INSIDE

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FINANCIAL MATTERS AFFECTING YOUR LIFESTYLE

- Is Life Insurance worth after 60?
- Consolidate your Super
- Single Touch Payroll 2: The time has come
- Why it's important to think about insurance ahead of retirement

Is Life Insurance worth after 60?

Life insurance acts as a safety net, giving you confidence to enjoy your retirement worry free. However, it's reasonable to wonder whether, after a certain age, it's still worth it.

Like so many other Australians aged in their 60s, you've probably spent a long while thinking about retirement. Sleepless nights planning. Sometimes seemingly endless days working.

But how long have you spent safeguarding your plan? While many people think that life insurance is no longer valuable once you aren't working or reach a certain age – or a cost you can forgo – the reality is quite the contrary.

In fact, retaining your policy might offer you benefits and peace of mind to make your retirement that little easier.

Can seniors take out life insurance? There are a number of things to consider when purchasing life insurance as a senior – including your eligibility. What is covered at which age will be important to your decision making.

Some Level Premiums are only available to applicants up to age 59. Speak to your financial adviser to help you.

Level premiums mean that the base cost of your cover remains the same year-on-year (factoring in inflation). Level premiums will revert to stepped premiums (which increases over time) at the policy anniversary prior to age 65 with TAL life insurance.

Meanwhile, if you're aged between 18 and 61 when applying, you can add Premium Relief to your life insurance. This allows you to have life insurance premiums waived if you're unable to work for at least three consecutive months due to illness or accident, up until you turn 65.

The benefits of life insurance for seniors – Of course, for anyone purchasing life insurance, a significant benefit is the lump sum that could be paid out to your family and loved ones in case of your death of terminal illness. For those over 60 this is particularly pertinent – you may already have a nest egg to leave to your family, but a lump sum payment will help them to tackle any unexpected fees or costs associated with a death in the family, leaving your savings as a valuable inheritance. It can also help any dependents who rely on you to pay debt or meet their living expenses.

That's why life insurance for seniors is about more than just the money – it's also about peace of mind. If you're over 60, life insurance can give you the confidence to live life and enjoy retirement, knowing that the future of your loved ones will be protected.

You can keep taking your grandkids out for surfing lessons on your 8ft mini-mal. You can cruise the Great Australian Bight carefree. Or, if you're feeling extra adventurous, you can try your hand at jet skiing, motor racing and scuba diving without stressing about worst case scenarios.

Retaining your life insurance after 60 – To make the most of the benefits, you could consider retaining your life insurance after 60, but it's important to make sure it still aligns properly with your personal situation.

When was the last time you reviewed your policy to ensure the amount you're covered for matches your current circumstances?

In the years since you last looked at your policy you may have welcomed half a dozen new grandkids into the world, your son might be planning the wedding of all weddings. Certain policies also expire or become invalid after you reach a certain age, so when reviewing your set up have a careful read of your life insurance PDS.

It's worth while double checking your family will be able to continue living the life you've worked hard for if you're gone, so you can enjoy your own life to the fullest.

Contact your financial adviser for more information. Source: TAL

Consolidate your Super

Did you know that there are approximately 10 million unintended multiple super accounts, which represents around 35% of all member accounts held by funds?

While in some cases this outcome may be intended, more often than not the creation of multiple accounts is unintended and mainly occurs when employees change jobs and do not nominate the same (or any) account for their super guarantee to be paid into.

These multiple super accounts are costing Australians an extra $690 million in duplicated administration fees and $1.9 billion in insurance premiums per year, which is eroding many Australians' hard earned super benefits.

If you are one of these individuals with multiple super accounts, there may be benefits to rolling your accounts into one super fund.

The benefits of consolidating funds – There are a number of benefits of rolling your accounts into one fund, including:

- **Prevent duplicated fees –** having one super fund means one set of fees, potentially saving you hundreds and thousands of dollars over your lifetime.
- **Easier to manage –** having all your super in one account makes it easier to manage as there is less paperwork and administration to worry about.
- **Maximise your investment returns –** once you have consolidated your funds, if will be easier to manage your investments strategy and you'll be able to maximise the funds to invest.

Things to consider before consolidating –

- **Check whether you have any insurance cover –** you may hold life, total and permanent disability cover and income protection through your super funds. When changing funds, you may lose this cover or not receive the same level of cover in the new fund. Individuals with pre-existing medical conditions and those aged over 60 need to be particularly vigilant.
- **Compare your super funds –** it is important to compare your super funds to check on things like fees, insurance premiums, variety of investment options available, performance data, etc before you choose a super fund that meets your needs.
- **Check if you can rollout of your current fund –** it may not be possible for you to transfer your money out of your account eg, if you have a defined benefit fund.

