

# WEALTH & SUPER MATTERS

Superannuation strategies and your personal guide to wealth creation

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## Property Owners – A Warning About Bond Money

*Did you know that money received as a bond from a tenant and retained after they leave your rental property (e.g. for damages, repairs, or rent owing) needs to be reported on your return?*

Recently, the ATO has updated its “rental bond data matching” protocol, which now includes data from various sources such as property managers, banks, landlord insurers, and sharing economy providers.

The purpose of this data matching program is to provide the ATO with

insights into the Australian rental market, specifically focusing on identifying tax risks associated with under-reporting or non-reporting of rental income, misapplication of capital gains tax provisions, and non-compliance with foreign investment laws.

It's essential to note that while many landlords remember to include regular rent received in their tax returns, any bond money retained is often overlooked.

**If you have retained any bond money from rental properties, it is crucial to report this as income in your tax return.**

Failure to report retained bond money can result in serious consequences, including penalties and potential audits by the ATO.

Therefore, if you still need to disclose any rent or bond money retained in your tax return, please lodge an amendment as soon as possible to rectify this oversight, or let us know so we can assist.

As your trusted adviser, we are here to assist you in ensuring compliance with tax obligations and addressing any concerns or questions you may have regarding rental income reporting. Do not hesitate to contact us if you require assistance or clarification.

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## Why Is Good Record-keeping Important For Your SMSF?

*Managing a self-managed super fund (SMSF) comes with various responsibilities attached, including the critical task of record-keeping.*

One of the primary reasons for maintaining good record-keeping habits in an SMSF is to ensure compliance with legal requirements. The Australian Taxation Office (ATO) mandates that SMSF trustees keep accurate and up-to-date records of fund transactions, investments, and financial statements.

Failure to comply with these requirements can result in penalties and sanctions imposed by the ATO.

Though legal compliance is a powerful reason, it not the only reason to maintain the records of an SMSF. There are many other benefits to keeping good records for your SMSF as a trustee.

### **FACILITATING AUDIT AND ANNUAL RETURN PREPARATION**

Good record keeping makes it easier for SMSF trustees to provide information to their SMSF professionals for independent audit and annual return preparation.

By maintaining organised and detailed records, trustees can streamline the audit process, reduce the likelihood of errors or discrepancies, and ensure compliance with regulatory standards. This, in turn, helps to minimise audit and administration costs associated with managing the SMSF.



### **COST REDUCTION AND PENALTY AVOIDANCE**

Effective record-keeping practices can lead to cost savings for SMSF trustees by reducing audit and administration expenses.

With accurate, readily available records handy, trustees can expedite the audit process and minimise the time and resources required for compliance activities. Additionally, good record-keeping helps to mitigate the risk of receiving administrative penalties, which are personally payable by each individual trustee or the corporate trustee of the fund.



### **RESPONSIBILITY OF EACH TRUSTEE**

It's important to note that even if SMSF trustees enlist the services of super or tax professionals to administer their fund, each trustee remains responsible for good record keeping.

While professionals can provide guidance and assistance, the ultimate responsibility for maintaining accurate and comprehensive records lies with the trustees as well. Trustees should actively engage in the record-keeping process and ensure that all necessary documentation is properly organised and maintained.

Good record-keeping is essential for effectively managing and complying with self-managed super funds.

By maintaining accurate and comprehensive records, SMSF trustees can facilitate audit and annual return preparation, reduce audit and administration costs, and avoid the risk of administrative penalties.

While professional assistance may be sought, trustees must remain actively involved in the record-keeping process to fulfil their legal obligations and safeguard the financial integrity of their SMSF. By prioritising good record-keeping habits, SMSF trustees can ensure the long-term compliance of their fund.

**If you are unsure about your SMSF's record-keeping needs, or would like clarification, consult a professional adviser for assistance.**

# What Is Compassionate Release of Super?

*Generally speaking, superannuation is only available to access or draw from once you reach your preservation age. However, limited and highly conditional options are available for some of your super to be released to you in certain circumstances.*

The Australian Taxation Office (ATO) offers a compassionate release pathway for individuals facing specific circumstances that warrant early access to their superannuation savings.

