

OUR GEMS

JEM Wealth Monthly Newsletter | Issue 1



THE FEDERAL BUDGET

30 Mar 22 | Written by MLC

This year's Federal Budget covers a range of measures aiming to reduce the pressure from increased costs of living and help more people into homes.

Note: These changes are proposals only and may or may not be made law.

Summary

Personal taxation:

- The **Low and Middle Income Tax Offset (LMITO)** will increase by \$420 to reduce tax payable for eligible taxpayers in the 2021/22 financial year. This offset is non-refundable and available to those earning up to \$126,000 per annum. However, LMITO was not extended for the 2022/23 or later years.
- For six months from 12:01am 30 March 2022, the **excise on fuel will be halved**. Half the current excise on fuel and diesel is 22.1 cents per litre.
- **Indexation of the Medicare Levy:** From 1 July 2021, the thresholds are:
 - For singles \$23,365 (up from \$23,226)
 - For families \$39,402 (it was \$39,167), plus \$3,619 per dependent (\$3,597)
 - For single seniors and pensioners \$36,925 (increased from \$36,705)
 - For family seniors and pensioners \$51,401 (up from \$51,094) plus \$3,619 per dependent (up from \$3,597)

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FROM OUR HEAD OF ADVICE



29 Mar 22 | Written by Natalie McHugh

JEM Wealth looks a little different than it did in 2014. Not only have we opened a new office in a new city, and employed many new staff, but, in January 2022, we established the Financial Design Group. This is our self-licensed entity, allowing JEM Wealth to have full control over its financial advice.

With this exciting move to self-licensed, Ben McHugh will be moving into a well-suited and long-anticipated new role: JEM Wealth Head of Advice. He will be responsible for the training and management of Financial Advisers and the quality of our advice. Though this means clients will see less of Ben, he is able to be involved in every client's situation in a significant and valuable way.

The **JEM Wealth Brisbane** office was officially opened in November 2021 at 643 Logan Road, Greenslopes. This is where Dusty, Sam, Natalie, Jake and Aly are focused on clients of the Greater Brisbane and coastal areas. We welcome Jake, who studies Financial Planning at university and who wants to be part of the next generation of Financial Advisers at JEM Wealth.

JEM Wealth Toowoomba is strong and steady through change, with Brett, Caylea and Hope looking after the fair folk of the Darling Downs.

Also, we are introducing this monthly newsletter, called *Our Gems*, to share some of what would otherwise be our hidden gems of expertise. We hope you enjoy and benefit from it.

“ **Financial Design Group** allows **JEM Wealth** to have full control over its financial advice ”

Ben McHugh



FEDERAL BUDGET

Summary (Continued)

Home ownership:

Affordable housing measures: The First Home Loan Deposit Scheme and Family Home Guarantee allow eligible individuals to purchase a home with a 2% deposit, and the Government guarantees the loan, removing the lenders mortgage insurance. Currently, guarantees are limited to 10,000 yearly. From 1 July 2022, a total of 50,000 guarantees will be allocated as follows:

- 35,000 places for the First Home Guarantee (AKA First Home Loan Deposit Scheme) - to continue indefinitely.
- 5,000 places under the Family Home Guarantee for single parents regardless of previous home ownership - until 30 June 2025.
- 10,000 places under a new Regional Home Guarantee, for individuals relocating to regional locations who have not owned a home in five years and supply a 5% deposit - until 30 June 2025.

Business taxation:

- The Government is proposing to allow a 120% deduction of eligible costs incurred in **training staff in small businesses** (aggregated annual turnover less than \$50 million). Training must be delivered by an Australian external registered training organisation and relate to employees. This would apply from 29 March 2022 to 30 June 2024.
- Small businesses may be eligible to deduct up to 120% of eligible business costs relating to **adopting digital technologies**, such as cloud services or cyber security systems. Eligible expenditure will be capped at \$100,000 per financial year. This is expected from 29 March 2022 to 30 June 2023.
- The Government proposes for businesses' **Pay As You Go (PAYG) instalments to be calculated from approved software**, based on current financial performance, from 1 January 2024. This aims to calculate accurately withholding rather than businesses waiting until their tax return is lodged to receive a refund of over-withheld amounts.
- **Increase to JobTrainer:** The Government has proposed an additional 15,000 places in JobTrainer, providing free or subsidised vocational training in industries such as aged care and disability support.

