

Monthly Bulletin

The Fed, US rates & what it means for investors

The impending end of the US Federal Reserve's quantitative easing (QE) program and when it will start to raise interest rates are looming large for investors. What will this mean for the US and global economy and for investment markets

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Australian house prices—a bit too hot in parts

It seems that there is nothing that gets Australian going more than what's happening with house prices. Are they in a bubble? Is negative gearing to blame? Or is it foreign buying? Will it burst? This article looks at the current state of play in the Australian residential property market.

[Read article](#)



When China sneezes....

September 2014 Edition



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Ken's Corner

Welcome to the September 2014 Edition of our Monthly Bulletin. The month of September saw the All Ords and S&P/ASX 200 index pull-back dramatically from post-GFC highs achieved last month. Weak economic data from China together with the possibility of the US Federal Reserve increasing interest rates for the first time since the GFC spooked Australian investors and resulted in the Australian dollar falling to an eight month low. In the first article, Shane Oliver discussed the impact of an interest rate rise in the US. He believes whilst markets will be volatile in the short term, the impact will be gradual and will normalize on the back of a strengthening US economy. In the second article, the Shane Oliver examines the Australian property market that has been the focus in the news recently. Whilst he does not believe there is a property bubble in Australia yet, property returns will be constrained for the next couple of years.

In Focus this month examines Trauma insurance and SMSFs. From 1 July 2014, Trauma insurance in SMSFs will not be allowed as it is not consistent with the SIS conditions of release of Super benefits.

In Focus

Trauma insurance and SMSFs

Self Managed Superannuation Funds Determination (SMSFD) 2010/1 has been withdrawn by the ATO with effect from 1 July 2014.

SMSFD 2010/1 set out the Commissioner's then view that an SMSF trustee could, in certain circumstances, purchase a trauma insurance policy in respect of a member and still satisfy the sole purpose test in section 62 of the Superannuation Industry (Supervision) Act 1993 (SIS Act).

However, from 1 July 2014, the SIS Regulations provide that the trustee of a regulated superannuation fund must not provide an insured benefit in relation to a member unless the insured event is consistent with a condition of release specified in the SIS Regulations, i.e. in the event of a member's death, terminal medical condition, permanent incapacity and temporary incapacity.

As the insured event described in SMSFD 2010/1 is not consistent with these conditions of release, it has been withdrawn by the ATO.

From 1 July 2014, a trustee of an SMSF is accordingly prohibited from providing such an insured benefit in relation to a member, unless the member joined the fund before 1 July 2014, and was covered in respect of that insured benefit before 1 July 2014.

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