Sharing the Super love with Spouse Contributions

If your partner's income is on the lower side, contributing to their super could earn you a tax offset of up to $540.

It's a win-win: you help increase your family's total super savings while scoring a tax perk for yourself.

5. Or consider Contribution Splitting with your Significant Other

You may be able to split up to 85% of your concessional super contributions with your spouse.

This strategy can help even out your super balances, potentially reducing the tax paid on super pensions in the future. It's a smart move, especially if one of you is taking a career break or working part-time.

...Now that we've covered off on making contributions to superannuation, let's keep the momentum going with a - Five Step Super Health Check

1. Check… that your Super is consolidated

Multiple accounts mean multiple fees, eating into your retirement savings. Use the ATO's online services to track down lost super and consolidate your accounts easily.

Important Note – Make sure to check your insurance status before completing any consolidation!

2. Check… how you are invested

Your super's investment strategy should match your risk tolerance and retirement goals. Are you too conservative? Or too aggressive?

EOFY is a perfect time to review your investment options. Adjusting your investment mix can significantly impact your super's growth over time.

3. Check… what insurance you have

Most super funds offer life, total and permanent disability, and income protection insurance. Review your insurance needs before EOFY to ensure you're adequately covered without eroding your super balance unnecessarily.

4. Check… to make sure you have a beneficiary nomination

Super isn't automatically covered by your Will, so nominate your beneficiaries to ensure your super goes to your loved ones as intended.

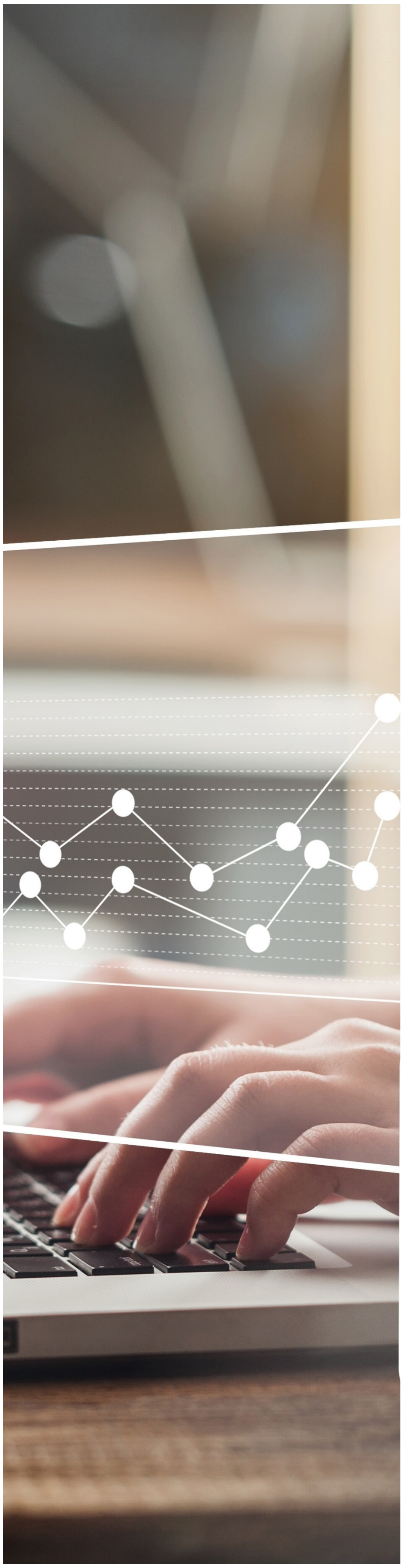
5. Check… your details to make sure they're up to date

This will ensure you're kept up to date with important information from your super fund.

... By taking action on these ten tips, you can feel confident knowing that you've made those most of your super for the financial year, and that it's in tip top shape for the year ahead!

Alternatively, if you've gotten this far and are still stuck thinking about what happened to February (like seriously… does anyone actually remember February, or March for that matter?), then book in with a Financial Planner today and take the hassle out of your EOFY planning.

It's an investment your future self will thank you for!



Ease your tax season stress

It's the same time every year but it seems that no matter how prepared investors are for June 30, when it comes to gathering up the necessary documentation to complete tax returns, this exercise creates more stress than it should.

This process can be made much easier if proper methods of record-keeping are put in place – and the best part is that once you have your system in place, it should work every year.

