

June | July 2016

50 SOMETHING

Australia's over-50s magazine

Exclusive Election Special

Turnbull v Shorten
Who Wins Your Vote?



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18 Show Down How do Malcolm Turnbull and Bill Shorten compare? To help you cast your vote, we put a simple set of questions to them.

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FIRST UP

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Letters



News



Executive Moves



Campaigns

EPICUREAN

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Books and Movies



Top Shelf



Food



Travel

EPICUREAN

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Tech Spec



Puzzles



Crossword



The Last Word

Cover: **Soapboxes** Malcolm Turnbull versus Bill Shorten, election 2016. Image by Michael Mucci.

Editor

As is tradition, we've pulled together a special edition to mark the election campaign.

For the cover story we've secured exclusive access to the two main party leaders and posed identical questions to them. It's an easy way of comparing where they stand on the big – think climate change – and not so big – cats versus dogs – issues.

On page 22, real people have their say. We also share the policy priorities of almost 3000 members surveyed earlier this year. Consistent with previous findings, health and the economy again come up trumps.

To help drive those issues before the July poll, have a read of the Campaigns section (p16). Under the *Seniors Vote* banner we're holding marginal seat forums, ramping up social media and handing out election scorecards (find yours inserted in this magazine) upon which to grade local candidates.

If the din of this marathon election campaign is simply too much, you're not alone. Push past page 30 to find the gentle things in life: sublime yoga retreats nestled on still alpine lakes; a rich but guilt-free Sicilian pasta; and a story of years gone by.

Sarah Saunders



CONTRIBUTORS



Jill Sheppard

Jill Sheppard is a lecturer in the School of Politics and International Relations and survey researcher in the ANU Centre for Social Research and Methods. Her research interests are elections and voting, political participation, and public opinion, particularly in Australia but also internationally.



Rosemary Desmond

Rosemary Desmond is a *50 something* staff writer and National Seniors media adviser. Originally from New Zealand, Rosemary has worked in Australia for over 30 years, most of that time as a journalist for Australian Associated Press in Sydney and in Brisbane.



Patricia Karvelas

Patricia Karvelas is a prominent senior journalist in the Australian media. She began her broadcast journalism career at the ABC and SBS as both a producer and presenter. She currently presents RN's flagship current affairs program *RN Drive* and co-hosts the *Party Room* podcast with Fran Kelly. She also has a weekly show on Sky News.



Craig Hall

Craig Hall is manager of National Seniors' new Financial Information Desk (FID). Craig has worked in the financial services industry for approximately 25 years including 11 years providing independent financial information to consumers through the respected but now defunct Canberra-based NICRI agency.



Fran Kelly

Respected radio presenter, current affairs journalist and political correspondent, **Fran Kelly** hosts the agenda-setting ABC program *RN Breakfast*. She has worked on *AM* and *PM* and as the political editor of ABC TV's *730 Report*. Fran is co-hosting the ABC's *Party Room* podcast through the election campaign with Patricia Karvelas.



Charles Coventry

Charles Coventry decided IT was where his future lay after a 20-year career in the RAAF as an avionics technician, working on F111 and F18 aircraft. When not up to his elbows in Bits & Bytes, Charles goes 4-wheel driving in his special edition Land Rover Defender SVX.



Publisher

National Seniors Australia
A.B.N. 89 050 523 003
ISSN 1835-5404



Editor

Sarah Saunders
s.saunders@
nationalseniors.com.au



National Advertising Manager

Mark Smith
m.smith@nationalseniors.com.au



National Office

Level 18
215 Adelaide Street
Brisbane Q 4000



Phone: 07 3233 9191

Fax: 07 3211 9339

www.nationalseniors.com.au



Printed by Horizon Media

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Get Involved!

As is tradition, we are again running a Seniors Vote campaign throughout the election period. Together we ensure older Australians are on the national agenda. It's also a great way to interact with others, both online and in-person. Here's how to get involved.

Scorecard

First, look for your very own election scorecard inserted into this issue of the magazine. On it is a list of election demands in the form of questions for your local politicians. Mark the boxes to score their answers and use the card as a guide on polling day.

Marginal Seat Forums

Secondly, we're holding free marginal seat forums across the country. If there's one near you, come along. There you'll meet local candidates, ask questions, participate in the debate or just listen. Everyone gets a free t-shirt (ideally to wear on the day) and morning tea.

