WORKSHOP AGENDA

<table>
<thead>
<tr>
<th></th>
<th>INTRODUCTION:</th>
<th>CIFP HISTORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>EXPERIENCE:</td>
<td>CIFP</td>
</tr>
<tr>
<td>3</td>
<td>COSTS:</td>
<td>FEES FOR SERVICES PROVIDED</td>
</tr>
<tr>
<td>4</td>
<td>CIFP SERVICES:</td>
<td>CENTRELINK CORESPONDENCE NOMINEES</td>
</tr>
<tr>
<td>5</td>
<td>SUPER/PENSIONS:</td>
<td>TAX BENEFITS, RESTRICTIONS, SMSF vs WRAPS</td>
</tr>
<tr>
<td>6</td>
<td>CENTRELINK:</td>
<td>CURRENT RULES vs NEW RULES IN 2017</td>
</tr>
<tr>
<td></td>
<td>CASE STUDIES:</td>
<td>STRATEGIES TO MAINTAIN YOUR PENSION</td>
</tr>
</tbody>
</table>

[www.youtube.com/watch?v=GC2g8CToKps&list=PLPhHSZWjt-K4z3JYYxWMX2BNv-sJ3I-rF](www.youtube.com/watch?v=GC2g8CToKps&list=PLPhHSZWjt-K4z3JYYxWMX2BNv-sJ3I-rF)
CENTRE IN FINANCE (CIFP)

➢ Commenced: 1984 with own ASIC Licence

• Benefits of Advice:
  – Strategic: Investment & Legislative management
  – Behavioural: Calm & informed decisions
  – Value Add: Ongoing advice can add additional value of 3% pa

• Value Add Strategies (CIFP):
  – 2003 – 2007: Maximum exposure to growth (based on risk profile)
  – 2007 – 2008: Transfer 50/70% to cash (index 6,000 points)
  – 2009 – 2010: Transfer 30/50% to growth (index 3,500 points)
  – 2011 – 2012: Locked in Term Deposit rates for 5 years at 5% pa
  – 2013 – 2015: Selection of active fund managers with income focus
THE CIFP TEAM

* BILL ALATERAS: Director – Senior Financial Planner (32 years)
  Degree in Accounting/Finance (Melbourne), Tax/Finance Lecturer

* VICKI ALATERAS: Director – Financial Planner (22 years)
  Degree in Social Science (Monash), Diploma of Financial Planning

* ROBERT FARCHIONE: Financial Planner (16 years)
  Diploma of Financial Planning

* NICOLE HADJIGEORGIOU: Financial Planner (6 years) Para Planner (10 years)
  Degree in Applied Science (Deakin), Advanced Diploma of Financial Planning

* HELEN PESCOS: Receptionist

* MEGAN ASHTON: Administrator
CIFP ONGOING SERVICES

• LMDA Services:
  1. Re-invest term deposits upon maturity (up to 5 years)
  2. Re-balance with strategic ongoing management
  3. Review model portfolio & fund managers

• Six-monthly portfolio review & newsletters:
  1. Review your asset allocation with your risk profile
  2. Prepare a Record of Advice for any changes
  3. Provide a 6-monthly newsletter & updates on our website

• Review meetings & interviews:
  1. Meet & review objectives, strategies & updated legislation
  2. Centrelink support & nominee arrangements
  3. Assistance with Imputation Credit refunds from the ATO
  4. Estate Planning support/assistance. Anti detriment payments (to 30/06/17)
CIFP SERVICES & FEES

CIFP charges a Service Fee with no commissions / bonuses.

<table>
<thead>
<tr>
<th>Service</th>
<th>AVERAGE FEES</th>
<th>CIFP FEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation &amp; Interview Charges</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Preparation of Financial Plan (SOA)</td>
<td>1.0% - 2.0%</td>
<td>Nil</td>
</tr>
<tr>
<td>Establishment Charges</td>
<td>1.0% - 2.0%</td>
<td>Nil</td>
</tr>
<tr>
<td>Total Annual Charges from (Tax Deductible?)</td>
<td>1.5% - 2.5% pa</td>
<td>1.0% pa</td>
</tr>
</tbody>
</table>

(Wrap Fees, Advisor Service Fees & Fund Manager Fees)

(CIFP negotiated a wrap fee reduction of up to 70% for our clients)