Accessing superannuation funds on compassionate grounds can provide much-needed relief and support in times of financial hardship or medical necessity.



## WHAT IS COMPASSIONATE RELEASE OF SUPER? —

Compassionate release of super allows individuals to access their superannuation funds before reaching preservation age in certain circumstances deemed by the ATO as compassionate grounds.

These circumstances typically include medical treatment, medical transport, palliative care, or mortgage assistance to prevent foreclosure on the family home.



## ELIGIBILITY CRITERIA —

To be eligible for compassionate release of super, individuals must meet strict eligibility criteria set out by the ATO. This includes demonstrating that the requested funds are needed to address a specific compassionate circumstance and that no alternative financial assistance is available. Additionally, applicants must provide supporting documentation, such as medical certificates or financial statements, to substantiate their claim.



## HOW TO APPLY —

Applying for compassionate release of super involves several steps, outlined by the ATO. Applicants must first obtain and complete the “Application for early release of superannuation” form available on the ATO website. This form requires detailed information about the compassionate grounds for the request, along with supporting documentation.



## SUPPORTING DOCUMENTATION —

Supporting documentation is a crucial aspect of the compassionate release application process.

Depending on the nature of the compassionate circumstance, applicants may need to provide medical certificates, specialist reports, treatment plans, or financial statements demonstrating financial hardship.

It's essential to ensure that all documentation is accurate, up-to-date, and clearly supports the compassionate grounds for the release of super.



## ATO ASSESSMENT —

Once the application and supporting documentation are submitted, the ATO will assess the request for compassionate release of super.

This assessment involves reviewing the applicant's circumstances, verifying the authenticity of the documentation provided, and determining whether the criteria for compassionate grounds are met. The ATO aims to process compassionate release applications promptly to provide timely assistance to eligible individuals.

Compassionate release of super may offer a lifeline to individuals facing significant financial or medical challenges, providing access to much-needed funds during times of hardship.

Understanding the eligibility criteria, documentation requirements, and application process is essential for those considering applying for compassionate release of super.

By following the ATO guidelines and providing comprehensive documentation, eligible individuals can navigate the process effectively and access the support they need in times of need.

Interested in learning more about the compassionate release of superannuation or more about other conditional releases? Speak with a licensed professional adviser before making any decisions.

# Protecting Yourself During Life Transitions: Divorce, Retirement, and Inheritance

*Life is full of transitions, each bringing with it financial challenges and opportunities.*

Whether navigating a divorce, preparing for retirement, or managing an inheritance, protecting your wealth during these pivotal moments is crucial for ensuring financial stability and security. In this article, we'll explore strategies for safeguarding wealth during life transitions, focusing on three significant milestones: divorce, retirement, and inheritance.

## DIVORCE

Divorce can have profound financial implications, potentially impacting assets, income, and retirement savings. It can even have an impact on your superannuation.

To protect your wealth during divorce proceedings, it's essential to understand your financial situation thoroughly, including assets, debts, and liabilities.

Consult with a financial adviser or family law solicitor to develop a comprehensive plan tailored to your needs and objectives. Speak with legal, tax, and superannuation professionals about your likely obligations during this time.

Take proactive steps to protect your assets, such as updating estate planning documents, closing joint accounts, and establishing separate financial accounts.

Consider negotiating a fair and equitable settlement that prioritises your long-term financial well-being.

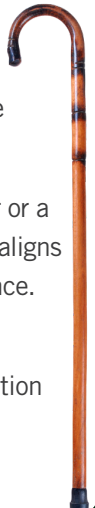


## RETIREMENT

The primary aim of retirement is to be able to live comfortably and securely. The best way to do this is by assessing what you will need to live your desired lifestyle.

You may wish to consult with a professional adviser or a financial planner to develop a retirement plan that aligns with both your long-term goals and your risk tolerance.

If you are still a ways off of retirement, consider maximising your contributions to your superannuation (both concessional and non-concessional). This can add up quickly due to compound interest.



## INHERITANCE

Receiving an inheritance can be both a blessing and a responsibility, requiring careful stewardship to preserve and grow inherited assets.