The forums are being held in Brisbane (City Hall), 7 June; Mt Waverley (Vic), 16 June; West Lakes (Adelaide), 22 June; and Lesmurdie (Perth), 23 June. Call 1300 76 50 50 to book a spot.

Social Media

Thirdly, if you can't attend a forum, follow the campaign on social media. Like what we post, get involved in discussions or retweet messages. We're on facebook facebook.com/nationalseniors and Twitter @nationalseniors. Look for the weekly election blog topic in the e-newsletter *Connect* and have your say. In the final week, watch for *The Tally* e-newsletter for a rundown of party promises.

Details www.nationalseniors.com.au



Dear political candidates...

Before we cast our vote, please tell us where you stand on:

1. Amending the Age Pension asset test changes due to take effect from 1 January 2017
2. Committing to keep the family home out of the Age Pension assets test
3. Keeping the private health insurance rebate
4. Making pricing arrangements between health funds and specialists more transparent to drive down out-of-pocket expenses
5. Lowering the PBS safety net threshold for singles to 66 per cent of the current family level
6. Addressing shortages of skilled staff in aged care
7. Developing quality indicators and making consumer experiences of aged care public
8. Committing to public consultation on the impacts of any superannuation rule change prior to implementation
9. Providing tax incentives for mature-age reskilling and career planning to help with job transition
10. Encouraging downsizing by exempting up to \$250,000 from the sale of their home from the Age Pension means test
11. Committing to a climate change policy and providing opportunities for older Australians to meaningfully contribute to environmental goals



Details on your Scorecard and at www.nationalseniors.com.au



Photo: Newspix/Lyndon Mechielson ©

if we don't shirk from hard work and ensure a fiscally sustainable social safety net, then I am sure our country will be more prosperous
— *Turnbull*

helping Australians see a doctor when they need and keeping medicine affordable are the keys to an efficient, strong healthcare system
— *Shorten*



Turnbull with his daughter, wife and grandson



Shorten out on the hustings

The Show Down

Both say ageing is an opportunity, family is everything and dogs win over cats. What then separates these two men vying for our vote? With an election looming, we go in search of Prime Minister Malcolm Turnbull's and Opposition Leader Bill Shorten's positions on health, the economy and climate change. By Sarah Saunders.

On the surface they couldn't be more different.

One, a suave former investment banker, Rhodes Scholar and Liberal Prime Minister; the other, a rugged trade unionist who rose through the ranks to become opposition leader.

But dig a little deeper and the apparent chasm between the two narrows.

Both, in the past, have supported same sex marriage. Both have advocated Australia becoming a republic. Both have pushed for action on climate change. And both have bloodied hands from their climb to the top.

After a marathon 55-day campaign, Australians will be asked to make a choice on July 2: Malcolm Turnbull or Bill Shorten, Liberal or Labor? Here's how they stack up.

Who have been your role models in life?

Malcolm Turnbull: My father Bruce was a great influence on my life. He worked very hard in the jobs that he had – he started as an electrician and ended up working as a hotel broker. I remember that he worked a lot over weekends and I'd help him out doing stocktakes, counting inventories for pocket money.

Tom Hughes, Lucy's father, has also been an enormous role model for me. He was a member of the House of Representatives and Attorney-General in the Gorton government. He remains very active and provided me with a lot of guidance earlier in my political career.

Bill Shorten: My mum. Mum was a great teacher – at school and university. She also taught my twin brother and I so much about life: the importance of hard work, the value of education, the idea of success as something you earned on your merits.

What are Australia's top three issues?

Malcolm Turnbull: It is important that more people are able to find and keep work, especially young people. That's why we've been so focused on creating jobs and providing better pathways to employment.

There's no doubt the threat of terrorism and violence has grown. Ensuring Australians are safe and our nation secure is a priority.

We should ensure Australia remains an inclusive, multi-cultural country that doesn't see the type of conflict and hatred seen in all too many other countries across the world.

Bill Shorten: Medicare, education and jobs.

What's your long term vision for the nation?

Malcolm Turnbull: Australia is a great country with enormous potential. Our nation can and should be a welcoming, harmonious and productive country. No one can predict what Australia will look like in fifty years' time, but if we don't shirk from hard work and ensure a fiscally sustainable social safety net, then I am sure our country will be more prosperous and liveable than it is today.

