

## 2013 Q1 UPDATE



April 2013

Well what a great start to the year! Property seems to be moving along a little more confidently, coupled with some interest from prospective buyers, has meant some pretty serious activity on the Home Loan front! Pity some banks can't get their act together though.

We have managed to score some significant goals (pardon the pun) this quarter on the back of our Strategic Plan compiled over December. Two in particular...

We have partnered with the Bayside United FC in Lota and are the exclusive sponsors of their Junior in-house Competition – U6-8's on Saturday mornings, for the next 2 years. This has given us exclusive naming rights to the competition (Home Sweet Loans Cup LOL) and the players' jerseys. In addition, we get space on the Media Board, Facebook and their Website, not to mention the un-miss-able ground signage. There is also an ongoing incentive where every loan originated from BUFC will see a cut of our Commission donated to the Club. We're excited, they're excited, and Jibreel has no choice but to play soccer for at least the next 2 years.

The other significant 'goal' scored is a Contract with Stockland Home Finance to service 3 of their Communities at Sovereign Pocket, Augustine Heights (both Springfield Lakes region), and Vale at Holmview. While it means weekend work again, there is a significant amount of opportunity to really expand our business and Client base, and develop some long term strategic partnerships. Fortunately I got myself some new wheels to make all that driving a little more comfy... ☺

There are a few more irons in the fire which I hope to cement in the next 6 months, and hopefully the appointing of my much anticipated and long awaited Client Service Manager! Stay tuned...

### **HSL Footy Tipping**

Our inaugural Footy Tipping Comp is well underway with 61 Tippers trying their hand at scoring one of the 17 prizes on offer. There have been claims of corruption, dodgy-ness & favouritism, and that's only after 5 weeks – that's what the comp is all about (some just need to get in their heads that it's about the number of '0's on the end of the request...)! At the Conclusion of Week 5, Pete Janson & Bill Vasiliadis lead the pack Overall, with Peter Howarth heading up the NRL & Jo Biles in control of the AFL! Paul Janson anchors the Overall table while Frank Tucker cements the AFL and Bec McLeod holding off Bec Scott for the chain in the NRL. Long way to go though...

### **Champagne**

Congratulations to Karen Brown for scoring the bottle of Taittinger Champagne – please drink responsibly Karen... ☺

A slight change to the format of this Quarters update. Due to time constraints, I'll cover the usual topics in the Q2 Update. However, some key information below pertaining to your Credit File & the recently announced Superannuation changes.

## What does your Credit File say about YOU?!

On the back of a recent issue experienced by one of our Clients, where there was a 5 figure Default Judgement slammed on his Credit Check, that turned out to be a genuine case of mistaken identity, below is some information on Personal Credit Files – we all have them!

### **Personal credit file – the importance of knowing your credit history**

If you have ever applied for credit, whether it is a credit card, mortgage or personal loan, a personal credit file has been created containing your credit history. This record can be accessed by financial institutions and can determine your ability to obtain credit in the future. So what does your credit file contain and why it is important to know what your file contains?

#### **Your credit file**

Your credit file is an electronic record of your credit history, containing records of 3 distinct areas; consumer credit information, commercial credit information and public record information. Past credit applications, selected current credit account details, commercial applications, certain court writs/summonses, judgements and any past bankruptcies can all appear on your credit file.

They do not contain personal information such as income, criminal records or medical history, however your date of birth, address and driver's licence details are likely to be listed.

#### **Know your credit file**

The details on your credit file can affect your loan application, so it's important to know what your file contains. Financial institutions and other companies providing credit will consider the information on your file before accepting you as a customer. Financial institutions and credit providers commonly 'score' or 'rate' your credit file along with your application when assessing your ability to repay finance. Your rating will vary considerably between credit providers depending on their lending criteria.

#### **Protecting your credit reputation**

Upholding a 'good' credit file can help you obtain credit quickly and easily. Your credit file could be letting you down if your record shows an unusually high number of applications or a history of defaulting on loans.

To maintain a healthy credit rating, it is important to answer all questions accurately on your credit application form, always pay your bills on time and contact your creditor immediately if you get into repayment difficulties.

If you do find yourself in financial trouble, it might be worthwhile consolidating your debts into a personal loan, where the interest rate would be lower than credit card and store card rates. This could assist you getting back in the black sooner and improving your credit rating.

The Privacy Act gives you the right to obtain a copy of your individual consumer credit file to assist in your credit arrangements or if you have been refused credit. To access your credit file, visit <http://www.mycreditfile.com.au/home/free-credit-file.dot> .

## Government Announces Superannuation Changes

On Friday 5 April 2013 the Minister for Financial Services and Superannuation, the Hon Bill Shorten MP, and the Deputy Prime Minister and Treasurer, the Hon Wayne Swan MP, announced the Government's proposed changes to the superannuation laws. The Government have aimed the changes at creating what they believe will be a more equitable and sustainable retirement income system.

The following is a summary of the announced changes to superannuation:

### 1. Changes to the tax exemption for earnings on superannuation assets supporting income streams

From 1 July 2014, earnings on assets supporting income streams above \$100,000 per year will be taxed at a rate of 15 per cent. This is in contrast to the current rules where all earnings from assets supporting superannuation income streams are tax-free. The Government estimates that this measure will only affect 16,000 superannuation members who are estimated to have superannuation balances of \$2 million and over.

