

Welcome to Informed, a quarterly magazine for our clients. We hope you enjoy the articles in this edition.

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If you are new to reading Informed, welcome.

If you are an avid reader of this publication you would be familiar with this forum, delivering relevant and interesting content from the financial planning industry, to help you better manage your financial life.

A core value of our business is that every Australian should have access to, and benefit from, good financial advice. In reading this publication, we hope that you find the articles interesting, and perhaps they will provide some talking points for your next review meeting with your financial adviser.

Enjoy reading this edition of Informed.

## Coming soon, to a world near you

Imagine if you travelled back 30 years and told your past self how the world would change over the three decades that were to follow.

From the overall impact of the internet – video calls, remote working, smartphones and that demand (or is it desire?) to be connected 24/7 – to the technology we have in our cars (cars that park themselves!) our world has changed significantly.

So, what could be on the horizon for the coming decade and beyond? We take a look at four innovations that could be coming soon to a world near you...

### **The Metaverse – welcome to a new reality**

The term 'Metaverse' sprung into the public consciousness in October 2021 – according to Google Trends, there were

barely any searches for the term before October and then, bang, it became one of Google's most-searched terms<sup>1</sup>. This, of course, coincided with Mr Zuckerberg rebranding Facebook, WhatsApp and Instagram under the 'Meta' banner<sup>2</sup>.

It begs the question, what is 'the metaverse'? It's being described by some as something more akin to a period of time rather than a technology, but it's essentially a new, virtual world.

A world in which you can – via a headset and touch-sensitive clothing – interact with people and surroundings. It could enable you, for example, to 'virtually' attend a concert in New York City, a sports event in London, or scale the Eiffel Tower.



That's not all. Within the metaverse, there'll be things to buy – and sell. From virtual 'land' to build on, to clothing and footwear. The likes of Gucci<sup>3</sup> and Nike are embracing it strongly. Nike even bought a company that makes digital footwear at the end of last year<sup>4</sup> – yes, really – and the company says almost seven million people have already visited its metaverse store<sup>5</sup>.

**Esports – a whole new playing field**

Just in the same way that many young people across the world have held ambitions of forging a career in sport, many of today's youngsters are hoping to win a pro contract playing video games.

Esports (short for electronic sports) involves competing online in video game competitions and is becoming bigger and bigger by the year, with various game manufacturers running tournaments and leagues for their own titles. So much so, in fact, that the 2021 League of Legends World Championship had a prize pool of US\$2.18m<sup>6</sup>, while more than 173,000 people turned up to watch a 2017 esports event in Poland – a world record<sup>7</sup>.

For youngsters today, the opportunity of making it big by playing computer games is very real. Here in Australia, a pre-pandemic esports event attracted more than 17,000 people to the Rod Laver Arena in Melbourne, where crowds watched players battle it out for the USD\$100,000 prize pool<sup>8</sup>.

**Food – sustainability at its core**

Over the coming years what we eat, and how it's produced, could change dramatically.

The farming sector is focused on sustainability<sup>9</sup>, and people are generally far more conscious about the sustainable choices they make in their day-to-day lives<sup>10</sup>, so ethically and sustainably produced meat, fruit, vegetables and dairy products will likely take centre stage.

So too, could, 'complementary proteins'. These have been around for a while now with varying degrees of 'taste satisfaction', but over the coming years, we'll see increasingly sophisticated 'meat-free meat' available. Plant-based meat alternatives commonly feature vegetable proteins from soy, pea, wheat or rice, and some even 'bleed' like real meat<sup>11</sup>. The closer to the taste and texture fake meat gets, the bigger the decisions for the most committed meat eater.

And what about bugs? Yes, bugs. A report from the UN's Food and Agriculture Organization in 2013 highlighted eating insects as a way to solve world hunger<sup>12</sup>, and subsequently ants, insects and worms have featured on menus of some restaurants here in Australia<sup>13</sup>.

