Downsizer contributions **to super**

Since 1 July 2018, if you're age 65 or over and sell your home, you can now contribute up to $300,000 into your super even if you're currently restricted by other super rules.

This is especially beneficial if you have retired and wish to downsize the family home and use the equity in your home to help fund your retirement. It can be a great opportunity and you don't even need to buy another house with the proceeds of the sale.

How does it work?

You can use the money from the sale of your house to make a 'downsizer contribution' to super of up to $300,000 for singles or $600,000 (combined) for a couple. This applies to anyone over 65 and you don't need to meet the usual work test to make super contributions.

What types of properties are included?

The property must be located in Australia. It doesn't need to be your current home - it can be your, or your partner's, former home as long as you or your partner have owned it for more than 10 years and lived in it at some point. An investment property that neither of you have lived in is not eligible. Also, the property does not need to be owned by both members of a couple for both of you to make a contribution of up to $300,000 each to your super.

Unfortunately, the sale proceeds from a houseboat, caravan or mobile home cannot be used.

Who is eligible?

You are eligible to take advantage of this scheme if you are age 65 or over.

Unlike non-concessional contributions, the good news is that you don't need to be working and there are no upper age limits to making downsizer contributions.

Also, the current total super balance test of $1.6 million and the $100,000 non-concessional contributions cap restrictions don't apply which makes it a great option if you want to contribute more to super and are currently ineligible because of these restrictions.

You can only make a downsizer contribution from the sale of one home and the contribution must be made within 90 days of receiving the proceeds of the sale.

Benefits

One benefit of making a downsizer contribution and investing your money in super is the potential tax savings. That is, when you draw down on your super as an account-based pension you do not pay tax on investment earnings, on amounts up to $1.6 million.

What do you need to do?

If you are considering selling your home and making a downsizer contribution you should:

- seek advice from a financial planner as there may be lifestyle or financial considerations they can help you work through
- provide your super fund with the Australian Taxation Office's **'Downsizer contribution into super' form** either before or at the time of making your downsizer contribution
- make your downsizer contribution within 90 days of receiving the proceeds of the sale of your property, which is usually at the date of settlement.

Please note: if your family home is currently exempt from the Centrelink assets test and you sell it and put the proceeds into super — your age pension entitlement could be affected.

If you're interested in downsizing, please contact us to discuss your options in detail.

Giving and leaving **a legacy**

Philanthropy has often been seen as something only the rich do. In fact, in recent years over 200 billionaire philanthropists, such as Australian mining businessman, Andrew Forrest, have signed 'The Giving Pledge'[1], a commitment to give more than half of their wealth away. But, it's not just billionaires who are donating a portion of their wealth in order to leave a legacy.

The impact of making donations

Giving to others less fortunate or to causes you care about, for example to assist with medical research, can be very enriching emotionally for the givers as well as providing benefits to the receivers. For example, philanthropy can also be incorporated into your wealth strategy to offer a way of managing tax liabilities such as income and capital gains tax while giving to others.

Private and public ancillary funds

If you wish to witness the results of your giving during your life time, that will continue after you have gone, you could consider establishing a private ancillary fund (PAF) or contributing to a public ancillary fund (PuAF).

PAFs are private charitable trusts that can be established by individuals, families or corporations to create a long-term personalised giving program. They require a corporate trustee, a formal investment plan and generally must distribute at least 5% per annum to charitable causes. You might like to consider a PAF if you have around $500,000 for charitable purposes and want to be included in the ongoing decision-making as to how your money is distributed or want to involve family members in your passion for philanthropy.

A PuAF is a public charitable fund in which you can establish your own account. You can nominate the charity that you would like to benefit from your donation and while the trustee will consider your nomination, the trustee makes the final decision about the distribution of funds. A PuAF would be appropriate if you have around $20,000 or more to donate.

Bequests and testamentary charitable trusts

Other popular ways you can give to charitable causes include leaving a bequest, or gift, to a charity or cause in your Will or by establishing a testamentary charitable trust as part of your Will.

When you die your estate either makes a direct bequest to your nominated charitable causes or a charitable trust is set up with the trustees distributing income generated each year to your nominated causes. A testamentary charitable trust is a way to provide an ongoing legacy to the causes that have been dearest to you during your life and which will carry on forever.