To make tax time easier this year, all you need are a few manila folders marked with the following:

- ☑ **Loan statements:** These statements are important for calculating, and subsequently deducting, the interest costs on your investment loan.
- ☑ **Invoices and receipts** for repairs, replacements and capital works: These costs may be claimed on your tax return.
- ☑ **Rates notices:** These notices detail the applicable rates charges on your property, and should be retained alongside your other records to be claimed as a tax-deductible expense.
- ☑ **Real estate statements:** These statements detail necessary information about your rental property income, the real estate agent's management costs, and perhaps even repairs undertaken on the property.
- ☑ **Insurance policies:** Keep these on hand at tax time as any premiums for building replacement, contents, or landlord insurance can be claimed as tax-deductible expenses.
- ☑ **Depreciation schedule:** Depreciation is a valuable means of generating tax deductions. Keep a depreciation schedule and include any depreciation on buildings or fittings in your tax return to help reduce your assessable income.

It also makes sense to keep this information together in a secure location. A good idea is to scan documentation and store the information electronically to minimise the piles of paperwork. Some mobile phone apps allow you to take a photo of a document and save it in various document formats. However, it is important to retain the hard copies.

Be aware that any records relating to deductions claimed for property expenses must be retained for at least five years in order to comply with the requirements of the Australian Taxation Office.

Take the extra time to set up your system this year and when the next June 30 rolls around you will be so glad you did.

Fostering wellbeing in the workplace

Roger was an auditor at a large multi-national consulting firm. He was a conscientious worker; confident, capable and always positive. But Roger's cheerful smile concealed a private burden.

For years, Roger had struggled with depression and anxiety. Yet each day, he put on a brave face at work while sadness and apprehension shadowed him.

According to Beyond Blue, nearly half of us will experience mental health concerns in our lifetime. A 2019 inquiry by the Australian Productivity Commission found that mental ill-health costs Australian businesses up to $180 billion per year through lost productivity.

During the COVID-19 pandemic, the number of people experiencing stress and anxiety related health issues increased dramatically, often resulting from isolation and remote work arrangements.

As Roger's private battle worsened, it began to overwhelm him. He became forgetful, struggled to concentrate and missed deadlines. Such physical symptoms left him feeling even more depressed, and undermined his self-esteem, leaving him with a sense of hopelessness.

Mary-Ann, Roger 's manager realised something was amiss when Roger made a rookie mistake on a simple task. She decided to check-in with him over coffee.

Businesses nowadays have a greater awareness of employee mental health and its impacts, than in the past. Nevertheless, many people, fearing judgement and discrimination, continue to suffer in silence.

Relaxed in the neutrality of a café, Roger cautiously confided that he'd been struggling with feelings of anxiety and despondency for some time but had been too afraid to speak up.

Mary-Ann listened patiently, gently encouraging him to talk about his struggles.

Surprised by her empathy, Roger admitted that he'd been feeling so overwhelmed in group settings that he'd become withdrawn and was unable to contribute to team meetings. He'd even been avoiding social events with colleagues and friends.

In recent years, there has been a shift in attitudes towards mental health in the workplace. Factors such as education, support groups, regulatory policy changes and organisational culture have contributed.

Mary-Ann assured Roger that she would fully support him in seeking assistance, and together they would develop a work design to accommodate his needs, including flexible hours and regular one-on-one check-ins.

She explained that their organisational policy authorised her to assess Roger's specific needs in relation to:

• his tasks, responsibilities and the people and teams he interacted with,
• his levels of frustration, stress and boredom,
• appropriate breaks and fatigue recovery,
• enabling his sense of control and flexibility over his workload,
• implementing policies and procedures for responding to bullying, stress and harassment.

With Roger's approval, Mary-Ann facilitated a meeting between him and Jack, the company's HR Workplace Health and Safety Manager. Jack provided Roger with information around the company's mental health policy and external counselling services.

Roger began seeing a professional counsellor. This, combined with the support and resources provided by the company, saw Roger become more confident and able to cope; his smiling face was no longer a façade.

Mental health touches every facet of your life, from your work – how you work and how you feel about work – as well as your life outside of work.

For Roger, his gradual recovery has been a positive transition that has pervaded not only his work life, but his home and social life as well.

