



# Goldsborough

Quarterly financial planning news and views



## Global Money Week

Global Money Week (GMW) is an annual international campaign aimed at raising awareness and promoting financial literacy among young people worldwide. The initiative, to be held from 18-24 March 2024, brings together policymakers, financial institutions, educators, and youth organizations to empower children and youth with the knowledge and skills to effectively manage their finances.

Since GMW's inception in 2021, 176 countries have taken part with over 60,000,000 children and young people reached. During GMW 2023, 40,416 organisations took part including the Financial Advice Association Australia (formally the Financial Planning Assoc.).

The theme for GMW 2024 is "Protect your money, Secure your future". The aim is to focus on safe money management, highlighting the importance of adopting a responsible and informed approach to personal finances, and by being aware of potential risks in the financial sector and protecting one's hard-earned money. Such risks may include financial scams and frauds, including phishing, money muling and online shopping scams, and risks related to data privacy, such as

identity theft. Young people are especially likely to fall victims of financial frauds and scams, due to their limited financial literacy and experience.

The week-long event features various activities and initiatives designed to engage young people in learning about financial concepts such as budgeting, saving, investing, and entrepreneurship. Workshops, seminars, competitions, and interactive games are organized in schools, universities, community centres, and online platforms to make financial education fun and accessible.

One of the key objectives of Global Money Week is to emphasize the importance of financial inclusion, ensuring that all young people, regardless of their socioeconomic background, have equal access to financial services and opportunities. Through partnerships with financial institutions and NGOs, GMW aims to address the barriers that prevent marginalized youth from participating in the formal financial system.

Another focus of GMW is promoting entrepreneurship and economic empowerment among young people. By highlighting success stories of young entrepreneurs and providing them

with tools and resources to start their ventures, the campaign inspires youth to take control of their financial futures and contribute to economic growth and development in their communities.

Furthermore, Global Money Week serves as a platform for advocacy and policy dialogue on issues related to financial education and youth empowerment. Policymakers and stakeholders use this opportunity to discuss strategies for integrating financial literacy into school curricula, improving access to financial services, and creating an enabling environment for youth entrepreneurship.

Overall, Global Money Week plays a vital role in shaping the financial habits and attitudes of future generations, equipping them with the knowledge and skills they need to make informed financial decisions and achieve financial well-being. By fostering a culture of financial responsibility and empowerment, GMW contributes to building a more prosperous and inclusive society for all. ■



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## Financial empowerment for single women: a practical guide



Being a single woman comes with its unique set of challenges, especially when it comes to managing finances.

Whether you're single by choice, divorce, or loss, taking control of your financial wellbeing is essential. In this blog, we'll explore practical advice tailored specifically for single women to achieve financial independence and security.

### 1. Know your money mindset

Understanding your relationship with money is the first step. Take a moment to reflect on your beliefs and habits around finances. Are you a saver, a spender, or somewhere in between? Identifying your money type—whether you're a cautious planner, a risk-taker, or somewhere in between—will help you make informed decisions.

### 2. Create a budget and stick to it

Budgeting is crucial for everyone, but especially for single women. Start by tracking your income and expenses. Allocate funds for essentials like rent, bills, groceries, and savings. Be realistic about discretionary spending and find a balance that allows you to enjoy life while saving for the future.

### 3. Emergency fund

Life can throw unexpected curveballs. Having an emergency fund is essential. Aim for at least three to six months' worth of living expenses saved up. This safety net will provide peace of mind during challenging times.

### 4. Debt management

If you have existing debts, prioritise paying them off. High-interest credit cards and personal loans can eat into your financial stability. Consider consolidating debts or negotiating lower interest rates.

### 5. Invest wisely

Investing isn't just for the wealthy. Start small by exploring low-cost index funds or managed funds for example. Diversify your investments to reduce risk. Remember, time is your greatest asset when it comes to growing wealth.

### 6. Superannuation

Your superannuation is crucial. Understand where your super is invested, review the fees and investment options and consider salary sacrificing to boost your retirement savings. Seek advice from a financial planner if you're unsure.

### 7. Insurance coverage

Protect yourself and your assets with appropriate insurance. Health insurance, income protection, and life insurance are essential. Shop around for competitive rates and tailor coverage to your needs.

### 8. Seek professional advice

Above all else, seeking professional Financial Advice is so important. A good Financial Adviser can help to work with you and educate you so that you can feel more confident. They can guide you through investments, tax strategies and retirement planning and keep you on track. **Seeking financial advice early can set you on the right path toward achieving your financial goals and ensuring a brighter future.** One of our Goldsborough Advisers would welcome a chat.

**Being a financially empowered single woman is achievable. Take charge of your money, invest in your knowledge and build a secure future. Remember, financial independence is not just about wealth—it's about peace of mind and freedom to live life on your terms.** ■



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## The tech revolutions impacting global share markets

It is no surprise to find Apple and Microsoft at the top of this list of the world's largest companies.

