WELCOME TO OUR AUTUMN EDITION OF FFP NEWS

Welcome to the latest edition of FFP News.

2024 is flying by. We welcomed a new addition to the Future Financial family. Ollie William Fairlie arrived in January and is a lovely happy little boy!

Inside this issue of FFP News we take a look at Insurance inside Super and the benefits of this. We also look at how to boost your retirement savings as super and tax laws change.

Please note our office will be closed on
Monday June 10th for Kings Birthday public holiday

We look forward to continuing to provide you with all of your financial planning needs throughout 2024.

Kind regards,
Rhys & Michelle

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Pumpkin, Turmeric & Ginger Soup

20 minutes preparation time + 50 minutes cooking time

Ingredients

2 tablespoons ghee or butter (use coconut oil or olive oil for vegan option)
1 large brown onion, finely chopped
2cm piece fresh turmeric, finely chopped -OR- 1 teaspoon ground turmeric
4cm piece fresh ginger, finely chopped
2 large cloves garlic, finely **chopped**
Large pinch of chili flakes, adjust to your taste
1.2 kilos Japanese pumpkin (kabocha squash), peeled & roughly chopped (or butternut pumpkin)
5 large carrots, peeled & roughly chopped
1 tablespoon natural peanut butter
1 litre vegetable stock
1.5 litres boiling water

Method

- Heat the ghee or butter in a large deep pot over medium heat.
- Add chopped onion, turmeric, ginger, garlic, and chili flakes
- Sauté until onions are translucent and aromatic.
- Add chopped pumpkin and carrots to the pot. Sauté for 5-10 minutes until they begin to soften and caramelise.
- Stir in peanut butter until well combined.
- Pour in vegetable stock and boiling water, ensuring vegetables are submerged. Add salt and pepper to taste.
- Cook uncovered on medium-low heat for 30 minutes or until vegetables are tender.
- Using a hand-held immersion blender, blend the soup until smooth. Alternatively, carefully blend in batches using a countertop blender suitable for soups.
- Adjust seasoning if needed and serve hot.
- Garnish each bowl with a dollop of plain yogurt or coconut cream, fresh herbs, and a sprinkle of crunchy toppings like roasted nuts or seeds.

Understanding Insurance in your Super

Insurance in super is designed to assist you and your family financially if you become unable to work due to illness or injury, or in the event that something happens to you.

How insurance in super works

It's usually offered through your employer's sponsored super plan as cover they've negotiated for you and their other employees (called a group insurance policy) which is generally considered the number one way for Australians to access affordable insurance without needing underwriting[1].

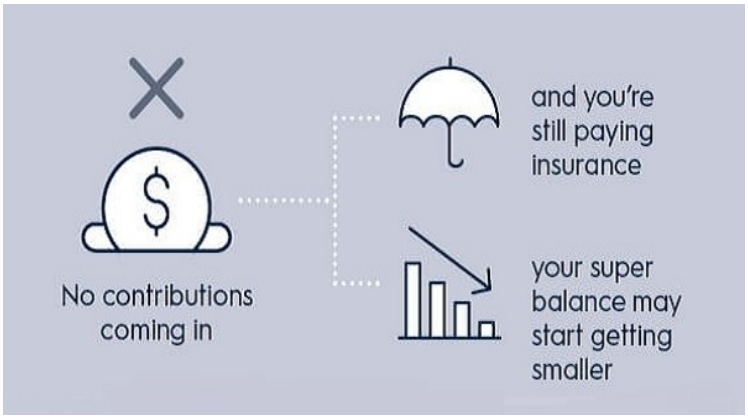
When you're making super contributions

Did you know that your insurance premiums are paid from your super account? This can be great news for your budget since it doesn't reduce your take-home pay. Plus, super is **generally taxed at a lower rate** than income tax, which means you save on taxes too.

Not making super contributions?

If you are no longer making super contributions, your super balance may decrease. Keep this in mind if you plan to take an extended break from work.

While cancelling your insurance might seem like a quick fix, it's important to remember that you may not get the same cover at the same price later. You may also need to answer health and lifestyle questions (known as underwriting).