Roger considers himself a work in progress, but he also says that every day is a better day because he's no longer fighting his battles alone.

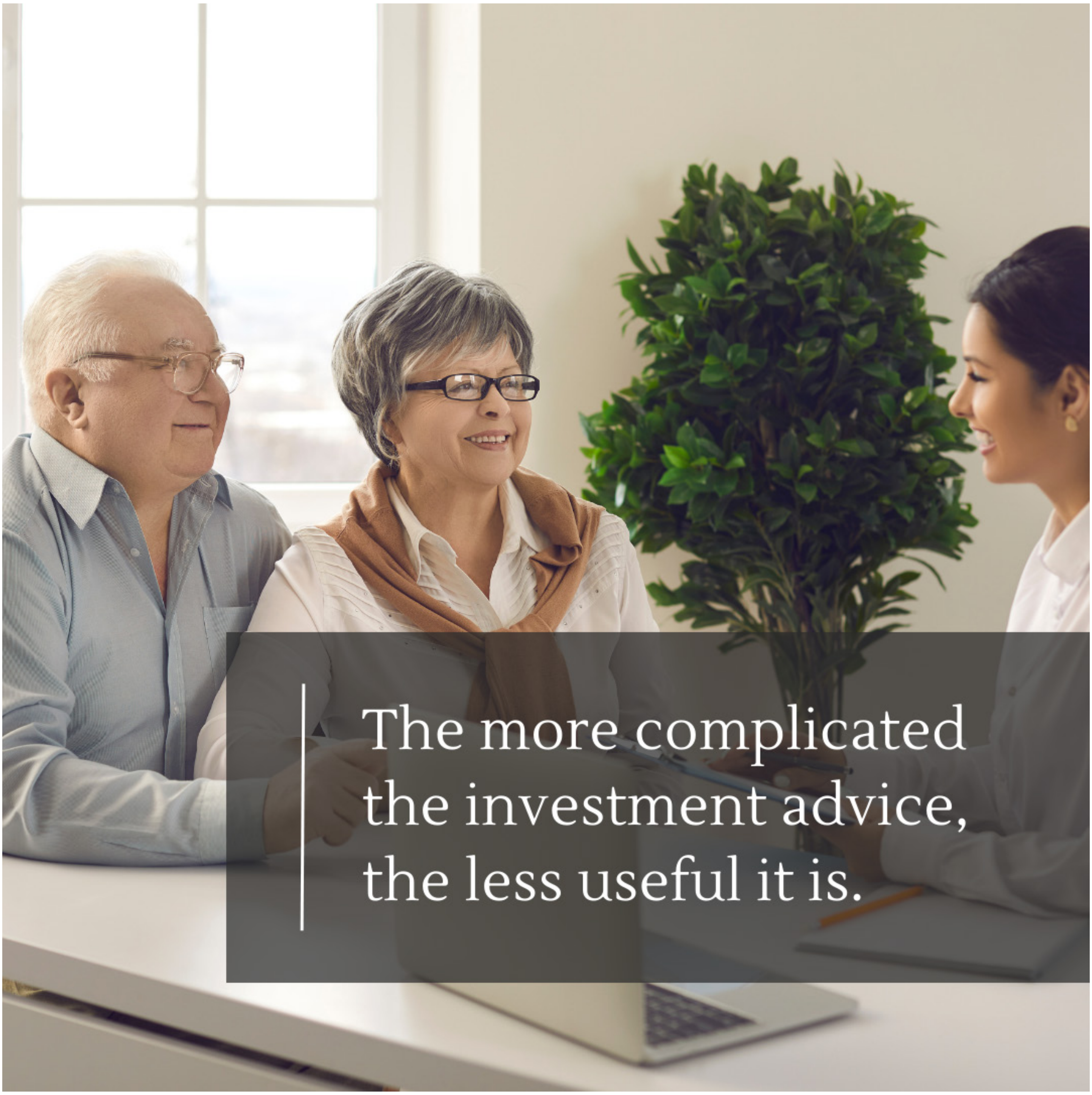
Mental health does not discriminate. It can affect anyone regardless of age, gender, ethnicity or other factors.

Organisations like Beyond Blue and Lifeline can provide assistance if you're feeling as though life is getting on top of you. Additionally, they provide advice to employers wishing to ensure their workplaces are supportive environments.

