

Monthly Bulletin

Australia's 2014-15 Federal Budget

The fiscal cutbacks are modest near term and only really start to impact from 2016-17. As a result, there is unlikely to be much economic impact in the year ahead.

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The US Economy, the Fed and interest rates

With the US economy on the mend, the focus will likely soon shift to when the Fed will start to raise interest rates. This could cause some volatility in shares.

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How will the current budget affect you?

May 2014 Edition



Ken Ngeow
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Ken's Corner

Welcome to the May 2014 Edition of our Monthly Bulletin. The Federal Budget for 2014 was released this month and it has been met with mixed reviews. Initially the budget had a small effect on the Australian share market as local investors pushed the All Ords lower despite gains in International markets earlier in the month. However after analysts concluded that the Budget will have a minimal impact on our local economy in the short term and with the continued good news from the US, helped push the local bourse and the Dow Jones Index to new highs at the end of the month. In the first article, Shane Oliver discusses the key points of the budget and the potential impact of the budget on the Australian economy. In the second article, Shane Oliver examines the possibility of the US raising interest rates for the first time since the GFC. He believes that it will not have a major impact on the cyclical rally in shares.

In Focus this month examines the changes in Super contribution limits for the 2013/14 and 2014/15 financial years.

In Focus

Make the most of superannuation

Super remains a highly tax-effective structure through which to hold investments. However, current contribution caps mean that planning ahead over the longer term is the best way to maximise the benefits of super. The concessional contributions caps are changing from 1 July 2014.

- For the 2013/14 financial year, the concessional contributions cap is \$35,000 for anyone aged 59 or more as at 30 June 2013. For all others, the concessional cap is \$25,000.
- For the 2014/15 financial year, the concessional contributions cap will be \$35,000 for anyone aged 49 or more as at 30 June 2014. For all others, the concessional cap will be \$30,000 (i.e. indexation of \$5,000 occurs).

Don't leave things to the last minute. As super contributions are generally allocated in the year in which they are received by the fund, you need to allow at least a couple of business days for contributions made by Bpay or similar methods to reach the fund.

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