Bill Shorten: An Australia that offers every child the opportunity of a great education, every worker the chance of a good job with fair pay and every citizen dignity and security in retirement. A nation of courage, community and compassion.

The 2015 Intergenerational Report projected health spending to increase from 4.2% of GDP in 2014 to 5.5% in 2054. How do we pay for health?

Malcolm Turnbull: Our spending on health is indeed increasing. We will spend around \$71.4 billion on health over the next five years, including giving the states and territories around \$18 billion to help fund their hospitals.

Ultimately, we can only have a sustainable health system if we have a strong economy that provides the revenue needed to fund vital health services across the country.

Bill Shorten: It's about priorities. Labor believes in a strong Medicare system and properly funded hospitals. It's really important to understand that helping Australians see a doctor when they need and keeping medicine affordable are the keys to an efficient, strong healthcare system.

A Labor Government will make responsible, fully-funded investments in healthcare.



"I expect Malcolm Turnbull to be safely returned with few if any losses. Despite early polls suggesting the result will close, I don't get the sense that the community is hankering for a change. Voters will eventually opt to give the PM, who is still new, an opportunity to govern properly."

– Mark Kenny, chief political correspondent
The Age & Sydney Morning Herald



"This election is going to be closer than anyone thought as recently as four months ago. Despite this narrowing of the gap between Labor and the Coalition, Malcolm Turnbull's strong lead on economic management and trustworthiness should see him remain prime minister after July 2."

– Dennis Atkins, national affairs editor, *Courier Mail & Two Grumpy Hacks* election podcast co-presenter

Prior to the Budget we outlined over \$100 billion in economically responsible budget improvements. In my Budget Reply speech, I announced a further \$71 billion in sensible improvements to the budget bottom line.

What's your climate change policy?

Malcolm Turnbull: We don't doubt the science or the scale of the challenge and we are delivering real results.

Our Emissions Reduction Fund is reducing carbon emissions at a low cost to our economy through innovation, investment, and jobs growth.

We will meet and beat Australia's 2020 carbon reduction target and we will reduce our emissions by 26–28 per cent by 2030. Our 2030 carbon reduction targets will halve our per capita emissions – one of the biggest reductions of any G20 country. We have also signed the Paris Agreement on climate change as we play our part in this global challenge.

Bill Shorten: Taking action on climate change is about fulfilling the duty we owe to the next generation of Australians, passing on an environment in better shape than the one we inherited.

There is a huge risk to our economy by refusing to take action on climate change. It's also a chance to create new jobs. By 2030, there will be \$2.5 trillion of investment in renewable energy in the Asia-Pacific alone.

Labor's Climate Change Action Plan will allow Australia to seize these opportunities for new jobs, new industries and greater investment. It will deliver 50 per cent renewable energy by 2030.

Our plan is underpinned by a pollution reduction target of net zero pollution by 2050. We will put a cap on pollution and create new opportunities for Australian firms to trade and engage with other ETS jurisdictions – already 40 per cent of the world's economy.

COVER STORY

Labor's plan for an Emissions Trading Scheme with access to international carbon offsets does not and will not include a carbon tax or a fixed price on pollution. An ETS caps the level of pollution and allows business to work out the cheapest and most effective way to operate without handing over billions of dollars to Australia's large polluters.

How do we position ourselves for population ageing?

Malcolm Turnbull: An ageing population is not unique to Australia and many countries, such as Japan, are grappling with the challenge.

On the one hand, an ageing population means we will need to do more in health and aged care, which presents obvious economic challenges for the country.

On the other hand, an ageing population presents opportunities for our country because we should draw on the knowledge, skills, and social contribution of older Australians.

Bill Shorten: More Australians living longer is great news. More children than ever before will grow up knowing and loving their grandparents.

Our job is to make sure that a longer life is matched by a better quality of life for Australians in their later years. Longevity is a great achievement and ageing should not be seen only as a challenge but an opportunity.

The Liberals are not taking ageing seriously – they have failed to appoint a Minister for ageing, only belatedly adding 'aged care' to Sussan Ley's portfolio, and cutting funding to the active ageing work that Labor pioneered in Government.

What are you most proud of?

Malcolm Turnbull: My family. The achievements of my children and grandchildren are a source of great pride to me and Lucy.

Bill Shorten: My kids. Every day they find a new way to amaze me.

What are you reading?

