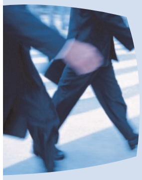
▶ Adviser of the Year 2015 1

▶ 2015-2016 Federal Budget Highlights.......2



▶ A Positive Start to the Year.................. 3

Winter Edition | June 2015

Blueprint Update

PARTNERING WITH YOU IN SECURING YOUR FINANCIAL FUTURE AND ACHIEVING YOUR LIFETIME GOALS.

Adviser of the Year 2015

Winter has arrived and contrary to the cold weather, we have lots of exciting news to share with all of you.

Firstly, Rob has been named Adviser of the Year for 2015 and what a fantastic commendation as Rob approaches his 35th year in the financial services industry. Congratulations Rob...you truly deserve it!

Secondly, we would like to welcome back Kim Tape after 4 years of working in other areas of the finance industry. I'm sure you will all get a chance to say "Hi" to her over the next few months! Welcome back Kim!

And last but not least, we will be adding a new bundle of joy to the Matrix Norwest family as Maria and her husband, Jason, welcome their first child to the world in December 2015.

Keep warm over the winter months and we look forward to keeping you up to date in our Spring Edition!

Market Update - Global Snapshot

Country	Index	Index 04/06/2015	% Change in 12 months
Australia	ASX 200	5,504	7.28%
USA	Dow Jones	18,076	9.51%
USA-Tech	Nasdaq	5,099	20.55%
UK	FTSE100	6,950	4.53%
Hong Kong	Hang Seng	27,552	23.20%
Japan	Nikkei	20,488	37.44%

Source: Bloomberg World Stock Indexes as at 04/06/2015

Matrix Norwest
Financial Planners

2015-2016 Federal Budget Highlights

On Tuesday, 12th May 2015, the Federal Treasurer, Joe Hockey delivered his second budget, describing it as 'measured, fair and responsible' and one designed to promote 'jobs, growth and opportunity'. For Australian retirees, the Budget contained a number of important proposals, including:

⇒ increases in the Assets Test thresholds and the Assets Test taper rate
⇒ abandoning changes to the indexation of the Age Pension and the deeming and Income Test thresholds
⇒ removal of the former home rental income exemption for aged care residents
⇒ a higher Medicare levy low income threshold.

The following summary contains more details about each of those measures and what they may mean to you. It is important to discuss your particular circumstances and how these changes may apply to you with your financial adviser.

Note: These measures are proposals only and may not become law.

Age Pension
The Government proposed the following changes, all with a commencement date of 1 January 2017.

Increase of the Assets Test thresholds
The Assets Test threshold describes the level of assets a retiree can have, on top of their family home, before their Age Pension entitlement is reduced under the Assets Test. The current and proposed thresholds are detailed below.

	Assets Test threshold for full Age Pension		
	Currently	From 1 January 2017	Increase
Single, homeowner	$202,000	$250,000	$48,000
Single, non-homeowner	$348,500	$450,000	$101,500
Couple, homeowner (combined)	$286,500	$375,000	$88,500
Couple, non-homeowner (combined)	$433,000	$575,000	$142,000

Increase the Assets Test taper rate from $1.50 to $3.00
The Assets Test taper rate is used to determine a retiree's Age Pension entitlement under the Assets Test. Currently a person's Age Pension entitlement under the Assets Test is reduced by $1.50 for every $1,000 of assets above the Assets Test threshold (which is being increased as described previously). The proposed measure will increase the taper rate to $3, effectively reducing the amount of assets a person can have before they are no longer entitled to a part Age Pension entitlement. A person is no longer entitled to a part Age Pension when their assets exceed the levels set out below.

	Currently	From 1 January 2017	Decrease
Single, homeowner	$775,500	$547,000	$228,500
Single, non-homeowner	$922,000	$747,000	$175,000
Couple, homeowner	$1,151,500	$823,000	$328,500
Couple, non-homeowner	$1,298,000	$1,023,000	$275,000

Reducing the time a person may be absent before their Age Pension benefit is reduced.

Pensioners who do not have an Australian Working Life Residence (AWLR – the AWLR is the period a person has lived in Australia, as a permanent resident, between the age of 16 years and Age Pension age) of at least 35 years will only be paid their rate of Age Pension for six weeks while they are overseas instead of 26 weeks currently. After six weeks' absence from Australia, pensioners who have lived in Australia for less than 35 years will be paid at a reduced rate proportional to their period of AWLR.

Pensioners overseas on the date of implementation will not be affected by this change unless they return to Australia and make a subsequent trip overseas. Pensioners with an AWLR of 35 years or more, or who are exempt from proportionality rules, such as recipients of the Disability Support Pension who are terminally ill or severely impaired and certain Widow B Pension and Wife Pension recipients, will not be affected.

The Government announced that they would no longer pursue the following measures affecting pensioners:

⇒ limiting future indexation of the maximum Age Pension to CPI only
⇒ freezing the Income Test threshold for three years
⇒ resetting deeming thresholds on the 20 September 2017 to $30,000 for single pensioners and $50,000 for pensioner couples.