**Drone delivery**

Drone delivery has been successfully deployed overseas by the likes of Amazon, and here in Australia Coles is piloting a new air-bound delivery method in Canberra<sup>14</sup>, in partnership with on-demand drone delivery service Wing.

More than 250 products are available for Canberra customers to order and receive in a matter of minutes, and if the trial is successful it could provide the template for how we receive our groceries in the years to come.

1. <https://trends.google.com/trends/explore?date=all&q=metaverse>
2. <https://www.abc.net.au/news/2021-10-29/why-facebook-changes-name-to-meta-meaning/100579882>
3. <https://vault.gucci.com/en-US/story/metaverse>
4. <https://www.theverge.com/22833369/nike-rtfkt-nft-sneaker-shoe-metaverse-company>
5. <https://www.thedrum.com/news/2022/03/22/nearly-7-million-people-have-visited-nike-s-metaverse-store>
6. <https://www.statista.com/statistics/807152/league-of-legends-championships-prize-money-for-winners/>
7. <https://www.eslgaming.com/press/intel-and-esl-welcome-173000-fans-world-s-biggest-esports-event-history>
8. <https://about.eslgaming.com/blog/2019/09/meo-2019-attracts-record-crowd>
9. <https://nff.org.au/policies/environment/sustainability-initiatives/>
10. <https://www.forbes.com/sites/jamesellmoor/2019/07/23/77-of-people-want-to-learn-how-to-live-more-sustainably/>
11. <https://www.choice.com.au/food-and-drink/meat-fish-and-eggs/meat-substitutes/buying-guides/plant-based-meat>
12. <https://www.fao.org/3/i3253e/i3253e00.htm>
13. <https://www.hoppafoods.com/grubs-up-the-chefs-who-love-cooking-with-insects/>
14. <https://www.colesgroup.com.au/media-releases/?page=coles-the-first-major-australian-supermarket-to-take-to-the-skies-launching-grocery-drone-delivery-service->



**Consider making a (larger) personal deductible contribution before 30 June**

By making personal contributions to your super, you may be able to claim a tax deduction to reduce your tax liability which may allow you to pay less tax and invest more in super.

If you have not fully used your concessional contribution cap in previous years, now might be the time to make a larger personal deductible super contribution.

**Personal deductible super contributions**

If you make a personal super contribution, you may be able to claim the contribution as a tax deduction and reduce your taxable income.

The contribution will generally be taxed in the fund at the concessional rate of up to 15%, instead of your marginal tax rate which could be up to 47%. Depending on your circumstances, this strategy could result in a tax saving of up to 32% and enable you to increase your super.

## Concessional contributions caps

Personal deductible super contributions like super guarantee and salary sacrifice contributions count towards your concessional contribution cap. An annual cap on concessional contributions applies each financial year. The concessional contributions cap for the 2021/2022 financial year is \$27,500 but if your total super balance last 30 June 2021 was less than \$500,000 your concessional cap may be higher.

In fact, your concessional cap might be over \$100,000 if your fund has not received a concessional contribution in the last few years.

## Carry forward concessional contributions

Your unused concessional contributions cap can be carried forward for up to five years allowing a concessional contribution greater than \$27,500. Unused concessional contributions from the 2018/19, 2019/20 and 2020/21 financial years can be used in the current financial year if your total super balance at 30 June 2021 is less than \$500,000.

## Opportunity

Now may be a good opportunity to use any available carry forward concessional contributions to reduce your tax and build super for retirement. For example, you may have realised a large capital gain, received a large bonus or simply received a pay rise and would like to make a larger deductible super contribution.

## How can you claim the deduction?

To be eligible to claim the super contribution as a tax deduction, you need to submit a valid 'Notice of Intent' form to your super fund. You will also need to receive an acknowledgement from the super fund before you complete your tax return, start a pension, withdraw or rollover money from the fund to which you made your personal contribution.

Make sure you can utilise the deduction – as it is generally not tax-effective to claim a tax deduction for an amount that reduces your assessable income to a point where you are not paying any tax. This is because you would end up paying more tax on the super contribution than you would save from claiming the deduction.