Malcolm Turnbull: At the moment a lot of campaign briefs!

Bill Shorten: *Our man elsewhere*, Thornton McAmish's new book on Alan Moorehead: war correspondent, historian and adventurer.

Which three people from any time in history would you invite to an intimate dinner party and why?

Bill Shorten: My wife Chloe, George Orwell and John Monash.

Are you a dog person or a cat person?

Malcolm Turnbull: A dog person. I've always been very fond of dogs and our family has had many including Jojo the terrier who is our current family pet. My daughter, Daisy, has two of her own dogs, Spook and Bandit.

Bill Shorten: As the owner of two British Bulldogs, Theodore, named after Theodore Roosevelt, and Matilda, or Tilley for short, I am most certainly a dog person.

At the end of the day, how do you unwind?

Malcolm Turnbull: I'll take some time to read or kayak.

Bill Shorten: I always try and find time for a run in the course of a day. It helps me clear my head and blow out the cobwebs.

Happiness is...

Malcolm Turnbull: Spending time with our family. Whenever we can get my children and our grandchildren together is time that both Lucy and I cherish.

Bill Shorten: Time with my family. ■

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50 SOMETHING

Australia's over-50s magazine

50 something magazine is now available as a FREE app that can be downloaded by Apple users from the App Store so you can enjoy this award-winning publication when and where you choose.

From politics and the arts to relationships, finance, recipes, travel destinations and celebrity profiles, *50 something* informs, entertains and empowers its readers.

Follow these simple instructions to download the app:

1. Click on App Store and sign into your iTunes account using your Apple ID. Type *50 something* in the quick search field.
2. Download the app to your device.
3. Open the app to access the latest bi-monthly edition of the magazine.

To celebrate the launch of the app, we're making the full June/July 2016 edition available for all users to access. Future editions will be exclusively available to National Seniors Australia members.



<https://itunes.apple.com/au/app/50-something/id1089745684?mt=8>



if we lose our pension, we will have to stop paying for private health insurance

climate change means our fire risk is increasing and the more intense storms might impact on the big old trees growing next to our house

Your Shout

In the lead-up to this election campaign we asked almost 3000 National Seniors members for their policy priorities as part of our Productive Ageing Centre's annual Social Survey. Consistent with previous years, health and the economy rank at the top.



MARGARET NELSON

Priority• 2017 pension changes & affordable healthcare

Margaret Nelson has worked with disabled and disadvantaged people all her life and only retired recently due to ill health.

But at age 70, Margaret and her partner fear their own circumstances may take a turn for the worse when the Coalition's pension taper rate changes, announced in the 2015 federal budget, come into force in January.

She fears they may lose their part pension and will no longer be able to afford private health insurance.

"My partner and I thought we would be able to manage with a part pension and our super allocated pension," Margaret says.

"But if we lose our pension, we will have to stop paying for private health insurance".

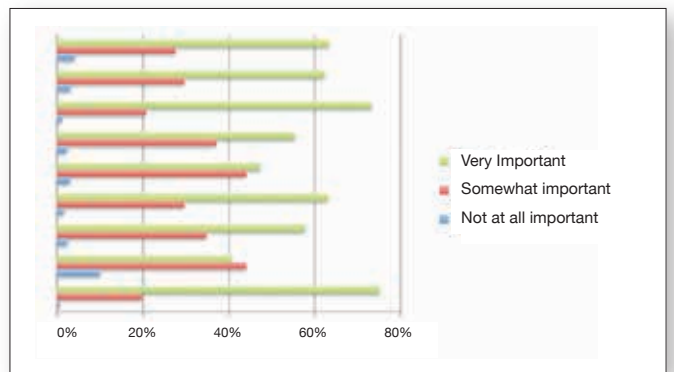
Margaret says that they each receive a part pension of around \$250 a fortnight.

"That is not a lot but it makes a difference because the price of health insurance is very expensive now. The rest of our money comes from an allocated pension but because the stock market has been going down for the past 12 months, our capital in super has deteriorated.

"Now we are worried that our average home in an average street will become a target for the (pension) asset test."

How important is each of the following policy concepts?

- Job security
- Accessible education for all ages
- World class health care
- Strong safety nets for people who are unable to provide for themselves
- Encouraging self-provision in retirement
- A fair and equitable society
- Protecting the environment
- Returning the budget to surplus
- A strong economy



BOB BIRD

Priority• A fair society and a sound economy

Bob Bird, a 72-year-old ex-RAAF engineer and also former public servant, has two defined benefit pensions.