Federal Budget Highlights *...continued*

Aged care
The Government has made the following Aged care proposals.

Removal of the rental income exemption from 1 January 2016
Under current rules where a person moves into a residential aged care facility, rents out their former home and pays part of their aged care accommodation costs by periodic payment, any rental income is excluded from the aged care means test. The proposed change will mean a new resident entering care from 1 January 2016 will have rental income counted towards their aged care means test. Consequently, they may be required to pay a higher means tested care fee.

Increasing consumer choice within Home Care from 1 February 2017
My Aged Care Gateway will become responsible for allocating home care packages directly to consumers, giving them greater choice around the services they receive and their provider.

Other important announcements:

⇒ There will be increases to the Medicare levy low income thresholds for the 2014-15 financial year to help low-income taxpayers to remain exempt from paying the Medicare levy.

  New thresholds are:
  - $33,044 per annum for seniors and pensioners
  - $35,261 per annum for couples with no children *(adding $3,238 per annum for each child)*
  - $20,896 per annum for singles

⇒ Early access to superannuation for people diagnosed with a terminal illness will be allowed provided they have two medical practitioners certify that they have a life expectancy of less than 24 months instead of 12 months currently.

⇒ Various family measures to tighten family tax benefits and assist parents with child care costs:

  - From 1 January 2016, families will only be able to receive Family Tax Benefit (FTB) Part A for six weeks in a 12 month period while they are overseas.
  - From 1 July 2016, the Government will cease payment of the additional FTB Part A Large Family Supplement.
  - From 1 July 2016, the Government will remove the ability for individuals to take Parental Leave Pay from the Government in addition to any employer provided parental leave entitlements.
  - From 1 July 2017, the Government will replace the Child Care Benefit, Child Care Rebate and the Jobs, Education and Training Child Care Fee Assistance programs with a new, single, means-tested Child Care Subsidy.

⇒ Various measures were introduced to help businesses with aggregated annual turnover of less than $2 million (small business):

  - From 7.30pm (AEST) 12 May 2015 and up until 30 June 2017, businesses may claim an immediate tax deduction on an eligible business asset that they start to use or install ready for use, provided it costs less than $20,000.
  - From 1 July 2015, reduce the small business company tax rate to 28.5% (the 30% maximum tax rate will be maintained for franking credit). For those small businesses which are not incorporated, for example sole traders, a discount of 5% of the income tax payable on business income (capped at $1,000 per individual) will be available each income year.
  - From 1 July 2015, businesses are eligible to claim a tax deduction for a range of professional expenses associated with starting a new business.
  - From 1 April 2016, relax the fringe benefit tax rules to allow small businesses to provide employees with more than one qualifying work-related portable electronic device.
  - From 1 July 2016, small businesses may change their legal structure without attracting a capital gains tax liability.

Source: Challenger Limited

A positive start to the year

Overall, the past 12 months have seen investors well rewarded with good returns across a wide range of investments.

The Australian sharemarket performed strongly in January and February this year as interest rates were cut. However, the sharemarket drifted sideways throughout March and ended up closing a little lower by the end of the month.

Generally, banks and healthcare stocks did well while resources companies had a harder time of it with falling iron ore prices. The Reserve Bank of Australia (RBA) decided to leave interest rates unchanged in early April at 2.25%.

Financial markets are expecting additional rate cuts in the coming months. The only question appears to be how far the RBA will cut interest rates in this cycle, given the current rate is at a historical low.

International sharemarkets were strong performers in the March quarter, rounding out what has proven to be a very strong last 12 months. The falling value of the Australian Dollar (AUD) helped boost these returns, and unhedged international investments generally outperformed those that were currency hedged.

In the next 12 months, we expect to see more evidence of the winding down of Australia's big mining boom, leading to a slowdown in the Australian economy and further falls in the value of the AUD. This may lead to a widening in the divergence in returns of Australian and international shares, with international shares benefiting from a lower AUD.

The investment strategy for our diversified investment options involves maintaining a fairly high level of exposure to offshore sharemarkets relative to Australian shares. This is designed to benefit from a falling currency, and to reduce the risk of having too much exposure to investments that could be negatively impacted by the ongoing slowdown in the Chinese and Australian economies (such as Australian shares).

The investment options are also maintaining a defensive positioning at the present time with higher than normal cash levels. This acts as a hedge against the possibility of a reversal of recent gains.

**Source: Clearview Research & Investment*

Rob Pedersen CFP

Corporate Authorised Representative of
Matrix Planning Solutions Limited
AFSL & ACL No. 238256
ABN 45 087 470 200

Street Address
Unit 306, 10 Century Circuit
BAULKHAM HILLS NSW 2153

Mailing Address
PO Box 6787
BAULKHAM HILLS NSW 2153

P: 02 9899 6077
F: 02 9899 6067
W: www.matrixnorwest.com.au