Take time to understand the terms of the inheritance, including any tax implications, restrictions, or stipulations. Consider consulting with a financial adviser or an estate planner to develop a comprehensive strategy tailored to your inheritance.

Additionally, consider updating your estate plan and beneficiary designations to reflect any changes to your situation that may have occurred.

Life transitions such as divorce, retirement, and inheritance present unique opportunities and challenges for protecting your finances. By taking proactive steps and seeking professional guidance, you can navigate these transitions with confidence and ensure the preservation of your financial security and legacy.

Whether dividing assets during divorce proceedings, planning for retirement, or managing an inheritance, prioritise comprehensive financial planning, prudent wealth management, and proactive risk mitigation to safeguard your wealth for future generations.



**Remember, with careful planning and diligent execution, you can navigate life's transitions while protecting and preserving your hard-earned wealth.**

# 7 Tips for Ensuring Your Business's Regulatory Adherence With Super



*Superannuation compliance is a crucial aspect of running a small business in Australia.*

Ensuring that your business meets the regulatory requirements surrounding superannuation contributions is essential for avoiding penalties, maintaining employee trust, and safeguarding your business's financial health.



## UNDERSTAND YOUR OBLIGATIONS

The first step in ensuring superannuation compliance is understanding your employer obligations.

Familiarise yourself with the relevant legislation, including the Superannuation Guarantee (SG) laws, which require employers to contribute a percentage of their employees' earnings to a complying superannuation fund. This rate is currently 11% but will increase to 11.5% on 1 July 2024.

Be aware of your reporting and payment deadlines to avoid late lodgment penalties.



## KEEP ACCURATE RECORDS

Maintaining accurate records of superannuation contributions is essential for compliance and transparency.

Keep detailed records of employee wages, superannuation contributions, and any adjustments or corrections that had to be made. Use reliable accounting software or payroll systems to streamline record-keeping processes and ensure accuracy.



## CALCULATE CONTRIBUTIONS CORRECTLY

Calculate superannuation contributions accurately based on the applicable superannuation guarantee rate and each employee's earnings. Ensure contributions are calculated on ordinary time earnings (OTE) and include applicable allowances and bonuses. Use the ATO's online Superannuation Guarantee Contributions Calculator or consult with a licensed adviser if you need clarification on your calculations.



## CHOOSE A COMPLYING SUPERANNUATION FUND

If your employee does not have a stapled superannuation fund, you may have additional responsibilities as their employer.

Select a complying superannuation fund for your employees' contributions that meets the requirements set out by the Australian Prudential Regulation Authority (APRA). Ensure that the chosen fund is registered and offers MySuper products

that meet the minimum standards for fees and performance.



## MAKE TIMELY CONTRIBUTIONS

Make superannuation contributions for your employees on time and in accordance with the required frequency (typically quarterly).

Late or missed contributions can attract penalties and interest charges, so prioritise meeting your payment deadlines. Set up automated payment systems or reminders to ensure that contributions are made promptly.



## REGULARLY REVIEW AND UPDATE PROCESSES

Superannuation compliance requirements may change over time, so staying informed and regularly reviewing your processes is essential to ensure ongoing compliance. Keep abreast of legislative updates, ATO guidelines, and industry best practices, and adjust your procedures accordingly.



## SEEK PROFESSIONAL ADVICE

If you need clarification on your superannuation compliance obligations or need assistance with record-keeping, calculations, or fund selection, consider seeking professional advice. Accountants, financial advisers, and HR consultants can provide valuable guidance and support tailored to your business's needs.

Superannuation compliance is a critical aspect of managing a small business in Australia, with significant implications for employers and employees.

By understanding your obligations, keeping accurate records, calculating contributions correctly, choosing a complying superannuation fund, making timely payments, seeking professional advice, and regularly reviewing and updating your processes, you can ensure regulatory adherence and protect your business's integrity.

Prioritise superannuation compliance as an essential component of your business operations, and you'll avoid costly penalties while fostering trust and confidence among your employees.

# Safeguarding Your Digital Assets In The Digital Age

*In an era of digitalisation and interconnectedness, protecting personal and financial information has become increasingly critical.*



As individuals and businesses rely more on digital platforms and technologies to manage their wealth, the risk of cyber threats and attacks has escalated.