But thanks to what he calls 'inadequate' index since his retirement in 2002, he and his wife Wendy are also part pensioners who will be subject to the new pension and part pension eligibility regulations which come into force next January.

For his big election priority, Bob is keen to see a sound and vibrant economy which doesn't 'cane' pensioners

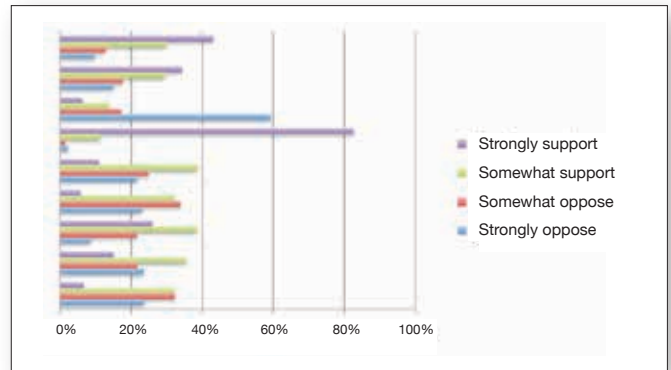
and 'proper welfare recipients'. And the way to do that is with a holistic examination of the entire tax system, including superannuation concessions, he says.

There should also be a cut-off point at which high income earners no longer receive tax concessions for their super.

"Once you've got \$2 million in your super fund, that's it – no more concessions".

To what extent do you support these measures to return the Federal budget to surplus?

- Limit the tax concessions for multiple investment properties
- Reduce tax concessions on super balances of \$1.5 million and over
- Include the family home in the Age Pension assets test
- Improve tax collection from revenue of international companies
- Introduce small co-payments for services currently free
- Increase the Medicare Levy
- Increase company tax rates for Australian companies
- Raise or broaden the GST
- Increase personal income tax rates across the population



MYRANA WAHLQVIST

Priority: Climate change

For former public servant, Myrana Wahlqvist, who, for 30 years, has lived in an historic cottage in the Adelaide Hills, climate change is both a political and personal issue.

“The overwhelming body of scientific evidence tells us that the world’s temperature is rising, and that Australia, like the rest of the world, is heating up,” says Myrana.

“For us, climate change means our fire risk is increasing and the more intense storms might impact on the big old trees growing next to our house.

“Like Victoria, we now have a Catastrophic Fire Rating and our fire season has extended into spring and autumn, with less time for authorities to burn off.

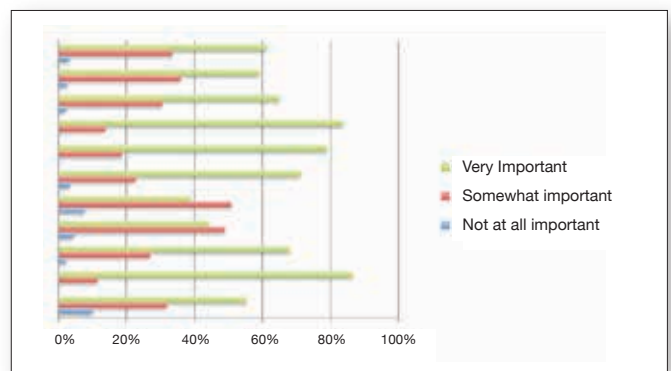
“We’ve transformed both garden and house and we’ve seen El Niños and La Niñas.

“Winter frosts and rare falls of snow have disappeared. Springs, summers and autumns are warmer. The rainfall pattern has changed.

“Right now the camellias are starting to flower. As we admire them, we wonder how the ‘Hills’ might look in 50 to 100 years. With climate change, it’s impossible to say.”

How important is each of the following lobbying areas for the over-50s?

- Protecting the environment
- Age friendly communities, building and design
- Affordable housing for both buyers and renters
- Quality aged care
- Affordable living costs
- No adverse changes to superannuation
- Lifelong learning opportunities
- Jobs for older Australians
- Transparency in financial advice
- Affordable and accessible health care
- Reverse/delay by 5 years the 2017 Age Pension cuts



JOHN SOUTHCOMBE

Priority: Strong economy

John Southcombe, of Scarborough in Western Australia, rates a sound economy highest on his list of election priorities.