<table>
<thead>
<tr>
<th>Account Balance</th>
<th>Normal Fees</th>
<th>CIFP Fees</th>
<th>CIFP Savings</th>
<th>Fee Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>$780 pa</td>
<td>$250 pa</td>
<td>$530 pa</td>
<td>70%</td>
</tr>
<tr>
<td>$500,000</td>
<td>$2,725 pa</td>
<td>$1,250 pa</td>
<td>$1,475 pa</td>
<td>50%</td>
</tr>
</tbody>
</table>
1. INDUSTRY & EMPLOYER FUNDS:
   • Low cost with no ongoing service – (average cost 1% pa) – extra cost for advice
   • High costs for low account balances (fixed annual fees on average $ 100 pa)
   • Limited investment options & flexibility - Australian Super, Care Super, Hesta Super

2. RETAIL & MASTER FUNDS:
   • Varying costs with ongoing service – (average cost 2% pa)
   • Retail investment options & flexibility – CFS, AMP, MLC, BT, OnePath

3. WRAP WHOLESALE SERVICES:
   • Varying costs with ongoing service – (average cost 1% - 2% pa)
   • Wholesale investment options & flexibility – FirstWrap, MLC Wrap, BT Wrap
   • Direct investment options – Shares on the ASX 300

4. SELF MANAGED SUPER FUNDS (SMSFs):
   • Varying costs with/without ongoing service – (average cost 1% - 2% pa)
   • Investment options & flexibility – Wrap services may be used by SMSF
   • Direct investment options – Shares, listed, unlisted, direct investment property.
1. **ACCUMULATION PHASE:**
   - Tax deductible contributions (20% - 30% immediate tax benefit on income over $37K)
   - Co-contribution benefit of up to 50% ATO refund & Spouse Rebate of 18%
   - Tax on earnings is 15% pa plus 10% on capital gains (avoid CGT by transfer to Pension)
   - Salary Sacrifice can provide the following additional boost to wealth: (assume 5% return)
     
     | Years of Salary Sacrifice | Extra Wealth Accumulation |
     |----------------------------|---------------------------|
     | 5 years                    | 35%                       |
     | 10 years                   | 37%                       |
     | 20 years                   | 45%                       |
     | 30 years                   | 50%                       |

2. **PENSION PHASE:**
   - No tax on earnings or capital growth with 100% refund of Imputation Credits
   - Total earnings are on average 2% pa higher than accumulation phase
   - Income from pension is tax free from 60 years of age ($1,600,000 – 01/07/2017)
   - Income may be tax free or taxable with a 15% tax offset between age 55 to 59.

3. **RESTRICTIONS:**
   - Age, employment status between age 65 to 75 (30/06/17), preservation age for access
   - Contribution limits both concessional & non-concessional. (Tax deductible & tax free)
### CENTRELINK - ASSETS

#### 1. AGE PENSION

**QUALIFYING AGE 65 OR:**

<table>
<thead>
<tr>
<th>Date of Birth from</th>
<th>Pension Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/07/1952 – 31/12/1953</td>
<td>65.5</td>
</tr>
<tr>
<td>01/01/1954 – 30/06/1955</td>
<td>66</td>
</tr>
<tr>
<td>01/07/1955 – 31/12/1956</td>
<td>66.5</td>
</tr>
<tr>
<td>01/01/1957 &amp; onwards</td>
<td>67</td>
</tr>
</tbody>
</table>

#### 2. HOMEOWNERS ASSET TEST:

- Single Pensioner: $205,500 to $788,250
- Couple Pensioners: $291,500 to $1,170,000
- Separated by Illness: $291,500 to $1,447,500

**March 2016**

- Single Pensioner: $250,000 to $549,000
- Couple Pensioners: $375,000 to $826,000
- Separated by Illness: $375,000 to $1,110,000

**January 2017**

#### 3. NON-HOMEOWNERS ASSET TEST:

- Single Pensioner: $354,500 to $937,250
- Couple Pensioners: $440,500 to $1,319,000
- Separated by Illness: $440,500 to $1,598,500

#### 4. ASSET TEST EXEMPTIONS:

- Superannuation in a members name who is under the pension age
- Private dwelling on land up to 2 hectares (renovations to family home)
- Gifting up to $30,000 over 5 years (within 13 months) – Super funds for children/family
- Funeral bonds of $12,250, Burial plots (no limit) – 7.8% return for asset reduction
CENTRELINK - INCOME

