



WELCOME TO THE SUMMER EDITION OF FFP NEWS



Our Summer edition of FFP news brings us the opportunity to thank all our valued clients for your ongoing business and support throughout 2018. We hope you all have a very Merry Christmas and a safe and happy new year. Our office will close on **Friday, 21st December 2018** for the festive season and will re-open on **Monday, 7th January 2019** when normal business hours of Mon - Fri 9.00am to 5.00pm will resume.

Kind regards,
Rhys, Michelle and Michelle



Future Financial Planning
41 Queen Street, Warragul VIC 3820
Ph: 03 5622 3005
Fax: 03 5623 3541
Email: info@futurefinancial.net.au
Web: www.futurefinancial.net.au

Understanding insurance - protect what's most important to you

Should something ever happen to you, personal insurance is there to provide financial security for you and your family. Find out about the insurance options available and some of the things you should think about when it comes to protecting what's most important to you.

Choosing the right insurance

Choosing the right type and the right amount of insurance is a good way to make sure that if anything were to happen, you and your loved ones would be looked after financially. There are four types of personal insurance every Australian should understand. These include:

- ◆ income protection
- ◆ total and permanent disablement (TPD)
- ◆ trauma cover
- ◆ life insurance

Insurance and super

Income protection, TPD and life insurance are available through most super funds.

And if you're making super contributions through your employer's default super fund, it's likely your employer will have negotiated some cover for you.

While you may already have some insurance through your super fund, you need to make sure the type and amount of that insurance is suitable for your circumstances.

How much cover is enough?

The level and type of cover you need depends on your personal circumstances. Your age, your earnings, the amount you owe and how many dependants you have play an important role in figuring out how much cover you need.

Here are a few questions worth thinking about before you decide on the level of insurance you need:

- ◆ If you were to become injured or too sick to work, how long could you maintain your lifestyle and pay your bills?
- ◆ If you were to die, who would repay your debts? And what sort of lifestyle would your beneficiaries have?

The cost of cover will depend on your age, occupation, smoking status and the level of cover you choose.

There are many factors that come into consideration when choosing the right insurance for you, and as your life changes so do your insurance needs so it is important to review your situation. Please call us today if we can assist you with understanding insurance options or if you would like your current insurance situation reviewed.



Understanding different types of retirement pensions

We explain the difference between the government's Age Pension, a transition to retirement pension and an account-based pension.

If you've heard the term 'pension' being thrown around, you may have picked up that there are many types of pensions available in Australia.

We explain the difference between three commonly used pensions, including the government's Age Pension, a transition to retirement pension, and an account based (or allocated) pension, so you're across how they work and what might be right for you.



The government's Age Pension

The Age Pension is a government benefit paid to eligible Australians that have reached their Age Pension age.

Currently, to be eligible for a full or part Age Pension, you must satisfy an income test and an assets test, as well as other requirements¹.

The value of various assets you have, and any income you receive, will determine whether you're eligible and what amount of money you'll receive in Age Pension payments.

The maximum Age Pension rate for a single person is currently \$894.40 a fortnight and for a couple, it's currently \$1,348.40 a fortnight².

Transition to retirement pension

A transition to retirement pension (TTR) is something different altogether.

It's a type of pension that enables you to access some of the superannuation you've saved via periodic payments, even if you're still working and receiving an income from your employer or business.

To access your super this way, you must however have reached your preservation age, which will be between 55 and 60, depending on when you were born.

Accessing a TTR pension may provide you with some useful opportunities. For example, you could either work less, or work the same hours while sacrificing some of your salary into super. In both cases, you can use your TTR pension to supplement any reduction in your take-home pay.

Note, you can only withdraw between 4% and 10% of your super savings each financial year with a TTR pension and you can't make lump sum withdrawals unless you meet certain conditions of release.

Account-based pension

An account-based (or allocated) pension is an account made up of money you've accumulated in super, which allows you to draw a regular income once you've met one of superannuation's conditions of release—for example, when you have reached your preservation age and retired from the workforce.

Typically, there's no limit to how much you can withdraw from an account-based pension, so in addition to receiving periodic payments, you can withdraw some or all your money as a lump sum.

Each year however, you'll need to withdraw a minimum amount and this figure will be based on your age and will be a percentage of your account balance.

If you're converting your super into an account-based pension to derive an income in retirement, note you're restricted to transferring a maximum of \$1.6 million into your pension account, not including subsequent earnings.

Call us today if you would like assistance in understanding the different types of retirement pensions.

¹⁻² <https://www.humanservices.gov.au/individuals/services/centrelink/age-pension>

Future Financial Planning Pty Ltd ABN 97 618 388 739 is an authorised representative and credit representative of AMP Financial Planning Pty Limited, Australian Financial Services Licence No. 232706 and Australian Credit Licence No. 232706.

Disclaimer: Any advice contained in these articles is of a general nature only and does not take into account the objectives, financial situation or needs of any particular person. Therefore, before making any decision, you should consider the appropriateness of the advice with regard to those matters. If you decide to purchase or vary a financial product, your financial planner, our practice, AMP Financial Planning Pty Limited and other companies within the AMP group will receive fees and other benefits, which will be a dollar amount and/or a percentage of either the premium you pay or the value of your investments. You can ask us for more details.

If you no longer wish to receive direct marketing from us you may opt out by calling 03 5622 3005. You may still receive direct marketing from AMP as a product issuer, bringing to your attention products, offerings or other information that may be relevant to you.

If you no longer wish to receive this information you may opt out by contacting AMP on 1300 157 173.

Accredited by | 
AMP Financial Planning