Speak to your licensed financial advisor to help you make the right decision, particularly if you're not sure about the adequacy of your new or existing insurance coverage. Source: Butler Settineri

Single Touch Payroll 2:

The time has come

In the May 2019 Federal Budget, the Government announced that Single Touch Payroll (STP) would be expanded to include additional information, building on the first state of STP which was made compulsory for most employers from 1 July 2019.

For the background, the STP regime is a government initiative which is designed to reduce an employer's burden when reporting to Government agencies such as the ATO. Under the regime, employers report employee payroll information at the ATO each time they are paid via STP-enabled software.

Start date – The start date for Phase 2 reporting was 1 January 2022, however the ATO has advised that employers who provide the additional reporting required under Phase 2 by 1 March 2022 will be accepted as having met the deadline.

Digital service providers (DSPs) can apply for a deferral if they need much more time to make changes and update their solutions. Such a deferral then automatically applies to customers of that provider. For example, Xero have advised that they have been granted a deferral until 31 December 2022. This means that all customers using Xero Payroll will also have until that date to report their first STP Phase 2 pay run. Check with your provider if a deferred start date applies.

For businesses that need more time to transition, you may apply for an extension beyond your software provider's deferral. Registered accountants and bookkeepers will also be able to apply on your behalf.

On the compliance front, under Phase 2, genuine reporting mistakes will not be penalised in the first year until 31 December 2022.

ATO: Benefits for employers

1. **TDN Declarations –** Employers will no longer need to send employee TFN declarations (they will still need to be collected and filed in employee records, however).
2. **Closely held payees –** For businesses using concessional reporting, such as is the case for closely held payees, this can be communicated through income types.
3. **Lump sum E Payments –** When making Lump Sum E payments, employers won't need to provide Lump Sum E letters to employees.
4. **Payroll Data Integrates with Services Australia –** Payroll information employers provide to the ATO will be shared in near real-time with Services Australia, who can use it to streamline requests.

What isn't changing?

- The way you lodge, pay and update events
- The due date for lodging events
- The types of payments that are needed
- Tax and super obligations
- End of financial year finalisation event requirements.

In practice

Once your STP 1 solution is upgraded to offer phase 2 reporting, you can transition at any time throughout a financial year. The way you transition from STP 1 to STP Phase 2 reporting will depend on your circumstances and the solution you use.

You should follow your digital service provider's instructions to upgrade your solution.

Checklist

✓ Commence reporting from 1 March 2022

✓ No penalties for genuine mistakes apply until the start of 2023; the main thing is to commence reporting

✓ Consult your existing STP 1 provider about the transition to STP 2

✓ Seek input from your accountant or bookkeeper around the reporting itself.

Source: Butler Settineri

Why it's important to think about insurance ahead of retirement

If retirement's on your horizon, you'll be keen to make sure your plans stay on track. It makes sense to concentrate on things you can control, such as insurance.

Paying for more insurance than you need can eat away at your retirement savings, at a time when they're more important than ever. Under–insure and one day you may find you need it and have to use savings or borrow money to help you get through hard times.

Cover for a changing life – If you're considering what insurance you may need in the lead up to retirement, a good way to get started is to think about what you really need, and what you don't. Another approach is to make sure you're holding the right insurance for the lifestyle you want in retirement.

Here's a simple checklist that may help:

1. Ask yourself how much your family would have if you were to pass away or become disabled
2. Compare that with how much your family might need in the same situation, including how they'd manage paying for day-to-day costs like mortgages or rent.
3. The difference between the two can help you work out how much insurance you may need.

Consider your existing cover – Dig out your existing insurance agreements, taking special note of when they're due to expire and your continued eligibility for the policies they hold.

An important area for many Australians is insurance held in superannuation. These policies can come as part of our super account, and often have an expiry date.

Insurance in super – Insurance in super can help us out when we really need it. Like any type of insurance, it works best when you have the right level of protection for your situation. As you head towards retirement and your life changes, so might your priorities.

As well as Life insurance which pays a lump sum benefit if you pass-away, you might have Total and Permanent Disablement (TPD) in your super. TPD cover may provide you with a lump-sum payment if you suffer a disability that prevents you from ever working again.

TPD could help you pay for ongoing medical expenses, alterations to your home to make day-to-day life easier and help provide future financial stability.

Total salary continuance, also know as income protection, is designed to pay a monthly benefit of up to 75% of your pre-disability regular income if you're unable to work due to injury or illness.

Typically, within super, Income Protection provides you with cover either for a two-year or five-year period or until your turn 65, depending on the terms of your plan. Please contact your financial adviser for more information. Source: AMP Insights

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