1. INCOME TEST:
   - Single Pensioner: Part pension if income is - $ 4,212 pa to $ 49,296 pa
   - Couple Pensioners: Part pension if income is - $ 7,488 pa to $ 75,454 pa
   - Separated by Illness: Part pension if income is - $ 7,488 pa to $ 97,656 pa

2. LOW INCOME HEALTH CARD (ANY AGE):
   - Single Income: $ 27,616 pa threshold (Investments Deemed)
   - Couple Income: $ 47,788 pa threshold (Investments Deemed)

3. COMMONWEALTH SENIORS HEALTH CARD (PENSION AGE):
   - Single Income: $ 52,273 pa threshold (Investments Deemed)
   - Couple Income: $ 83,636 pa threshold (Investments Deemed)
   - Separated by illness: $104,546 pa threshold (Investments Deemed)

4. INCOME TEST EXEMPTIONS:
   - Superannuation in a members name who is under the pension age
   - Allocated Pensions before 01/01/2015 (income reduced by deductible amount)
   - First $250 per fortnight of employment income

5. DEEMING RATES:
   - Single Pensioner: 1.75% for the first $ 48,600 3.25% for amounts above
   - Couple Pensioners: 1.75% for the first $ 80,600 3.25% for amounts above
CASE STUDY - COUPLE

BILL (Age 68 – 1/4/48) & VICKI (Age 63 – 1/8/53) - Home Owners:

- Cash Funds: $40,000 (Joint)
- Direct Shares: $10,000 (Joint)
- Cars/Contents: $50,000 (Joint)
- Allocated Pension: $400,000 (Bill)
- Allocated Pension: $200,000 (Vicki)
- Current Age Pension: $10,500 pa (Bill)
- Age Pension 1/1/2017: $6,500 pa (40% reduction)
1. **TRANSFER Allocated Pension to Super for Vicki – Under Pension Age:**
   - Increase age pension temporarily until February 2018: (Vicki reaches pension age 65.5)
     - 1/7/2016 to 31/12/2016: from $ 10,500 to $ 13,000 pa (25% increase)
     - 1/1/2017 to 31/1/2018: from $ 13,000 to $ 12,500 pa
     - 1/2/2018 onwards: $ 4,500 pa each

2. **Transfer $ 30,000 Shares/Cash to Super for Children/Relatives:**
   - $ 10,000 in May/June 2016, $ 10,000 in July/August 2016 & $ 10,000 in July 2017:
     - 1/7/2016 to 31/12/2016: from $ 10,500 to $ 13,500 pa (30% increase)
     - 1/1/2017 to 31/1/2018: from $ 13,500 to $ 14,000 pa
     - 1/2/2018 onwards: $ 6,000 pa each ($ 1,500 pa each higher age pension)

3. **Spend Funds:**
   - Visit [www.youtube.com/watch?v=L6_f2R7G4ZQ](http://www.youtube.com/watch?v=L6_f2R7G4ZQ)
   - Renovations to home & upgrade appliances.
   - Holiday, Wellbeing & Health. [www.youtube.com/watch?v=gS4z7dKa1TU](http://www.youtube.com/watch?v=gS4z7dKa1TU)
   - Place funds in your credit card for future costs

4. **Funeral Bond – ($12,250) & Burial Plots (Unlimited Value):**
   - Increases the age pension by at least $ 1,000 pa.
1. TRANSFER OF PENSION TO PARTNER (MOST COMMON STRATEGY):
   • If Bill passes away in March 2018, Vicki will have the following assets:
     – $ 200,000 existing allocated pension
     – $ 400,000 reversionary allocated pension (from Bill)
     – $ 20,000 cash (after transfer of $ 30,000 to children in 2016/2017
     – $ 50,000 cars & contents
   • The total assets of $ 670,000 will exceed the limit for a single person of $ 549,000
   • The age pension for Vicki will reduce from $ 6,000 pa to nil

2. MAINTAIN THE ALLOCATED PENSION IN THE PARTNERS NAME (ESTATE OF BILL):
   • The allocated pension for Bill will accumulate tax free with no income being paid.
   • The allocated pension is not counted as an asset for Vicki whilst in the Estate of Bill.
   • The age pension for Vicki will increase from nil to $ 21,000 pa.
   • Vicki to run down her allocated pension to nil & then activate the reversionary on Bill’s
     allocated pension – this will allow Vicki to maintain a partial age pension.
   • Centrelink assets test will be indexed in March & September each year.
CASE STUDY - SINGLE