Personally, I'm a customer of – and somewhat of a slave – to both.

I'm no stock analyst but I can't help being captivated by most talked about company in the world right now, NVIDIA. The graphics chip manufacturer has added more than \$1.8 trillion to its market capitalisation since January 2023. For perspective, NVIDIA's valuation now mirrors the combined value of the top 100 companies in Australia.

Historically, NVIDIA catered to gaming enthusiasts, creating high end graphics chips. More recently their H100 chip, which sells for around US\$30,000 has become the most sought-after commodity in the IT landscape. Tech giants Apple, Microsoft, Amazon, Google, Meta and others compete for supply of NVIDIA's chips to enhance and train their artificial intelligence models. The AI revolution is underway, but like the internet 25 years ago, it remains to be seen just who the greatest beneficiaries of this transformation will be.

A less familiar company featuring in the MSCI top 10 is Eli Lilly and Co. Eli Lilly, along with its Danish competitor Novo Nordisk specialise in diabetes treatments and are leaders in the emerging field of semaglutide weight loss medications. You may have heard of the name Ozempic; a product owned by Novo Nordisk and a name which has become synonymous with these semaglutide medications which offer so much potential in the fight against diabetes and obesity. With over 1 billion obese people worldwide, the potential impact of these medications is mind blowing.

In the field of weight loss medication and AI we have these two game-changing technologies with such incredible potential to help society but also uncertainty and risk. So too with the companies behind these technologies, with such lofty share prices, yet production constraints, regulation, and competition all threaten their continued success. Any company's share price can only be sustained if profit meets expectations. For these corporate giants, they are now of such a size that a change to earnings expectations is meaningful enough to move the needle on global share market returns. ■

### MSCI World Index Top Constituents

	Float-Adjusted Market Cap (USD Billions)	Index Weight (%)	Sector
Microsoft Corp	2,919.59	4.60	Info Tech
Apple	2,825.89	4.46	Info Tech
NVIDIA	1,954.07	3.08	Info Tech
Amazon.com	1,641.39	2.59	Cons Discr
Meta Platforms A	1,089.35	1.72	Comm Srvcs
Alphabet A	821.48	1.30	Comm Srvcs
Alphabet C	729.78	1.15	Comm Srvcs
Lilly (ELI) & Company	608.15	0.96	Health Care
Broadcom	577.14	0.91	Info Tech
Tesla	576.69	0.91	Cons Discr
<b>Total</b>	<b>13,743.51</b>	<b>21.67</b>	





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## How to get extra money into super when selling a business

Once owners of a small business decide it's time to sell, knowing the rules around capital gains tax (CGT) may mean no tax on the sale and getting more money into super – potentially up to \$1.705 million (the CGT Cap) – **even if they've already reached the \$1.9 million total super balance (TSB).**

This is vital for many who neglected their super, as they re-invested every cent back into the business, particularly if they're close to retirement.

Selling your business requires careful planning and negotiation. This means seeking expert legal and financial advice to capitalise on any tax concessions offered by the Australian Taxation Office (ATO).

*Some exemptions make investing the sale proceeds into super very attractive.*

### Four main concessions

"There are four small business CGT concessions to consider when selling a business or business assets. All the tests require basic criteria to be met, which ensures the asset relates to a small business. The tests can be very complex and therefore engaging with professional advisors **early in a sale process** is important, to maximise the availability of the concessions.

The main rules are: a capital gain must arise on disposal of the asset; either the business turnover is less than \$2 million, or the net value of your assets and the assets of relevant associated entities is less than \$6 million (excluding personal use assets); the asset disposed of must be an "active asset."

- **The 15-year exemption** is the most valuable, as it allows a full exemption from CGT on the sale of the business, or "active asset" – if it has been owned for 15 years and if the owner is over 55 and about to retire, or is permanently incapacitated. If this exemption is applied, no other small business enterprise CGT concessions can be applied. The lifetime CGT cap is \$1.705 million (indexed annually).
- **The retirement exemption** – a \$500,000 reduction in the assessable capital gain. The \$500,000 is a lifetime limit for each individual and if they're under 55, the amount must be paid into super. If over 55, it is optional to pay the amount into super.
- The 50 per cent reduction allows an extra 50 per cent reduction in the capital gain. This is in addition to the usual 50 per cent CGT discount available for individuals.

- **The rollover concession** – allows the capital gain to be rolled over into another active business asset. If no asset is acquired after two years, then the capital gain arises at this point. The retirement exemption can be applied to this capital gain, which can mean a two-year deferral to contribute to superannuation or to turn 55.