## THE GROWING THREAT LANDSCAPE

Cyber threats, such as data breaches, identity theft, ransomware attacks, and phishing scams, pose significant financial security risks to individuals and businesses.

Hackers and cybercriminals continuously exploit digital system and network vulnerabilities to access sensitive information and exploit financial assets.

With the increase of internet-connected devices and the growing digitisation of financial transactions, the threat landscape has expanded, requiring proactive measures to mitigate risks.



## PROTECTING FINANCIAL ACCOUNTS AND TRANSACTIONS

Securing financial accounts and transactions is paramount in wealth protection. Individuals should implement robust authentication measures, such as multi-factor authentication (MFA) and strong, unique passwords, to prevent unauthorised access to their accounts.

Additionally, encrypting sensitive financial data and using secure connections (e.g., HTTPS) when conducting online transactions can enhance security and protect against interception by malicious actors.



## SAFEGUARDING PERSONAL AND BUSINESS INFORMATION

Protecting personal and business information is essential for preventing identity theft and financial fraud.

Individuals should exercise caution when sharing personal information online and be wary of phishing emails, fraudulent websites, and unsolicited requests for sensitive data. Employing reputable antivirus and anti-malware software, regularly updating software and security patches, and implementing firewalls and intrusion detection systems can help fortify defenses against cyber threats.

## \*\* SECURING DIGITAL ASSETS AND INVESTMENTS

With the rise of digital currencies and online investment platforms, securing digital assets and investments has become a priority for investors.

Utilising reputable cryptocurrency wallets and exchanges with robust security features, such as cold storage and multi-signature authentication, can safeguard digital assets from theft and unauthorised access. Similarly, exercising due diligence when selecting investment platforms and conducting thorough research on their security protocols can mitigate risks associated with online investing.



## EDUCATION AND AWARENESS

Educating oneself and staying informed about emerging cyber threats and best practices is crucial in cybersecurity and wealth protection.

Individuals should remain vigilant, keep abreast of cybersecurity news and trends, and participate in cybersecurity awareness training programs to enhance their knowledge and skills.

While risk remains, fostering a cybersecurity awareness and resilient culture can allow individuals and businesses to better identify and respond to potential threats, reducing the likelihood of financial losses and reputational damage.

Cybersecurity plays a fundamental role in wealth protection in an increasingly digitised world.

By adopting proactive cybersecurity measures and adhering to best practices, individuals and businesses can safeguard their digital assets, financial information, and investments from cyber threats and attacks.

Whether securing financial accounts, protecting personal information, or mitigating risks associated with digital assets, prioritising cybersecurity is essential for preserving financial security and peace of mind in the digital age.

# The Role of Legal Structures in Wealth Protection: Safeguarding Your Assets in Australia

*Protecting one's wealth is paramount for individuals and businesses in an ever-changing economic landscape.*

While sound financial planning and risk management strategies play crucial roles, the use of legal structures can provide an additional layer of protection for assets. Understanding the various legal structures available for wealth protection in Australia is essential for safeguarding assets and minimising exposure to potential risks.

## TRUSTS

Trusts are widely recognised as effective vehicles for wealth protection in Australia. By establishing a trust, individuals can transfer ownership of assets to a trustee, who holds and manages the assets on behalf of beneficiaries.

Trusts offer several advantages, including asset protection, estate planning benefits, and tax efficiency. In particular, discretionary trusts, family trusts, and unit trusts are commonly used structures for wealth protection, allowing individuals to protect assets from creditors, legal claims, and other risks.

## COMPANY STRUCTURES

For business owners, structuring their enterprises as companies can provide valuable asset protection benefits. Companies are separate legal entities distinct from their owners, meaning that business debts and liabilities are generally limited to the company's assets.

Business owners can shield personal assets from business-related risks, lawsuits, and creditor claims by operating through a company structure. Additionally, companies offer tax advantages and facilitate business succession planning, further enhancing wealth protection for entrepreneurs and investors.

