P 03 5434 7600 | **E** venture@venturebendigo.com.au

Year in review

Like many of you, we are in disbelief that another year is almost gone. It has been fantastic to have so many face to face appointments again and to help so many clients.

This year Venture launched a Centrelink Only service which assists with ongoing maintenance as well as new applications for Age Pension, Commonwealth and Low Income Health Care Cards, Disability Support Pension and Aged Care. The Venture team will be growing in the new year to keep up with the demand for this service.

Venture has also seen growth in the self-managed superannuation accounting and administration team with Nathan Matthew now working closely with Ryan and Andrew as a graduate accountant.

In other staff news, Reece Yarwood completed his traineeship in business administration support and has accepted a full time role in our client services team.

It was also with great excitement Bronwyn welcomed not one but two grandchildren into the broader Venture family. In 2023, Bron will be reducing to a 9 day fortnight so that she can enjoy some precious time with some very cute little people!

We thank you for your support this year and look forward to working with you again in 2023.

The Venture team wish you all a very merry Christmas.

Wishing you a happy, healthy and safe Christmas and New Year.

Our office will be closed from midday Thursday 22 December and will re-open Monday 9 January 2023.

SMSFs to lodge TBAR quarterly from 1 July 2023

From 1 July 2023, all SMSFs with members in retirement phase must report transfer balance account events by lodging a transfer balance account report (TBAR) quarterly.

This change will provide members with more timely and accurate information which will allow them to better manage their transfer balance cap and avoid excess transfer balance tax.

If a SMSF is currently reporting annually, the fund will need to report all transfer balance account events that occurred in the 2023 income year by 28 October 2023.

SMSFs can start transitioning to lodging quarterly now, which will save time at the end of the income year.

Report to Government focuses on level of risk of LRBAs

The Council of Financial Regulators, in conjunction with the Australian Taxation Office, has completed its second report to Government on leverage and risk in the superannuation system. The report focuses on limited recourse borrowing arrangements (LRBAs).

Consistent with the first report prepared in 2019, the current report finds that LRBAs are unlikely to pose a material risk to the superannuation system or broader financial system and recommends continued monitoring and reporting on an 'as needed' basis to ensure appropriate oversight of these risks. However, the report finds that LRBAs continue to be a significant risk to some individuals' retirement savings. Given this, the report concludes that the Government may wish to further consider current policy settings, particularly in light of the 2014 Financial System Inquiry's recommendation that LRBAs be prohibited.

The Council provided its report to the Treasurer in late September 2022.

Home Equity Access Scheme

The Home Equity Access Scheme (HEAS) allows clients to receive non-taxable loan payments through Services Australia or the Department of Veterans Affairs (DVA). HEAS is a reverse mortgage type loan which can assist clients who own Australian real estate and require income to assist with meeting their living expenses. It is available to clients who have reached Age Pension age, are receiving or eligible to receive a qualifying pension and have real estate in Australia that they can offer as security for the loan. Repayments can be made any time, but are generally made when the client sells the property or from their estate.

HEAS Eligibility

To be eligible for a loan under the scheme from Services Australia, clients or their partners must:

> reach Age Pension age, and

> be qualified for an eligible income support payment, and

> not be bankrupt or subject to a personal insolvency agreement, and

> own real estate assets in Australia of sufficient value to secure the payment of any debt that becomes payable, and

> have appropriate and adequate insurance covering the secured asset.

Clients do not have to be receiving an income support payment. They will be eligible to participate in the HEAS as long as they remain qualified for the relevant income support payment. For example, a person may be eligible for the HEAS if they have reached Age Pension age and meet the residency requirements, even if they are not receiving the Age Pension due to the income and/or assets test.

The loan can be paid as a fortnightly amount, a lump sum or a combination of both. Clients can nominate a fortnightly loan payment amount of up to 150% of the maximum rate of pension (includes supplements) and Rent Assistance if applicable. At date of publishing the maximum payment would be $40,033.50 for a single person or $30,178.20 for each member of a couple.

They can either choose to receive:

> the maximum amount, being 150% the maximum pension payment rate, or

> a percentage that is lower than 150%. For example, 120% pf or 80% pf, or

> a fixed flat rate (loan type 'fixed') for example, $500 pf If a client is receiving a pension, the combined loan amount and actual pension rate cannot exceed 150% of the maximum rate of pension.

The interest payable on the loan is set at a variable interest rate. The current interest rate is 3.95%.

This scheme isn't for everyone, however it could provide flexibility for retirement and allow individuals to stay at home for longer.

Personal Risk Insurance

What is personal risk insurance?

Personal risk insurance is an important way of assisting you and your dependants to be financially supported in the event of serious illness, disability or death. If your ability to earn an income is affected, a personal risk insurance policy may enable you to maintain your current lifestyle and continue supporting those who depend on you.

Why do I need it?