Is your insurance eroding your super?

The superannuation industry's generally held view is that annual insurance premiums should not be more than 1% of your annual salary. It's important to make sure that your level of insurance cover is appropriate for you, and that your super isn't being reduced more than it needs to be by your insurance payments. This is called insurance erosion.

However, there are a number of reasons why you might pay premiums that are greater than 1% of your annual salary. For example, you and your adviser have determined that you need higher levels of insurance cover which in turn costs more

Things worth considering

Here are some common benefits and considerations for insurance in super. Keep in mind, these points are not tailored to your personal circumstances and there may be other things you need to think about too.

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Benefits of insurance inside super

- The costs of insurance premiums come out of your super account, so you won't be dipping into your take-home pay.
- If premiums are automatically deducted, your insurance may be easier to manage.
- Your take-home pay is taxed at your marginal tax rate, which could be a higher rate than your super, so paying for your insurance through your super could be tax-effective2.
- After joining your employer's default super plan, you may be able to apply for a higher level of insurance cover within a limited time, without needing to answer health and lifestyle questions.
- Insurance in employer super plans are generally more competitively priced than insurance outside super because it's provided as group insurance in bulk.
- If a claim is rejected by the insurer, it will go to the trustee of the super fund who will review it and will challenge the insurer if they disagree with the insurer's decision.

Considerations for insurance inside super

- Cover through super often ends when you reach a certain age, which is typically between 65 and 70 years old. That's generally different to cover that's outside a super account.
- It's important to make sure that your level of insurance cover is appropriate for you, and that your super isn't being reduced more than it needs to be by your insurance payments. This is called insurance erosion.
- If you have multiple accounts with the same type of insurance, you may be paying for insurance you don't need, or can't claim against. In particular, for Temporary Salary Continuance (TSC or also known as Income Protection) cover, offsets may apply. Even if you have TSC cover through multiple accounts, the maximum amount you can claim is generally limited to 75% of your pre-disability income. These limits apply regardless of how much TSC cover you're insured for.
- Where insurance benefits are paid to people who aren't your dependents, they'll be taxed according to their marginal tax rate.
- Taxes may be applied to Total and Permanent Disablement (TPD) benefits depending on your age.
- Claim payments may take longer, as the money is normally paid by the insurer to the trustee of the super fund before it's paid to you or your dependents.

Who can get insurance in super?

Anyone can apply for insurance in their super if their super account offers it. But there are often benefits available for eligible members in an employer super fund. For people who sign up to their employer's super plan, insurance is often provided automatically to eligible members. Eligible members won't have to answer any questions about their health and lifestyle (known as underwriting questions) which can mean insurance costs more or has specific exclusions based on health or lifestyle factors.

Am I eligible?

Automatic (default) insurance through your employer super plan is subject to laws applicable to super to ensure affordability and eligibility. It's important to understand these laws to protect your retirement savings. To be eligible for automatic insurance, you must:

- **Be at least 25 years old**
- **Have a balance of at least $6,000 in your super account**
- **Have had a contribution put into your account within the last 16 months**

In most cases, as soon as you meet these eligibility rules, insurance will be applied automatically.
If you're with AMP, we'll let you know when this happens and if you don't want the insurance, you can tell us.
If you want cover but are not currently eligible through your employer super plan, your welcome pack may contain information about a window of time to opt in. This can provide an opportunity to apply for insurance when starting your job.
Managing your insurance
It's a good idea to keep on top of your insurance needs. Because, as life changes (like if you purchase a home or have children) your insurance needs might too. Also, the cost of your cover may change as you age or if you change jobs.

Have you left your job?

Leaving your job may affect your insurance benefits - depending on your plan you may lose your insurance altogether, or the costs or type of cover may change. If you've recently left a job or are thinking about it, make sure you read your **insurance guide** to understand how it could affect your insurance.

Is your insurance at risk of being cancelled?

