WELCOME TO OUR SUMMER EDITION OF FFP NEWS

Welcome to Future Financial Planning News - Summer Edition.

As we head into the start of Summer, we will hopefully leave behind lockdowns and enjoy some warmer weather. Venturing into the unchartered waters of 'COVID normal' it is a continual challenge of keeping up with local breakouts, rule changes, Covid vaccination requirements and mask mandates.

Through all of the confusion and uncertainty we remain here for all of your financial planning needs. Should your circumstances have changed given the turmoil of the last few years, please feel free to contact our office if you require any financial planning assistance.

Inside this issue of FFP News we take a look at what style of investor you might be and the possibility of returning to work after accessing your super at retirement. We have also added our Office hours below for the Christmas and New Year period.

We wish all our valued clients a safe and happy Christmas and New Year and hope you can enjoy some relaxing time with your loved ones.

We look forward to catching up with you all in the new year.

Kind regards,

Rhys, Michelle and Michelle

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FFP Christmas and New Year Office Hours

Our office will close on **Wednesday, 22nd December 2021** for the Christmas and New Year break.
The office will re-open and normal business hours will resume on **Thursday, 6th January 2022**.

What style of investor are you?

There's an investor in all of us - and most of us already invest in one way or another.

But our attitude to risk and where we're at in life can affect how we approach investing. We may want to play it safe, take on more risk for potential reward, sit in the middle, or perhaps mix it up a bit.

This is where your investment style comes in. It's likely you have your own style for certain things in life like travel or buying a car. And the same applies to how you invest your money.

Your investment style

If you have some money you're thinking of investing, then understanding what style of investor you are, will help you decide what type of investment approach might suit you and how that fits in with your stage of life and ideal investment returns.

Some common investor styles and what they mean:

Conservative

This style suits people who need to access their money within three years. Or who are prepared to accept lower returns for more stability.
It's likely they'll be comfortable investing in more defensive assets like cash or fixed interest, with a few growth assets like shares as well.

Balanced

This investment style suits those looking for moderate returns over the long-term. They're willing to accept a medium level of risk to achieve these returns.
It's likely balanced investors will be comfortable investing in mostly growth assets like shares while balancing this out with some defensive assets like cash, too.

Aggressive

This style suits people who are looking for high returns over the long-term and who are prepared to accept the chance of potential losses in return for possibly higher gains.
It's likely they'll be comfortable investing in growth assets like shares.

But wait, you're probably already an investor

While you may be considering putting some money into investments like the stock market - did you consider that you're probably already an investor?

The above three investment styles sound quite technical, but they're actually approaches used by most of us, every day. For example:

Savings account - if you have an everyday bank or savings account, then, because you can easily access the money in the account and it's not volatile (likely to suddenly change in value), it's considered a conservative approach.

Superannuation - if you have a super account, then it's likely your super is being invested to help grow your super savings, ready for retirement. For younger people, super investments are generally growth-focused and can often lead to a more aggressive approach.

Account-based pension - if you're retired and receiving a pension via your super savings, then, like a bank account, it's likely you'll want to be able to access these funds more readily and keep their value stable. That's why pensions tend to have a more conservative approach.

Poperty - if you have a home loan or an investment property then a range of things like the property market, its location, how much you've borrowed, tax and so on, will determine the investment approach you've taken.

Why does my life-stage matter?

As you age, your personal preferences, financial situations and long-term goals are likely to change.

If you're investing in your 20s it's likely you'll have a different perspective on risk and rewards compared to those who are closer to retirement and may be looking to guard their savings a little more closely.

Your objectives may change at different life moments too, like a salary increase, having kids, buying a house or retiring. This means your investment profile and strategy should be reviewed and adjusted regularly to meet your changing needs.

More information

For more information or if you would like help understanding what investing is, your options for growing your money and strategies for increasing your wealth over time, call us today.

We can help you personalise an investment approach to suit your circumstances.