Once the economy is back in the black with a surplus, then other items on voters’ ‘wish lists’ will be achievable, he believes.

“We have to manage our expenditure to match our income,” John says.

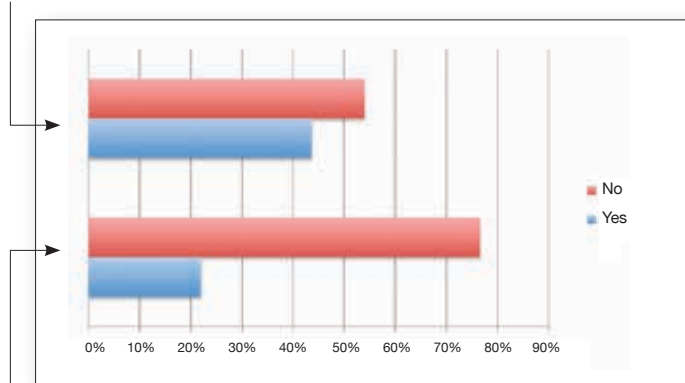
“We need to recognise that Australia is now a welfare state, and if we want the government to look after us, then we all have to pay the appropriate tax to cover the cost of the services people want.

“Unfortunately, if a politician says that we have to pay for the lifestyle we demand, then the other party will promise to provide everyone’s wishes at no extra cost. We know this is impossible, but the majority still believe it will be possible, so they vote for that party.

Once you've got \$2 million in your super fund, that's it - no more concessions

Do you...

Support aligning the age you can access your super to Age Pension age?



Support further increasing the Age Pension eligibility age to 70?



Graphs from National Seniors Productive Ageing Centre, Seniors Social Survey, 2016

PUZZLE SOLUTIONS



Jumble

cere cire creep crepe crier
 cure curie ecru epicure
 erne incur inure neper
 peer peri piecer pierce
 preen price prince prune
 PRURIENCE pure puree
 purine purr recipe recur rein
 repine rerun rice ripe ripen
 ruin rune runic rupee unrip
 unripe uric urine

Sudoku

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Bendigo Funeral Bonds

While it's safe to say that funerals are a topic that people don't like to think about, it is also an area where a little preparation now can provide peace of mind for loved ones during difficult times later. A Bendigo Funeral Bond can help - a guaranteed savings and investment plan that you can set up to pay for your funeral in the future.

What are the benefits?

The Bendigo Funeral Bond offered by Australian Friendly Society is capital guaranteed and designed to accumulate funds for funeral expenses, and as such has some unique features. A Bendigo Funeral Bond can remove some of the financial concerns for family and friends and gives them the time to concentrate on supporting each other, rather than worrying about funeral expenses

Flexible financial planning advantages

There may also be significant financial planning advantages associated with investing in the Bendigo Funeral Bond, including important taxation and pension considerations. Investments of up to \$12,250 (indexed effective July 1 each year) are currently exempt from Centrelink and the Department of Veterans' Affairs Income and Assets Tests.