Super funds are also required to cancel the insurance in your super account if it hasn't received a contribution or rollover for 16 months. If you're with AMP, we'll let you know if this might happen to you and give you ways to keep it, if you wish.
If the insurance in your super account is cancelled because of these laws, we must transfer the account to the Australian Tax Office (ATO) if the balance is below $6,000. Some exceptions apply.

How to boost your retirement savings as super and tax laws change

If you're looking to maximise your superannuation, it's a good idea to be up to speed on any legal updates that could affect the super and tax landscape.
With super caps going up and tax cuts coming in, there are some **big changes on 1 July 2024** that could help you boost your retirement savings.

Here's how it's all going to work.

Super caps are going up...
There are annual caps – or limits – on how much money you can contribute towards super, both in terms of pre-tax 'concessional' contributions and after-tax 'non-concessional' contributions.
Both these caps are going up, so if you have any spare funds you'll be able to move more of your money into super's low-tax environment.

- The **concessional cap** is increasing from $27,500 to **$30,000** a year.

- The **non-concessional cap** is increasing from $110,000 to **$120,000** a year.

Time to tweak your salary sacrifice plan
For PAYG employees, the compulsory SG will go up by half of a percent to 11.5% from 1 July. While the annual concessional contribution cap will increase to $30,000, allowing more salary to be sacrificed into super, the increase in SG rate will reduce some of that additional capacity to salary sacrifice. So it is good time to review your existing salary sacrifice arrangement with your employer.

How to play catch up with your super
There are special rules that allow you to pay even more into your super – useful if you're playing catch-up before retirement.
With **concessional contributions** if you have less than $500,000 in your super on 30 June of the previous financial year, you can carry forward unused amounts from up to five previous years. So if you didn't contribute the full amount in 2018-19, this is your last chance to use any unused amounts from that financial year – the opportunity will expire on 30 June 2024.
How to make large contributions to your super
With non-concessional contributions if you have less than $1.66m in your super on 30 June 2024, you can bring forward three years of contributions up to $360,000. The higher annual cap means the total amount you can tip into super using the bring-forward rule has increased from $330,000 to $360,000.
The rules can be a bit complex so if you come into a windfall from selling an asset or receiving an inheritance, it's worth chatting to a Rhys about the best way to increase your retirement savings.

...and tax cuts are coming in
The Government's long-awaited 'stage 3' tax cuts are coming into effect on 1 July 2024. While there have been well-publicised changes – lower income earners will receive a higher cut than originally proposed, while higher income earners will receive a lower cut – the bottom line is that all personal income taxpayers will pay less tax.

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Your tax cut from 1 July 2024

Taxable income	Tax payable 2023/24	Tax payable 2024/25	Tax cut
$40,000	$4,367	$3,713	$654
$60,000	$11,067	$9,888	$1,179
$80,000	$18,067	$16,388	$1,679
$100,000	$24,967	$22,788	$2,179
$120,000	$31,867	$29,188	$2,679
$140,000	$39,667	$35,938	$3,729
$150,000	$43,567	$39,838	$3,729
$160,000	$47,467	$43,738	$3,729
$180,000	$55,267	$51,538	$3,729
$190,000	$59,967	$55,438	$4,529
$200,000	$64,667	$60,138	$4,529

Source: https://treasury.gov.au/tax-cuts/calculator

So before 1 July 2024 when you're still paying a higher rate of tax, you might like to think about **bringing forward any tax deductions by**:

- making personal deductible contributions to your super using any unused amounts from 2018/19
- prepaying any deductible expenses such as income protection premiums and investment loan interest where possible.

And then **after 1 July 2024** you'll be paying a lower rate of tax. So you might like to think about **deferring any income from:**

- selling an asset that generates a capital gain
- receiving an employment termination payment or leave entitlement
- applying for a First Home Super Saver Scheme release
- making a taxable super withdrawal, such as total and permanent disability under age 60.

The good news is that if you're a taxpayer you'll have more disposable income that will help soften some of the cost-of-living pressures we're facing.
If you're lucky enough to have some spare funds, you might like to talk to Rhys about ways to utilise the additional disposable income, which may include paying down non-deductible debt and/or boost your super in terms of salary sacrificing before tax or after-tax contributions.

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