The Government has said it will ensure that members of defined benefit funds will be equally impacted by this change as members of accumulation funds. This will be achieved by calculating a notional earnings for each year a defined benefit member is in receipt of a concessional tax superannuation pension.

The measure grandfathers the CGT treatment of existing assets supporting income streams until 1 July 2014. This will cause the CGT treatment of assets supporting income streams to have a three tiered structure over the next 10 years so that for:

- assets that were purchased before 5 April 2013, the reform will only apply to capital gains that accrue after 1 July 2024;
- assets that are purchased from 5 April 2013 to 30 June 2014, individuals will have the choice of applying the reform to the entire capital gain, or only that part that accrues after 1 July 2014; and
- assets that are purchased from 1 July 2014, the reform will apply to the entire capital gain.

### 2. Increasing the concessional caps for certain superannuation members

- The concessional contribution cap will be increased so that:
- From 1 July 2013 taxpayers aged 60 and over will have a \$35,000 cap; and
- From 1 July 2014 taxpayers aged 50 and over will have a \$35,000 cap.

This will replace the Government's previous proposal of a higher cap for over 50's with balances under \$500,000. The Government abandoned this proposal due to industry criticism that the proposed measure was too complex and difficult to administer.

The general concessional cap is expected to reach \$35,000 by 1 July 2018.

### 3. Reform of the Excess Contribution Tax treatment of excess concessional contributions.

The new Excess Contribution Tax (ECT) regime for concessional contributions will allow taxpayers that have exceeded their concessional contribution cap after 1 July 2013 to withdraw the excess contribution from their superannuation fund with the excess contribution being taxed at the taxpayer's marginal rate. In addition, an interest charge will be levied on the excess contribution to recognise that tax on excess concessional contributions is collected at a later date than normal income tax.

The result of these changes is that an excess concessional contribution will be taxed in the same way that a non-concessional contribution would have been taxed.

#### 4. Council of Superannuation Custodians

The Government has proposed to establish a Council of Superannuation Custodians to ensure that future changes to superannuation are consistent with a Charter of Superannuation Adequacy and Sustainability.

The Council will be responsible for assessing future superannuation policy changes against principles of certainty, adequacy, fairness and sustainability. The Council will provide an annual report to be tabled in Parliament.

#### 5. Extending normal deeming rules to superannuation account based income streams

The Government has proposed to extend the normal deeming rules to superannuation account-based income streams for the purposes of the pension income test. The Government said this was to ensure all financial investments are assessed fairly and under the same rules.

From 1 January 2015 the standard pension deeming arrangements will apply to new superannuation account-based income streams assessed under the pension income test rules.

All products held by pensioners before 1 January 2015 will be grandfathered indefinitely and continue to be assessed under the existing rules for the life of the product so no current pensioner will be affected, unless they choose to change products.

#### 6. Extending concessional tax treatment to deferred lifetime annuities

The Government will provide the same concessional tax treatment that superannuation assets supporting superannuation income streams receive for deferred lifetime annuities. This will apply from 1 July 2014.

#### 7. Changes to the arrangements for lost superannuation

The Government will further increase the account balance threshold for lost superannuation to be held by the Australian Taxation Office to \$2,500 from 31 December 2015, and to \$3,000 from 31 December 2016.

### How can we help?

If you would like some assistance with identifying how these recent changes are likely to affect your own superannuation, please feel free to give Darren Fordham from Summit Super a call to arrange a time to meet so that you can discuss their impact on your particular circumstances. He can then determine whether you need to make any changes to your existing arrangements. Darren can be contacted on 07 3839 3799 or [darren@summitsuper.com.au](mailto:darren@summitsuper.com.au).

### Home Sweet Loans

On our website is our '**Budget Organiser**' Template. This Organiser has been designed to assist you in implementing a budget or simply tracking your expenses. It's amazing where your money goes once you decipher it on paper! You can download this for FREE! I'm also open to any suggestions on how we can improve it too!

**Home Buyer Guides** - The Home Buying Essentials and Property Investment Essentials. These 24 page colour booklets are packed with information for those who haven't purchased a home (ever or in a long while), or anyone considering dipping their toes in the Investment pool. If you would like a FREE copy, or know anyone that could benefit from them, please email me or request from the HSL website...



On a housekeeping matter, please note that we are here to assist during the Application process, and post Settlement. If you require any assistance whatsoever once you have your loan in place, please call us at anytime. This alleviates any issues that you will encounter dealing directly with your respective Lender, especially when it comes to Product switches and Discharges/Releases.

### We Value Your Thoughts!

Gift Vouchers, Movie Tickets, a night at the Footy, lunch/dinner at sumptuous Restaurants – the more of your family & friends you refer, the greater your rewards! We also conduct a regular competition through our Quarterly Magazine. Throughout the year, we conduct several competitions that are exclusive to our 'Email Alert' members & Facebook 'Likers'.

**Take Care!**  
**Tarek**

## So what does everyone think of us?

**55% 'wished every business was like ours' and  
39% were 'very happy' with our service.**

\* Based on the Survey conducted of HSL Clients in Dec 2012.

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