John (Age 70 – 1/3/46) - Home Owner:

- Cash Funds: $20,000
- Direct Shares: $10,000
- Contents: $10,000
- Car: $20,000
- Allocated Pension: $400,000
- Current Age Pension: $12,500 pa
- Age Pension 1/1/2017: $6,500 pa (50% reduction)
OPTIONS - SINGLE

1. TRANSFER $30,000 SHARES/CASH TO SUPER FOR CHILDREN/RELATIVES:
   • $10,000 in May/June 2016, $10,000 in July/August 2016 & $10,000 in July 2017:
     – 1/7/2016 to 31/12/2016: from $12,500 to $13,500 pa (10% increase)
     – 1/1/2017 to 31/7/2017: from $13,500 to $8,500 pa
     – 1/8/2017 onwards: $9,000 pa ($2,500 pa higher age pension - 40%)

2. SPEND FUNDS:  
   • Renovation to home and upgrade appliances.  
   • Holidays, Wellbeing & Health.  
   • Place funds in your credit card for future costs.
   www.youtube.com/watch?v=L-ZMZb1rACg
   www.youtube.com/watch?v=gS4z7dKa1TU

3. FUNERAL BOND – ($12,250) & BURIAL PLOTS (UNLIMITED VALUE):
   • Increase the age pension by at least $1,000 pa.
TAX ON ALLOCATED PENSION PAID TO CHILDREN/ESTATE FOR JOHN:
PROPOSED CHANGES ANNOUNCED IN THE MAY 3rd, 2016 FEDERAL BUDGET

1. CURRENT RULES TO JUNE 30th, 2017:

   (a) $400,000 (Taxable Component) Allocated Pension paid to adult children:
       * Anti-detriment payment made by various funds to cover tax of $70,000.
       * No strategy required unless the superannuation or pension fund does not pay
         the anti-detriment payment amount (all SMSF’s, various Industry Funds, etc).

   (b) $400,000 (Taxable Component) Allocated Pension paid to estate (no children)
       * No Anti-detriment payment available and estate pays $70,000 in tax.
       * CIFP Strategy is to inspecie transfer to investment fund before death which will
         have no transaction costs and eliminate $70,000 in tax. The Investment fund is
         established with either cash/shares/managed funds ready to accept the in
         specie transfer in the future from the allocated pension.
2. NEW PROPOSED RULES FROM JULY 1\textsuperscript{st}, 2017:

(a) $400,000 (Taxable Component) Allocated Pension paid to adult children/estate:
   * No anti - detriment payment available and children/estate pays $70,000 in tax.

(b) * CIFP Strategy to inspecie transfer to investment fund before death which will have no transaction costs and eliminate $70,000 in tax.
   * CIFP Strategy to inspecie transfer to investment fund now which will have no transaction costs and re-invest back into super/pension to eliminate the future tax of $70,000. New rules allow up to $500,000 to be re-invested tax free.

Assume the following:

* The $400,000 is within the new lifetime cap of $500,000 of non concessional contributions since July 1\textsuperscript{st}, 2007. (Up to age 75 with no work test)
* Pre 1/1/2015 Allocated Pension Centrelink Income Test Benefit.
* Transaction costs (Buy/Sell) and in an out of market costs ) - ( 1% - 2% costs)
CIFP ASSISTANCE

1. STRATEGIES: DESIGNED TO SUIT YOUR OBJECTIVES
2. RISK PROFILE: LEVEL OF COMFORTABLE RISK vs RETURN
3. SECOND OPINION: ANALYSE, EXPLAIN & COMPARE
4. FAMILY: SERVICES AVAILABLE TO FAMILY & FRIENDS
5. FINANCIAL CHECK: FREE FINANCIAL HEALTH CHECK FOR FAMILIES
6. UPDATES - WEBSITE: WWW.CIFP.COM.AU

Centre in Finance Pty Ltd (ABN: 61 062 431 583 / AFS Licence No: 247284)
Superannuation / Retirement / Investment / Life Insurance
Level 1/347 Camberwell Road, (P.O. Box 1120) Camberwell, 3124
Phone: 9813 5822 Fax: 9813 5844 Email: cif@cifp.com.au Web: www.cifp.com.au