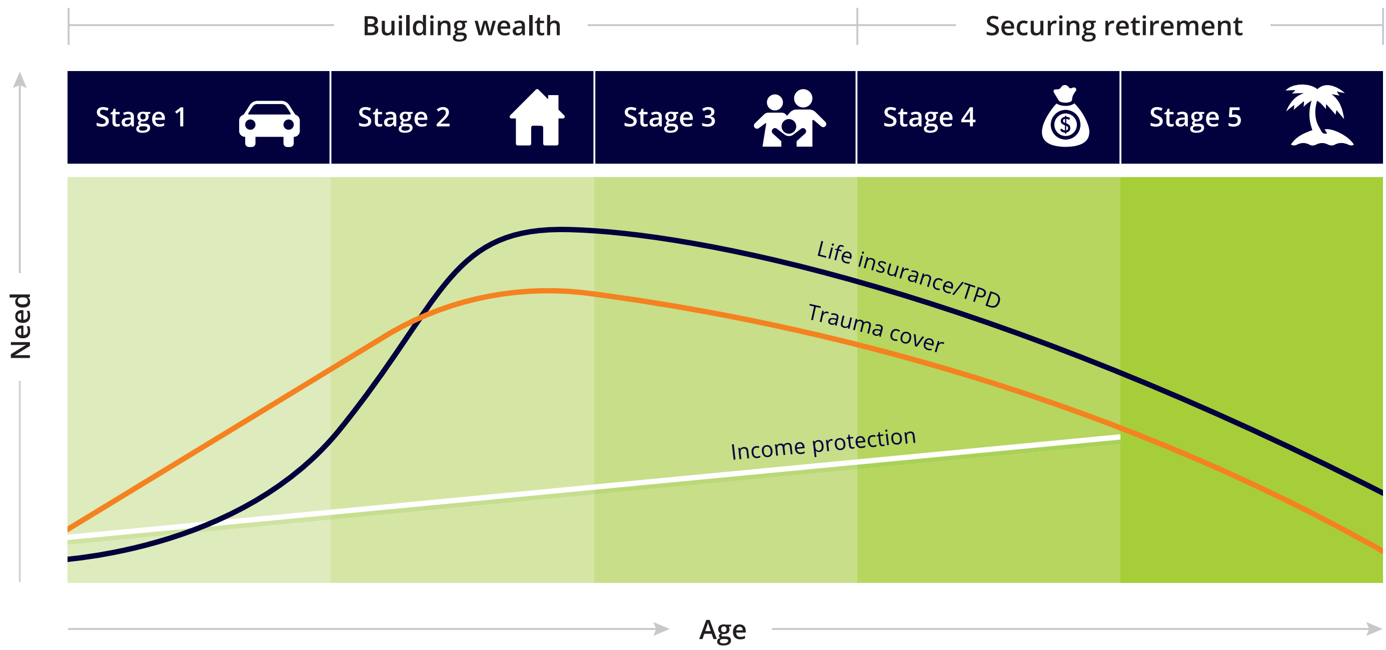
While we recognise the emotional impact of events such as serious illness or death, the financial consequences can be equally devastating. If the unexpected did occur, having personal risk insurance can go a long way to helping you and your family meet your basic living expenses such as your mortgage, groceries, petrol or school fees. Depending on the event, you may also need to cover significant medical expenses, rehabilitation, modifications to your home or services to help maintain your lifestyle.

Types of personal risk insurance

Life insurance	A lump sum payable on death or terminal illness. This can help support your dependants to maintain living standards or pay off debts.
Total and permanent disability (TPD) insurance	A lump sum to help support you if you are totally and permanently disabled due to illness or injury.
Income protection insurance	A monthly income stream to help support you if you are temporarily unable to work because of illness or injury.
Trauma insurance	A lump sum to help support you if you are diagnosed with a specified major medical condition (e.g. heart attack, stroke or cancer).

What kind of insurance do you need and when?

As your lifestyle and financial position change over time, so do your risk insurance needs. For example, during the years when you are supporting a young family or paying off a large mortgage, you will likely want more protection than later years when you may have downsized homes and your children are in the workforce. The diagram shows what type of insurance may be required most during each phase of life.



Ways your financial adviser can help

- Your financial adviser can help decode the various insurance policies and find the right mix of cover to suit your needs.
- They can outline the pros and cons of waiting periods, different insurance providers and premiums.
- Based on your current investment portfolio and earnings they can ensure your level of income is protected should the unexpected happen – so your family has financial security and you can recover in comfort.

Endeavor Finance update

The team at Endeavor has been busy in light of a changing lending market and interest rate increases.

> Endeavor Finanace has seen increased refinance activity across the board, consisting of approx. 50% of all loan applications.

> SMSF lending options are still available for both commercial and residential investment properties.

> Reverse mortgages for retirees are still available for big ticket items or progress payments to fund lifestyle. Loan payments are not required with the debt repaid usually at the later time of sale of the property.

If you would like assistance in refinancing or are considering a purchase in your SMSF please call on 03 5434 7690 or email **endeavor@endeavorbendigo.com.au**

On the blog

Income Limit Changes for the Commonwealth Seniors Health Care Card

From 4 November 2022 the income thresholds for the Commonwealth Seniors Health Care Card (CSHC) have been increased, allowing more Australians access to medical and pharmaceutical discounts and concessions. These changes will greatly benefit self-funded retirees who were previously unable to access the benefits of the CSHC.

View article on our website

See our blog for more information at **www.venturebendigo.com.au/news**

Venture Financial Advisers
61 Bull Street, Bendigo

03 5434 7600
venturebendigo.com.au