### Getting money it into super

The 15-year exemption and the retirement exemption allow contributions into superannuation that sit outside the non-concessional contribution caps (refer below), as follows:

- The 15-year exemption allows a contribution of the total sale proceeds, up to the CGT cap (**\$1.705 million** – indexed annually). For example, recently, a client sold his Real Estate business for \$600,000 **and contributed the entire amount (\$600,000) tax-free** into his existing superannuation account, utilising this rule.
- The retirement exemption allows a contribution of **up to a maximum of \$500,000** of the disregarded capital gain, which is different to the 15-year exemption as it is based on the exempt capital gain, not the total sale proceeds.



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## Sources of retirement income

Let's delve into **income layering** for a couple with **\$1 million** in assessable assets. We'll explore how a combination of an **annuity**, an **allocated pension**, and the **Age Pension** can be strategically used to create a robust retirement income plan.

### 1. Annuity

- An annuity provides a guaranteed income stream for life. It's like having a financial safety net that ensures regular payments, regardless of market fluctuations.
- By incorporating an annuity, the client couple can secure a stable income source that lasts throughout their lives.

### 2. Allocated Pension

- An allocated pension (also known as an account-based pension) allows retirees to draw income from their superannuation savings.
- The traditional approach is to transition investments from aggressive assets to defensive ones (like cash and fixed income) at retirement. However, this can limit capital growth and lead to reduced spending in retirement.
- Instead, consider a **product layering strategy**. Allocate a portion of retirement savings to an annuity while keeping the rest in more growth-oriented investments within the allocated pension.

- This approach balances income generation with potential growth, allowing retirees to enjoy their retirement without unnecessary frugality.

### 3. Age Pension

- Here's where it gets interesting: **annuities can reduce assessable assets** for the Age Pension means test.
- For asset test-sensitive clients (like our couple with \$1 million in assessable assets), purchasing a lifetime annuity can lower their assessable assets. As a result, they may become eligible for the Age Pension.
- The Age Pension acts as a third income stream, enhancing overall retirement income.

### 4. Putting It All Together

- Our couple could allocate a portion of their assets to an annuity, ensuring a guaranteed income.
- The remaining assets can fund an allocated pension, providing flexibility and growth potential.
- As their assessable assets decrease due to the annuity, their Age Pension entitlements may increase.
- The result? A layered approach that balances security, flexibility, and potential growth. ■

Even outside the small business CGT regime, there are ways to boost superannuation, subject to being eligible to contribute, namely:

- Non-concessional contribution – \$110,000 a year or \$330,000 over three years using the "bring-forward" rule (increasing to \$120,000 and \$360,000 **from 1/7/24**).
- Concessional contribution – \$27,500 per year (increasing to \$30,000 **from 1/7/24**).
- Unused concessional cap – carry forward concessional contributions, whereby members who have a TSB less than \$500,000, can utilise any unused concessional contributions for the previous five years to obtain a larger tax deduction in the contribution year.
- Downsizer contribution – if you are 55 or older, you may be able to contribute up to \$300,000 from the proceeds of the sale (or part sale) of your home into your superannuation fund. Therefore, a couple could contribute \$600,000 between them.

The laws around how and when to make super contributions are complex – therefore you need expert advice. Please feel free to contact me on 08 8378 4000 to discuss your situation further. ■



**MATTHEW KELLY** CFP®  
Authorised Representative (314983)

## Aged care fees could be changing

A government task force looking into the aged care sector in Australia has recommended that those of us with the financial means should pay for our own living and accommodation costs. This would be a substantial change to what currently happens.

Currently, the taxpayer covers most of the expenses for aged care – around 75% of residential care costs and 95% of in-home care costs.

### What are the proposed changes?

For in-home care, there is a recommendation for a new “fee for service” approach, which would see the government pay for the care itself (e.g. cost of a nurse) but expect residents to pay for costs they had been expected to pay all their lives, such as food.

For residential care, there is a recommendation to move to a fee supplement on top of the basic fee. The government would pay the supplement for low means residents, but those that can afford it would pay it themselves. The task force is also recommending phasing out the option to pay for accommodation via a lump sum deposit.

The purpose of the option to pay for accommodation via a lump sum has been to allow the aged care facilities to invest the lump sum and generate a return whilst they hold it. However, the task force did not believe the deposits were achieving their desired purpose and have suggested all nursing home residents move to a daily payment (rental) model.



### Why are these changes being considered?

Over the coming years, Australia will have more retirees needing care and needing it for longer. At the same time, the working-age population, whose taxes fund aged care, is shrinking. Therefore, the aged care sector will not be able to meet the expected demand.

Older people today (generally) are wealthier than previous generations, in particular superannuation balances, hence the recommendations for people to use income from superannuation to cover health and aged care costs (along with drawing down on super to cover lifestyle and other living expenses).