If you're feeling unsettled at work, or you're struggling to cope, reach out to your HR department or your manager for guidance.

Update:

Since regaining control of his personal well-being, Roger has undertaken the company's newly created role of Mental Wellness Officer (MWO). He has not relinquished his former duties, but in his capacity as MWO, he provides direction and help to others in the organisation struggling with workplace mental health.


The more complicated
the investment advice,
the less useful it is.

The real impact of financial scams

According to the Australian Competition and Consumer Commission (ACCC), in 2022 financial scams cost Australians around $3 billion.

Financial fraudsters deceive, manipulate and exploit victims into making financial transactions or investments, or sharing sensitive information for illegal profit, money laundering or even funding terrorism activities.

Regardless of who you are, cyber attack is a daily threat. And as our dependence on connectivity expands across our daily activities, our vulnerability to financial scams also increases.

Could you spot a potential threat? Would you know what to do if you were targeted?

The Importance of Building an Emergency Fund

Many people find themselves under pressure when unexpected bills arrive or costs of living increase, often leading to maxed-out credit cards or costly personal loans.

Experts recommend building an emergency fund with three to six months' worth of living expenses to ensure financial stability during difficult times.

Start with an achievable goal, like saving $2000, and consider options like a mortgage-linked offset account or a micro-savings account. You could fast-track your savings by selling unused items or taking up part-time work.

Keep the funds separate but accessible for peace of mind.

How to Ensure Your Savings Benefit Your Loved Ones

Most of us work hard to save for our retirement, and thanks to tax concessions and compulsory contributions, superannuation often forms a large part of retirement savings. But it's essential to understand who controls where your super goes if you pass away and how to ensure your loved ones receive the inheritance you want them to have in the most effective way.

It's a common misconception that you can include your superannuation as part of your Will. However, this is not the case, and you need to take action before you pass away to make it possible.

Here are a few key things you need to consider if you want to keep control of your superannuation benefits.

Nominate a beneficiary

The first thing to decide is who should inherit your superannuation savings and how—for example, your spouse, children, charity, friends, or a combination of these.

Once you have made this decision, it is important to formally nominate a beneficiary or beneficiaries. However, you must make sure the superannuation rules allow you to nominate the person or people you would like to receive your savings, and then you must consider the consequences of the choice. Remember that not all nominations are the same, and Wills can be challenged.

Anyone can nominate their spouse and/or children as beneficiaries as they meet the allowable definitions under the superannuation rules. Wanting to leave all your superannuation to a friend or favourite charity can't be done this way because they won't meet the relevant definition of a beneficiary. Instead, you can nominate your legal personal representative as a beneficiary, meaning that benefits are paid to your executor and distributed in line with your Will. But that means you need a good, up-to-date Will that aligns with this nomination: having one without the other is no good.

Suppose you don't have a nomination in place, an invalid nomination, or your fund doesn't allow nominations. In that case, the Trustee will decide who gets what, how much, and how. This can be slow and cause unnecessary strain on your loved ones at a time when they are already distressed.

What about possible tax implications?

Superannuation death benefits are taxed based on the type of beneficiary receiving them and the tax status of the components of the death benefit. Tax can be as high as 30% plus Medicare for an adult child and a fund with some untaxed elements, or it can be 0% if the beneficiary is your spouse or dependent child. Knowing what tax applies is vital when choosing a beneficiary or selecting the percentages left to different beneficiaries. For example, one child could get a tax-free benefit, while another could have tax applied, so percentages may need to be adjusted to account for that.

What are binding vs non-binding nominations?

Where a super fund allows it, a binding death benefit nomination obligates the trustees to make the superannuation payments in line with the nomination regardless of the Will, whereas a non-binding nomination is like a polite request asking the trustees to make the payment in the way you would like, hence, binding nominations usually offer more certainty. Still, they can lapse, or circumstances change. It is essential to know it is not a simple set-and-forget option, and regardless of the type, all nominations must be regularly reviewed - particularly if you divorce, your children become adults, or your circumstances change.

What should you do?

Ideally, call your financial adviser and/or solicitor (or estate planner) to ensure that you have the right nominations in place and a current, up-to-date Will that aligns with these nominations. That way, you can be as sure as possible that your loved ones are provided for in the way you want them to be in the event of your death.