FEDERAL BUDGET - CONTINUED

Superannuation:

Continuation of the reduced minimum pension drawdown: The budget proposes to extend the minimum amount that needs to be drawn from account-based income streams to the 2022/23 financial year. This means individuals with account-based pensions or term allocated pensions will be required to draw less from their savings, matching current year minimums.

Social Security:

- **Cost of living payment:** Eligible social security recipients resident in Australia will receive a **one-off \$250 payment in April 2022**. Eligible payments include the Age Pension, Disability Support Pension, Carer Payment and Allowance, JobSeeker Payment (equivalent DVA payments), individuals holding a Pensioner Concession Card or Commonwealth Seniors Health Card. Like previous relief, payments will not be means tested and will be tax-free. Individuals will only receive one payment even if they receive multiple qualifying benefits.
- **Parental leave pay is proposed to be combined** with Dad and Partner Pay resulting in a single scheme of 20 weeks leave, shareable between parents as they see fit. This can be taken at any time within two years of birth or adoption. The new payment is proposed to be subject to an additional household income test. Single parents are expected to be able to access an additional two weeks leave.
- **Lowering the Pharmaceutical Benefits Scheme (PBS) safety net:** From 1 July 2022, the Government proposes the PBS safety net to come into effect earlier, with 12 fewer scripts being required for concessional patients and 2 fewer for general patients each calendar year before the safety net activates. Once within the safety net, concessional patients do not pay for PBS medicines whilst general patients only pay the concessional co-payment rate (currently \$6.80 per script).

Important information and disclaimer

Sources: www.budget.gov.au

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ECONOMIC VIEWS: UKRAINE

04 Mar 2022 | Written by Vanguard

There is tremendous uncertainty confronting markets, said Shaan Raithatha, a Vanguard senior economist. He emphasised, "The work we're doing is based on conditions at present, and the situation is clearly fast-moving."

Persistent higher energy prices affect growth because consumers will have less to spend on other things. They also weigh on profit margins, leaving businesses less to reinvest.

How long high energy prices persist and to what degree will be vital to informing our economic views. For conditions to deteriorate to the point of ushering in a recession, oil prices would need to climb to a range of \$130 to \$150 a barrel for several quarters and financial conditions would need to tighten broadly, according to the Vanguard economics team's analysis.

Vanguard foresees developed-market inflation averaging **more than 8% for all of 2022** in such a case.

Growth and inflation effects would be felt more acutely in the euro area, which gets 40% of its natural gas and 25% of its oil from Russia,* than in the United Kingdom or the United States' which use much less Russian energy.

*Source: Eurostat

More Information:

[Here is an update on the Russian securities exposure for all our funds as at 8 March 2022.](#)

From the article: ['How events in Ukraine change our economic views'](#)

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CHANGES TO SUPERANNUATION

10 Mar 2022 | Written by Natalie McHugh

As 30 June approaches, we at JEM Wealth remain committed to implementing the strategies relating to managing taxation outcomes and superannuation before the end of the financial year.

At the same time, Benjamin McHugh, the JEM Wealth Head of Advice, is looking ahead. From 1 July 2022, there will be changes to superannuation, including:

- increasing the amount of personal contributions to superannuation for people aged 67-74*
- removing the work test requirement before making personal after-tax and salary sacrifice contributions for those aged 67 to 74*
- reducing the eligibility age for making a downsizer contribution from 65 to 60
- increasing the amount that can be released under the First Home Super Saver Scheme to use to purchase a first home, and
- removing the minimum monthly income threshold before an employer is required to pay Superannuation Guarantee on behalf of employees.

*Contributions must be received no later than 28 days after the month in which the person turns age 75.

As part of your ongoing service, a JEM Adviser will personally review how these changes impact your financial circumstances.