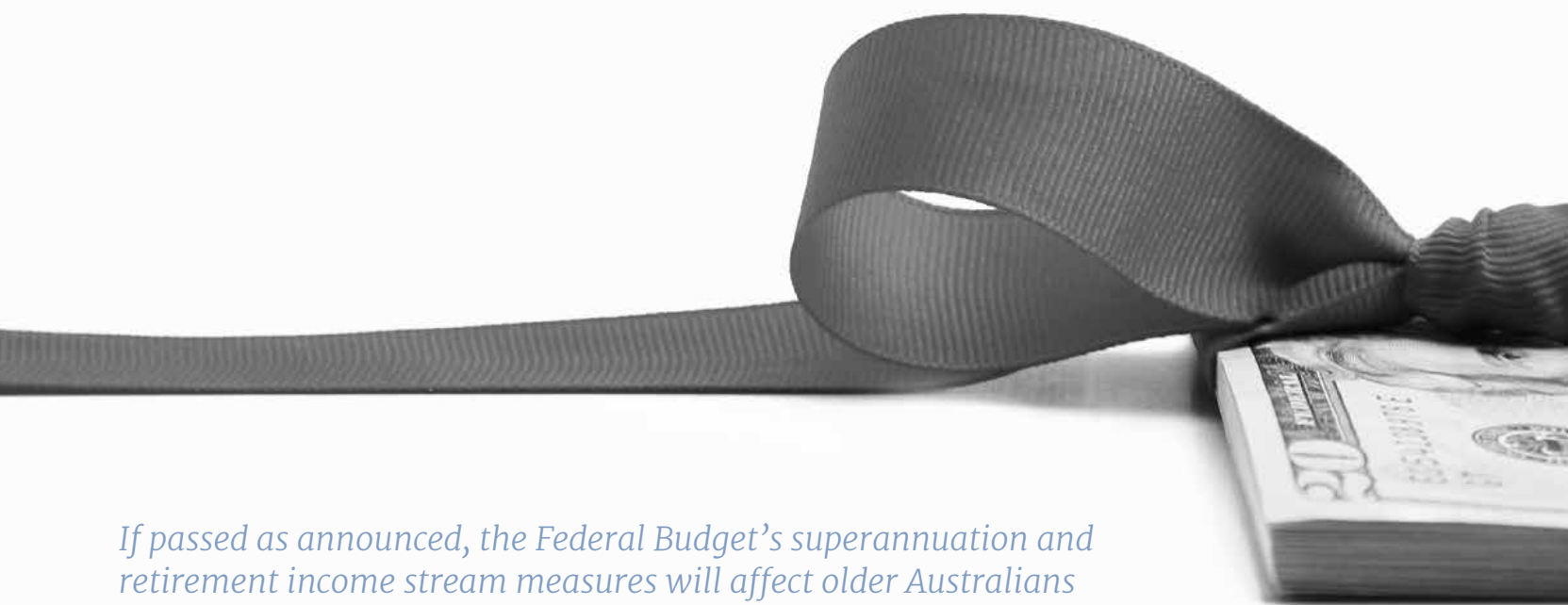
THIS IS AN ADVERTORIAL FEATURE

You can choose between individual or joint ownership of a Bendigo Funeral Bond and you can start with an initial contribution of just \$500 (plus 2% contribution fee) and make additional contributions of at least \$500 (plus a 2% contribution fee) whenever you wish. Alternatively, you can choose to invest via the regular savings plan from just \$42 per month (plus a 2% contribution fee) until you have reached your desired investment amount.

There are some very important differences between a capital guaranteed funeral bond and a funeral insurance plan which may require premiums to be paid up to date in order to receive payment. You may wish to explore these with a financial planner or our customer service team on 03 5485 7891 or 1800 803 173.



Please visit our website for more details.
www.australianfriendlysociety.com.au



If passed as announced, the Federal Budget's superannuation and retirement income stream measures will affect older Australians



Playing to win

Handed down barely a week before the campaign, never before has a federal budget factored so strongly in an election. And, at its centre sit some bold superannuation reforms. Craig Hall from National Seniors' Financial Information Desk explains what they are.

If passed as announced, the Federal Budget's superannuation and retirement income stream measures will affect older Australians. Most are proposed to take effect from 1 July 2017 and, where applicable, will apply to both Account Based/Accumulation and Defined Benefit fund members.

Superannuation

- **Concessional Contribution (CC) cap will be reduced to \$25,000 regardless of age.** Currently the cap is \$30,000 for those under 50 years and \$35,000 for those aged 50 and over. CC's include pre-tax contributions such as Superannuation Guarantee (SG), Salary Sacrifice contributions and contributions where a tax deduction has been claimed. The reduction of this cap will not affect most individuals who only have SG amounts contributed.

An individual would need to earn over \$250,000 to get close to the cap if SG was paid on that income. However those who Salary Sacrifice money in addition to SG will need to keep track of their CC's so they don't breach the new cap. Self-employed or unsupported individuals will also need to take care when making contributions for which they claim a deduction.

- **While the CC cap will be reduced, those with superannuation balances of less than \$500,000 will be able to carry forward any of their unused cap on a 5 year rolling basis.** This will allow catch up contributions for those who had no or low amounts of CC's in previous years such as those returning to the work force or those who had been working reduced hours.

- **Effective from Budget night the Non-Concessional Contribution (NCC) cap will be replaced with a NCC lifetime cap of \$500,000 (indexed).** The existing cap is \$180,000 per annum with those under 65 able to use the 'bring forward' rule to effectively have a cap of \$540,000 over a three year period. It is important to note that the lifetime cap will include NCC's made since 1 July 2007 however if the NCC cap has already been exceeded no penalty will apply. If the cap is exceeded after commencement then the excess will need to be withdrawn or be subject to existing penalty arrangements. This measure will limit the future amounts an individual can contribute and, for those who have already contributed up to the cap, prevent them from making further NCC's.