An advantage of establishing a bequest or charitable trust is that because gifts from deceased estates are not tax-deductible, you can donate to potential beneficiaries beyond DGR's, such as education funding, medical or scientific research, the advancement of religion or the relief of poverty.

If you're interested in ways you can leave a legacy, please contact us.

"We hope to help empower individuals and families currently suffering the despair of poverty, slavery and the lack of opportunity for themselves and their children. We feel that if we all do whatever we can with whatever we have, large or small, then each of us will help make our world a more equitable and positive environment for others to thrive in."

Andrew and Nicola Forrest – 'The Giving Pledge'

1 https://givingpledge.org/about.aspx

Fitness and Finance at your fingertips

With the digital age permeating every aspect of modern life, it's not surprising there's been an explosion of innovative technologies to help keep our physical, mental and financial health on track. Here's a closer look at some wellness technology currently on the market.

App-based fitness and wellness

We live in an era where smartphones and smart watches are ubiquitous so, it makes sense to use them to help achieve our fitness goals and improve our health and wellbeing.

Here are three popular apps currently available:

1. MyFitnessPal

MyFitnessPal offers tools to help track your daily food intake, calories, exercises and steps. Features include:

- a huge food database where you can select meals, track major nutrients and count calories
- a barcode scanner for purchased food items so you can log them in the app
- connectivity with several other apps, including Apple Health, Fitbit, MapMyFitness, Runkeeper and more.

2. Strava

Strava is the Instagram or Facebook for runners. It takes the interaction and social features of these social media platforms and pairs it with activity tracking technology. Features include:

- tracking measurements for distance, speed, elevation, calories burned, heart rate and cadence
- the ability to take part in challenges with other users.

3. Headspace

Headspace, a meditation and mindfulness app, offers a gentle introduction to meditation by starting you off on a free 'Take10' program, which gives you the chance to meditate for just 10 minutes a day over 10 days. Other features include:

- guided breathing and visualisation exercises
- tailored options for those who suffer from anxiety or experience panic attacks.

In the 13th Worldwide Survey of Fitness Trends for 2019, wearable technology took the number one spot for fitness trends [1].

Wearable technology

While most of us think of the iconic Apple Watch when we hear the word 'wearables', wearable technologies also include fitness trackers, heart rate monitors and global positioning trackers.

Here are three new wearables on the market:

1. Huami AmazFit GTS

The AmazFit GTS looks like the Apple Watch, but it has better battery life, with up to two weeks on a single charge. It also features 12 different exercise modes, 24/7 heart rate monitoring, a GPS and sleep tracking.

2. Garmin Venu

The Garmin Venu smart watch tracks your standard health metrics plus respiration and an estimation of your hydration and sweat loss. A new 'workouts' feature uses animations to demonstrate exercise moves on the display.

1 American college of sports medicine, 'Worldwide survey of fitness trends for 2019', November/December 2018.

3. TCL Movetime Family Watch MT40S

Designed to help older people, TCL's latest smartwatch comes with a locator app as well as reminders about medication and upcoming appointments. In the event of an emergency, you can hold down the power key for three seconds to send a message to pre-set contacts alerting them that you need help.

Virtual reality to boost fitness and wellness

No longer just the realm of gamers, virtual reality (VR) is making its way into the mainstream in new ways, including the gym. From spin classes with VR headsets that take you through stunning virtual forest trails, to boxing classes on the TV in your living room, VR in fitness can please the senses as well as get the blood pumping.

And, if you'd rather play a game than pound the pavement (or treadmill), then there's good news for you. A recent study found that 41 people aged 18 to 39 who played three VR exercise games all believed they were working out with lower intensity than the physiological data reflected.

Harnessing apps for financial wellness

It's also important to manage your financial wellness because financial stress has a very real impact on our day-to-day health and wellbeing.

To help streamline your financial management you may want to consider a cashflow and budgeting tool that can give you a complete view of your financial position.

If you would like more information, please contact us.

Your TFLG Financial adviser is:

WMA-27258 (50960) 1219