

Pension exemption a policy mistake

One of my favorite Australian billionaires was The Hollomans. It was not in the office of the Central Policy Unit, a fictional political advisory unit set up by the Prime Minister to help him get on elected. Every episode featured a handsome, grinning spokesperson, which upon analysis was found to be deeply flawed.



Noel Whittaker

It is particularly appropriate to the ongoing debate about Labor's intention to levy a refund of imputation credits. It was all going good for the first couple of days, and then the financial advisory industry worked out that the biggest losers would be pensioners with small share portfolios.

Last Tuesday Labor confirmed that all pensioners, including part pensioners, would be exempt from the new measures, and so retain all their franking credits. The reality is that this could create even more anomalies. Let's work through a few examples. Figures have been rounded for simplicity, and share portfolios are assumed to earn 4.5 per cent daily franked. Earnings on the bank deposits are assumed to be 2 per cent, or \$2000 a year.

CASE STUDY ONE: The Wilsons are aged pensioners whose assets are their home worth \$600,000, and \$200,000 in blue-chip shares and \$75,000 in bank deposits. They also have a motor vehicle and furniture worth \$45,000.

They receive the full pension because their financial assets of \$775,000 are deemed to be earning \$200 a fortnight. The actual income from the financial investments is irrelevant: the purpose of the deeming system is to encourage pensioners to get the best return on their money.

For the income test their income is \$200 a fortnight, which enables them to qualify for the full age pension of \$83,274 a year (\$684 a fortnight) under the Income test. Centrelink will also test them on the assets test, but as their financial assets are \$775,000 and \$200,000 are under the lower cap-point of \$880,000 they qualify for the full pension on that test too. The share return is \$6000 a year (franking credits of \$6000).

Total annual income (including bank interest) is \$43,874 a year.

CASE STUDY TWO: The Browns have their home and \$475,000 in bank deposits. They have a share portfolio worth \$75,000 reporting net of \$10,000 plus franking of \$62,500. Their pension is \$70 a fortnight combined, domestic, including franking and interest, under the assets test.

CASE STUDY THREE: The Smiths have their home, \$600,000 in bank deposits, and \$200,000 in blue-chip shares. They also have a motor vehicle and furniture worth \$45,000.

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Online scammers

Today is April Fools Day, and scammers come out in force at this time of year. writes **Nina Hendy**

When Jan Marshall moved from Brisbane to Melbourne to work as an IT professional, she signed up to an online dating site in search of a companion.

It didn't take long for an engineer from England named Rasmus Donald Dahlblom to contact her via the site, Plenty of Fish.

They hit it off, and messages soon moved to email, then photos and online videos as their love grew. Rasmus blazed technology for the fact that his video didn't work, and she let it go.

Before long, he professed his love to Jan, who had been unlucky in love in the past. It was everything she could have hoped for. "I readily thought I had met a handsome engineer who was articulate and intelligent. I thought of him as the partner of my life," she says.

Rasmus told her he was handling an engineering contract in the US, then Dubai. He asked for money for materials for the work. She agreed to lend him \$20,000.

"There were alarm bells, but I dismissed it because it was paid to me."

Jan Marshall, now 64, was tricked by a romance scammer. Left: The ACCC has warned of a new scam "sifting" puppies.

It seemed legitimate. "The requests for money continued, so I did the takes of me in my story, so he was engaged in the way to the bank with the money he had loaned from her, so she paid it up. In another, he had a major tax bill that needed to be paid. "I thought we were together. So I paid yes. It was only ever meant to be a loan."

Marshall realised she had been scammed when the communication stopped. She had forked over \$20,000 in the 72 days since she had "met" Rasmus. She had used her savings, taken extra credit and also withdrawn money from her self-managed super fund (SMSF) to keep up with the requests. It resulted in a substantial bill from the Tax Office.

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Jan Marshall, now 64, was tricked by a romance scammer. Left: The ACCC has warned of a new scam "sifting" puppies.

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are out to steal your security



Della Rickard, ACCC deputy chair.

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Plenty of Aussies fall for it.

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How gratitude can put you

The richest person ever to have lived is believed to be Menehau I, the 10th emperor of the Maori Empire, who lived in the 16th century. He reportedly took several tonnes of gold, perhaps worth \$4,500,000 in today's dollars, with him on his trip to Mexico in 1519, spending so much that he caused rampant inflation to threaten his empire.

Money Brain

Catherine Robson



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on the path to wealth

1. When you're grateful, you attract like-minded people
Those with a positive mindset and appreciative manner will find that they are more often surrounded by happy, grateful co-workers and clients. This will lead to more productive, happier and more profitable relationships.

2. Gratefulness and creativity are linked
Studies suggest a positive correlation between gratitude, optimism and creative problem solving. In an increasingly complex world, the ability to design original solutions is a highly sought-after skill. Exercising gratitude is likely to see you earn more.

3. Grateful people are more frugal
Just like binge-eating, retail

therapy can make you feel good in the moment, but generally makes your problems worse in the long run. People who are thankful for what they already have generally don't hanker for lots of new things. Consequently, they make more conscious, value-led spending decisions and end up with more money to invest for their future.

4. When you are grateful, you feel lucky
Maybe you are not actually any luckier than anyone else. However, just like Ron Weasley when he thought that he had ingested "liquid luck" in Harry Potter and the Half-Blood Prince, when you feel lucky you act more confidently and expect positive outcomes. While there is lots of science to investing, even the world's most successful investors

feel grateful for their luck. Being grateful for the funds you have to invest, focusing on the positive contributors in your portfolio, valuing diversification, will help you stay committed to a prudent long-term plan. You are likely to be much luckier than those routinely trading in and out of investments, constantly looking to "outperform" and never feeling satisfied.

Whether it is writing a thank-you note, keeping a gratitude journal, or taking up mindfulness meditation, the regular practice of gratitude is likely to make you feel like one of the richest people on the planet and may get you closer to actually being one.

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