- **A Low Income Superannuation Tax Offset (LISTO) will replace the existing Low Income Superannuation Contribution (LISC) measure.** It will be available for those with Adjusted Taxable Income of up to \$37,000 with the offset capped at \$500. This measure means low income earners are provided with an offset against the 15% tax that SG contributions incur.

- **Reduction in the threshold for high income earners under the 'Division 293' tax.** Currently those with income and certain super contributions above \$300,000 pay an extra 15% tax (taking it to 30%) on the excess above the \$300,000 threshold. Under the measure the threshold will reduce to \$250,000 when the extra 15% will be payable.

This measure means that more high income earners will be subject to Division 293 tax.

- **Tax deductions allowed for superannuation contributions for those under age 75 will be expanded to anyone regardless of employment status.** Currently only those who receive less than 10% of their income from employment activities could claim a deduction.

This will allow those who do not receive employer contributions to top up super, potentially manage tax liabilities if applicable and be considered as an alternative approach to salary sacrifice arrangements.

- **The 'Work Test' requirement for people aged from 65 to under 75 will be removed.** Currently anyone of that age wanting to contribute to super must work (as an employee) at least 40 hours in a 30 day period in the financial year they wish to contribute. This measure will mean that super may still be utilized by those who are not working or are unable to work.

- **The Spouse Contribution tax offset will be broadened to allow the offset to be available when a spouse has income up to \$37,000.** Currently the full offset is allowed when a spouse has income of less than \$10,800 and reduces to nil at \$13,000. This measure allows for the offset if the spouse has higher income than before.



Source: Budget 2016, Commonwealth Government

super may still be utilized by those who are not working or are unable to work

- **Anti-detriment payments will cease to be paid from 1 July 2017.** Currently, these payments may be available from some superannuation funds upon the death of the member. This payment, if available from the fund, represents contributions tax paid by the deceased member and is paid to beneficiaries.

Superannuation Income Streams

- From 1 July 2017, the amount a person can transfer into the retirement pension phase will be capped at \$1,600,000 (indexed). The cap only includes amounts transferred and does not take into account earnings, market movements or drawdowns. Currently there is no limit to how much can be transferred to the pension phase. Those with amounts already transferred to the pension phase in excess of the cap will be required to roll back the excess amount to the accumulation phase or withdraw the excess from the super environment. Any excess amount transferred and the earnings on that excess will attract penalty tax. This measure is designed to stop those with very large amounts enjoying a completely tax free investment vehicle.
- Tax concessions on Transition to Retirement Pensions (TRP) will reduce. From 1 July 2017, earnings on funds held in a TRP will attract tax of up to 15% as they do in the accumulation phase. Currently earnings in TRPs are tax free. The tax treatment on pension payments paid from a TRP will remain the same, e.g. tax free for those aged 60 and over. This measure reduces the incentive for those who are looking to use TRPs simply to minimize tax.

Taxation and Government Income Support

- From 1 July 2016 the threshold at which tax rate of 37% commences will increase from \$80,000 to \$87,000. This means that anyone earning more than \$80,000 will see a reduction in personal income tax.
- From 20 September 2016, applicants who qualify for Government Income support will not receive the 'Energy Supplement' along with any benefit they are eligible for. The Energy Supplement is currently \$14.10 per fortnight for singles and \$10.60 per fortnight for each member of a couple. ■

To find out more contact National Seniors' FREE independent Financial Information Desk (FID) on 1300 020 110 or email fid@nationalseniors.com.au The Desk covers retirement topics from super to retirement income streams, pensions, equity release, aged care and budgeting.

The information in this article does not constitute or imply financial advice. It is recommended that you seek professional financial advice and/or seek clarification from any relevant government department or licensed financial services provider before making financial decisions.



What else?

From 1 January 2017, the cost of each new passport will increase by \$20 for adults and \$10 for children and seniors, and the fee for priority processing of passport applications will increase by \$54.

The Medicare Benefits Schedule fee level freeze (first introduced by the Labor government) has been extended until 30 June 2020. This may translate into higher out-of-pocket costs for services provided by GPs, specialists, allied and other health practitioners.



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