This is not yet government policy as the recommendations need to go through cabinet. ■



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## The Peaks Challenge



On the 7th March I set off on a 12-hour drive to Victoria with three cycling companions. We were on our way to complete the Peaks Challenge starting in Falls Creek, which would be my third time. The bike ride is held on the March long weekend and is widely recognised as one of the toughest one-day cycling events in Australia. It's a 235km course taking in some of the most picturesque and challenging terrain through the Victorian Alps, with over 4,500 vertical metres of climbing. It includes three main climbs: Tawonga Gap, Mount Hotham, and the notorious ascent up the 'back of the falls', which has an average gradient of 9% for 9km, and you arrive at this at the 200km mark!

My friends were in a much fitter state than me, having started their training months earlier than I had. I resolved that my main goal was to finish the ride comfortably and safely. They were aiming to complete the ride in 10 hours, and I was happy to scrape through with any time under the 13-hour limit. At that point, they close the course, and you are forced to take the sag wagon (bus) back to the finish.

Two weeks out from the event, the weather forecast was for heavy rain; one week out from the event, it quickly changed to a heatwave subjecting us to

a high of 37°C. 2,000 riders lined up at the start, and only 1,400 would finish, which gives a good indication of how the conditions played out on the day.

The ride started at 7:00 am with the weather at a coolish 14°C. We were wearing our Goldsborough-emblazoned jerseys as a group, but I let my friends take off ahead while I tried to find some riders of a similar pace. For the first five hours, all was well - I was over halfway, and somehow, I managed to overtake one of my friends who was struggling with cramp. My confidence levels jumped, and I decided to pick up the pace and aim for a better finish time.

Within the hour, with 20km to the next stop, I was running out of water, my leg started to cramp, and my speed dramatically dropped for the next 60km to the final climb. I finally reached the back of falls climb, and as you turn into the corner, the incline peaks at 15%. This is where everyone's lack of training is exposed, and we are forced to walk part of the course trying to maintain some form of momentum. The climb is

covered in marshals, ambulances, and buses ferrying anyone who has waived the white flag and can't go any further. I overheard an ambulance driver telling a person lying on the side of the road that they were full and would be back when they could (sound familiar, Adelaide!). Somehow, I managed to get back on the bike, feeling pain in every body part, and managed to cross the finish line with 20 minutes to spare.

It was a gruelling day in the saddle, with many high and low emotions to contend with. The friend I had overtaken earlier in the day had been forced to retire. He was devastated, but we had such a great day we agreed to come back and do it all again next year. ■

*For my fourth attempt, I thought I would benefit from applying some financial planning principles. Start the training early, having a clear strategy, stay focused when the conditions change, and reward myself along the way.*



**WILL CHAPMAN** Dip FS(FP)  
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## Welcome to our new team member

We're very excited to announce that Sarah Borthwick has joined our Goldsborough team as our new Client Services Manager.

Sarah has a depth of experience in the role and is well versed in our systems, allowing her to adapt quickly and also bring a fresh approach to the way we do things.

Goldsborough has always been very proud of our culture which has helped in

our ability to attract and retain staff of a high calibre, particularly given South Australia has a relatively tight pool of skilled Financial Services professionals.

We're delighted Sarah has chosen to join us and she has been working with Matt Kelly and me closely. We look forward to introducing Sarah to our clients and for any queries, she can be contacted over the phone 08 83784000 or email sborthwick@goldsborough.com.au ■



# Information sessions in 2024

We are happy to announce that we will be hosting 3 different types of information sessions in 2024. These sessions will all be held in our boardroom at 6pm on the dates listed below:

## Super SA Members

Monday 27 May

Monday 26 August

Monday 25 November

at 6.00pm

A FAQ event on the tips and tricks unique to Super SA and how we can assist to maximise your benefits.

## Retirement Living and Aged Care

Wednesday 1 May

Wednesday 7 August

Wednesday 6 November

at 6.00pm

If you or a loved one will need Retirement Living support and/or Aged Care in the coming years, then this seminar will explain the different options that are available.

## Retirement Planning Talk

Tuesday 14 May

Tuesday 8 August

Tuesday 12 November

at 6.00pm

There's never a better time to plan for tomorrow than today! We'd love to help you start planning your financial future, and it's as simple as attending one of our free Retirement Planning Talks.

Please keep an eye on our Facebook page or our website for the most up-to-date details.

## Referral award

Goldsborough is a referral-based business. **The biggest compliment any client can give us at Goldsborough is the referral of a friend, relative or business associate who could benefit from our services.** To show our appreciation for the wonderful referrals that we receive from our clients we are now drawing a winner for **each month**, to receive a \$100 gift voucher!

We have pleasure in announcing the winners of our Referral Award December 2023, January and February 2024 are:

- Heather Johns
- Corralie Kelly
- Carol McKenzie

Congratulations and thank you again, your vouchers are on the way. ■

The winners each receive a \$100 gift voucher!

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