If you have any questions please contact a financial adviser.

## WHY INSURANCE MATTERS

Life does not always go the way we plan, but having a plan in place can mean that...

...our health, lifestyle and family are better protected.

Discuss with your financial adviser today.



### THE BENEFITS OF AN INSURANCE POLICY



Family first



Financial security



Less stress

## Why does insurance matter?

The unexpected events of the past few years have made financial protection a front of mind matter for most Australians. Now more than ever we appreciate that life does not always go the way we plan. Having a plan in place if things do take an unexpected turn can mean that our health, lifestyle and family are better protected.

If you don't have any type of personal insurance cover, or you have not reviewed it with your financial adviser for a while, now is a good time to do so.

### Types of insurance

There are a few different types of insurance that you should consider, based on what matters to you and what you would most like protected if you were to suffer illness, injury, disablement or premature death. It's best to discuss insurance options with your Financial Adviser as they can tell you what different types of insurance policies are available, what they cover, and how to structure them in your overall financial plan, based on your individual situation and goals.

The types of insurance policies you may discuss are:

- Life insurance
- Total and Permanent Disablement insurance
- Critical illness insurance also called Trauma cover
- Income Protection insurance.

### The benefits of an insurance policy

**Family first:** You and your loved ones count on your income to enjoy a certain standard of living, which is why insurance is particularly important if you have dependents. It means the people who matter most in your life are protected from financial hardship if your income stopped.

**Less stress:** Profound unforeseen illness, injury, permanent disability, and death – are not nice to think about but these events happen. If it happened to your

family it would probably be an extremely challenging time, wrought with emotional stress, and even grief. With personal insurance in place, the financial stress can be reduced, allowing you to focus on getting well, and rebuilding your life.

**Financial security:** Illness, injury and disablement do not come cheap. If you needed funds to recover from illness or injury would you have enough disposable income to cover medical bills whilst still paying your household expenses? Could you modify the home if need be? Would you want access to the best medical cover, treatments and rehabilitation options?

Insurance provides financial security so your life can continue with as much normalcy as possible, whilst you seek the best care available. At a time when everything else seems out of control, it is good to know your financial security isn't.

### The difference a financial adviser can make


Data collected by APRA found that in the case of Total & Permanent Disability cover, the "claim declined" rate was around double for claimants who arranged their cover direct with the insurer than for claimants who went through an adviser. In other words, you have a much greater chance of success with an adviser.

A financial adviser looks at your specific circumstances, your lifestyle, goals and appetite to risk. Together you can discuss personal insurance policies, tapping into their expert knowledge and understanding of the requirements of insurance providers.

You can also discuss options for holding insurance inside and outside of superannuation and, should you need to make a claim on a policy, your financial adviser can liaise with insurance companies and superannuation entities on your behalf as your advocate.

If it's time to consider personal insurance cover, or you want to review your existing policy, a financial adviser is willing and able to assist you.

Source: APRA: *Life insurance Claims and Disputes Statistics*, June 2021 (issued 19 October 2021)



# When it comes to your retirement, financial advice can make all the difference.

If you're getting closer to retirement, you're probably exploring all the things you'd like to be doing: spending more time on hobbies, more time travelling or simply less time working.

One thing you want to make sure of is that you have a steady income stream to make the most of what you really want to do. And that's where the value of financial advice has been proven to help those with a goal achieve what they want.

**Of those who set goals with a financial adviser, 86% said financial advice helped them achieve their goals.\***

This key insight came to light in a groundbreaking survey of over 12,000 Australians in conjunction with CoreData. It found the benefits of financial advice helped whatever your age, wealth or gender. So, whatever you're looking to achieve in retirement, we're here to help. We can provide you with professional advice for your financial planning needs.

**Let us help you plan for your retirement. Call us today to arrange a meeting.**

Source: IOOF Survey 2020: *The True Value of Advice*  
– A study of 12,643 Australians



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