Can I go back to work if I've already accessed my super?

Generally, you can, but there may be other things to consider.

When you access your super at retirement, depending on your age and personal circumstances, your super fund may ask you to sign a declaration stating you intend to never return to work again. However, there could be compelling reasons as to why you might go back in the future.

Figures from the Australian Bureau of Statistics reveal financial necessity and boredom are the most common factors prompting retirees back into full or part-time employment[1]. Whatever your motivations might be, if it's something you're considering, there are things you should be aware of.

What is your situation?

I reached my preservation age and declared retirement

If you reached your preservation age (which will be between 55 and 60, depending on when you were born) and declared you'd permanently retired, this would typically have given you unlimited access to your super.

Your intention to retire must have been genuine at the time, which is why your super fund may have asked you to sign a declaration stating your intent.

Depending on the super fund, you also may be required to prove your intention to retire was genuine to the Australian Taxation Office.

I stopped an employment arrangement after I turned 60

From age 60, you can stop an employment arrangement and don't have to make and declaration about your retirement or future employment intentions, while gaining full access to your super.

If you're in this situation, as there was no requirement for you to declare your retirement permanently, you can return to work without any issues.

I'm aged 65 or older

When you turn 65, you don't have to be retired or satisfy any special conditions to get unlimited access to your super savings, so regardless of whether you're accessing super or not, you can return to work if you choose to.

What happens to your super if you return to work?

Regardless of which group (above) you fall into, you may have taken your super as a lump sum, income stream or potentially even a bit of both.

If you choose to withdraw a regular income stream from your super savings and are wondering whether you can continue to access these periodic payments, the answer is yes you can - and that's irrespective of whether you return to full or part-time work.

What are the rules around future super contributions?

Unless you plan on being self-employed and paying your own super, your employer is required to make super contributions to a fund on your behalf at the rate of 10% of your earnings, once you earn more than $450 in a calendar month.

There are however some rules around voluntary contributions for those aged 67 and over. These include the need to meet a work test (where you must be employed for a minimum of 40 hours over a consecutive 30-day period during a financial year) or be eligible for the recent retiree work test exemption, in order to make voluntary contributions.

Note, once you reach age 75, you're generally ineligible to make voluntary contributions (unless they're downsizer contributions), while compulsory contributions paid by an employer under the super guarantee (if you're an employee) can still be paid no matter how old you are.

Changes on the horizon

The amount of money you can contribute into super each year increased on 1 July 2021. Different caps apply depending on what type of contribution you're making.

Announcements made in the 2021-22 Federal Budget could see changes to other points mentioned above from 1 July 2022, but only if the proposals put forward become legislation.

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Could returning to work affect your Age Pension?

If you're receiving a full or part Age Pension from the government, you'd be aware that Centrelink applies an income test and an assets test to determine how much you get paid.

Your super, as well as any new employment income will be considered as part of this assessment, so make sure you're aware of whether earnings from returning to work could impact your Age Pension entitlements.

If you're eligible, the Work Bonus Scheme reduces the amount of employment income, or eligible self-employment income, which Centrelink applies to your rate of Age Pension entitlement under the income test.

Where can you go if you need a bit of help?

For information and tips around re-entering the workforce, check out the Department of Education, Skills and Employment website, which includes a Mature Age Hub (https://www.dese.gov.au/mature-age-hub) as well as details around the government's jobactive initiative (https://www.dese.gov.au/jobactive and New Business Assistance (https://www.dese.gov.au/new-business-assistance-neis) for those looking to become self employed.

There are also websites like Older Workers (https://olderworkers.com.au/) and Seeking Seniors (https://www.seekingseniors.com.au/), which focus specifically on mature-age candidates, if you're looking for job opportunities.

If you have any further questions on how a return to work could impact you, call us today.

[1] ABS - Retirement and Retirement Intentions, Australia (https://www.abs.gov.au/ausstats/abs@.nsf/mf/6238.0)