## SELF-MANAGED SUPERANNUATION FUNDS (SMSFs): SECURING RETIREMENT SAVINGS

Self-managed superannuation funds (SMSFs) are another legal structure commonly used for wealth protection in Australia, particularly for retirement planning purposes. SMSFs allow individuals to take control of their superannuation investments, providing greater flexibility and autonomy in managing retirement savings.

By establishing an SMSF, individuals can diversify their investment portfolios, access tax concessions, and protect retirement assets from external creditors and legal disputes. However, SMSFs are subject to strict regulatory requirements and compliance obligations, highlighting the importance of seeking professional advice when establishing and managing these structures.


## FORMALISING ASSET PROTECTION STRATEGIES

In addition to establishing legal structures, individuals and businesses can further enhance wealth protection through comprehensive legal documentation and agreements. This includes drafting wills, trust deeds, shareholder agreements, and partnership agreements that clearly outline asset ownership, distribution arrangements, and dispute resolution mechanisms.

Individuals can minimise ambiguity, mitigate potential disputes, and ensure their wealth protection objectives are effectively implemented and enforced by formalising asset protection strategies in legally binding documents.

Legal structures play a vital role in wealth protection, offering individuals and businesses valuable tools to safeguard assets, mitigate risks, and preserve financial well-being.

Whether through trusts, company structures, SMSFs, or legal documentation, adopting the right legal structures can provide peace of mind and security in an increasingly complex financial environment.

 However, seeking professional advice from qualified legal and financial experts is essential to ensure any wealth protection strategies are tailored to your circumstances and comply with regulatory requirements. Individuals and businesses can build a solid foundation for long-term wealth preservation and prosperity in Australia by proactively leveraging legal structures.

**Why not start the conversation today?**

# Strategies For Coping With Mortgage Stress

*Mortgage stress can weigh heavily on homeowners, causing financial strain and emotional hardship.*

Whether due to unexpected life events, economic challenges, or changes in personal circumstances, coping with mortgage stress requires proactive strategies and continued resilience.

## WHAT IS MORTGAGE STRESS?

Mortgage stress occurs when homeowners struggle to repay their mortgage due to financial constraints or other pressures. Signs of mortgage stress may include difficulty making payments on time, increased reliance on credit cards or loans, and feelings of anxiety or feeling overwhelmed about financial obligations.

Homeowners need to recognise these signs early and take action to address underlying issues.



## ASSESSING YOUR FINANCIAL SITUATION

The first step in coping with mortgage stress is objectively assessing your financial situation. Take stock of your income, expenses, debts, and assets to understand your financial position.

Identify areas where you can reduce expenses or increase income to alleviate financial pressure. Consider consulting with an advisor or housing counsellor for personalised guidance and support.

## COMMUNICATING WITH YOUR LENDER

Open and honest communication with your lender is crucial when experiencing mortgage stress. If you anticipate difficulty making mortgage payments, contact your lender as soon as possible to discuss potential solutions.

Lenders may offer temporary repayment arrangements, such as loan modifications, forbearance, or refinancing options, to help homeowners manage financial difficulties and avoid default.

## BUDGETING AND PRIORITISING EXPENSES

Creating a realistic budget and prioritising essential expenses can help homeowners regain control of their finances and reduce mortgage stress.

Identify non-essential expenses that can be trimmed or eliminated to free up funds for mortgage payments.

Focus on covering necessities like housing, utilities, food, and healthcare before allocating funds to discretionary spending.

## SEEKING SUPPORT AND ASSISTANCE

Don't hesitate to reach out for support and assistance if you're struggling with mortgage stress. There are numerous resources available to help homeowners navigate financial challenges, including government assistance programs, community organisations, and financial counselling services. These resources can provide guidance, advocacy, and practical assistance tailored to your needs.

## BUILDING FINANCIAL RESILIENCE

Building financial resilience is essential for weathering mortgage stress and future financial challenges.

Consider implementing strategies to strengthen your financial position, such as building an emergency savings fund, diversifying income streams, and reducing debt.

By taking proactive steps to improve financial stability, homeowners can mitigate the impact of mortgage stress and protect their long-term financial well-being.

Coping with mortgage stress requires resilience, proactive planning, and support from trusted resources. Remember, you're not alone—reach out for help if needed, and take proactive steps to regain control of your financial well-being.