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**W**elcome to our new look Winter newsletter. Another financial year has rolled over and with it comes numerous tax changes. In this edition we review the latest budget, consider whether now is an appropriate time to enter the share market and check if you're on track to meet your retirement goals.

**Budget Updates****Minors ineligible for Low Income Tax Offset (LITO) on unearned income from 1 July 2011**

The Government intends to remove access to the LITO for minors in respect of unearned income, including dividends, rent, royalties and other property income.

Minors who are exempt from the unearned income rules (e.g. disabled minors) will retain access to LITO. In addition, minors receiving income that is exempt from the unearned income rules (e.g. income from work, compensation payments and inheritances) will be eligible for LITO on this income.

This proposal reduces the effective tax-free threshold of a minor from \$3,333 to \$416, with amounts between \$417 - \$1307 taxed at 66% and if exceeding \$1307 the total amount of income is taxed at 45%. From 1 July 2011, many family trusts will need to rethink making distributions of assessable income to minors.

**Valuing Cars for Fringe Benefit Tax (FBT) Purposes**

The Government is phasing in a flat 20% rate for the statutory method of calculating the taxable value of cars for FBT purposes for new contracts entered into from 10 May 2011. This change highlights the importance of ensuring that logbooks are maintained for company owned vehicles.

**Instant tax write-off for small business motor vehicles from 1 July 2012**

For small business clients who purchase motor vehicles, the Government will provide an instant tax write-off equal to the first \$5,000 of the purchase price. The remaining purchase price will be depreciated. This measure will apply to all types of small business structures, including sole traders, companies, partnerships and trusts, and all types of motor vehicles used in the business.

**Reduction in Higher Education Contribution Scheme (HECS) Discounts from 1 July 2011.**

Discounts applying to payments made under HECS will reduce as follows:

The discount for up-front payments will reduce

- from 20% to 10%
- The bonus on voluntary payments to the ATO of \$500 or more will reduce from 10% to 5%

**Deductions against Government assistance payments disallowed from 1 July 2011.**

The Government will amend the tax law to prevent deductions being claimed against all Government assistance payments. Students who receive Youth Allowance and who have maintained records of their expenditure will be able to claim a deduction for expenses incurred in gaining their payment for the 2010-2011 income year only.

**Entrepreneurs Tax Offset (ETO) Abolished**

The ETO, which provides a tax offset for eligible small businesses with aggregated turnover under \$75,000, will be removed from 1st July 2012

**Phase out of dependent spouse tax offset**

This offset will be phased out for dependent spouses who are aged under age 40 (i.e. born on or after 1 July 1971). This amendment will not affect those people whose dependent spouses are carers, taxpayers with children eligible for Family Tax Benefit B, people who are permanently unable to work and taxpayers eligible for the zone, overseas forces or overseas civilian tax offsets.

[Visit our website for more budget updates.](#)



From the 1st July 2011 school-approved uniforms can be claimed under the Education Tax Offset; so keep your receipts!

## Investments - Is It Time To Get Back In?

Investor confidence and emotions play a powerful role in driving share markets. Preconceived ideas, past experiences and fear of missing out are just a few of the behaviours that can lead investors to make emotional and often irrational decisions.

The recent periods of sharemarket volatility and uncertainty have caused many investors to flee to the safety of cash. In a recent survey of 24 economists by the Australian Financial Review, the following was forecast for the Australian market over the next 3 - 6 months:

- Economic growth is expected to rise by 2.2% in 2011, then accelerate to 4.2% in 2012.
- The AUD is expected to trade above parity against the Greenback.
- The S&P/ASX 200 is expected to recover back to the 4,900 level.

Most bad news has already been priced into the sharemarket, so if a cautious approach is taken, there are some reasonably priced shares around.

The global economic recovery is under way  
Other markets are also set to improve

A better, if bumpy, year for equities is forecast  
Diversification is a sound long-term investment strategy

## You're Never Too Young To Start Investing

The younger you start, the more you learn and the more comfortable you become with investment markets. As pointed out in the article below, starting young also lets you start small, as over the long term your investment grows in response to market cycles and the principle of compounding returns. **You don't need a lot of money to invest.**

People are often discouraged from investing because they mistakenly believe that investing requires lots of money. You can start investing in shares with as little as \$600. You can invest in some regular savings products with an initial \$1,000 and regular monthly deposits of \$100. Over time this can grow into quite a substantial investment.

## How Much Money Do You Really Need for Your Retirement?

It all depends on the lifestyle that you want to have. .... Lifestyle is a very personal thing - luxury living for one person is a modest existence for someone else. For example, do you expect to take frequent holidays and are you planning to enjoy regular glasses of wine or beer? Choosing a lifestyle is simple - you live the life you can afford. If you want a more salubrious lifestyle, you save more, earn more, win the lottery or inherit lots of money from a rich relative. The same philosophy applies to your retirement lifestyle.

## Are You on Track to Reach Your Target? If not, how can you save more?

As a rough guide, to generate around \$40,000 a year, you need approximately \$800,000 in super savings. If you're keen to boost your retirement savings, there are plenty of simple (and painless) tips you can look at.

***First off, talk to us. This is one of the best ways you can maximise your savings and reap the rewards – we not only help you get the most out of your investments, but can tailor advice to your personal needs.***

Increase your financial literacy. Take the time to learn more about saving, investing and your superannuation.

Consider postponing your retirement by a few years, or working part-time later in your working life.

You might also want to consider boosting your contributions.

- Superannuation is just one of many methods of saving for your retirement and may not be the only option for you.
- If you're lucky enough to get a pay rise, devote a portion of it to super.
- Use a budget to map out your planned expenses, then start to plan on putting funds away into super.
- Be active in deciding how your super is invested. Investing in the lower risk assets that many super funds have as their default option isn't very smart and could literally cost you ten of thousands of dollars in retirement.
- If you're over 55, you can put a lot more into super without eating into your take home pay, thanks to the transition to retirement strategy.
- Salary sacrifice, co-contributions and spouse contributions are all methods of maximising your retirement savings.
- Government co-contribution for low to middle income earners.

The best thing you can do is explore all your options. We're here to help you with this, so consider talking to one of our qualified financial planners before you make any decisions.

## KEY DATES

28th July

31st July

1st August

31st August

Lodgement of June  
2011 BAS

Workcover SA Annual  
Reconciliation

Worksafe Vic Annual  
Reconciliation

TFN Report for closely  
held trusts

### A Potential Hazard For Pre-Retirees - Your Own Children.

In a crisis, parents would not think twice about financially helping out their children and grandchildren. However, this kindness could jeopardise your retirement plans.



**It makes financial sense to ensure you protect your children AND your retirement**

### It'll Never Happen To Me....

Be wary of the daytime ads that offer insurance over the phone. Feel secure in trusting locals who read the fine print and make sure you're fully aware of what you're signing up for. Most Australian families with dependent children don't have enough life Insurance cover to look after their family for a year if they died.

When times are tough families need to consider their personal insurance as much as insuring their homes. Statistics have shown that workers are 200 times more likely to be out of work due to illness or accident than to have a house fire. Statistics have also shown that only 20% of workers have income protection<sup>1</sup>.

**I'm covered by Workers Comp:** Did you know that more than 50% of all serious accidents happen away from work, where you are not covered by workers comp<sup>2</sup>.

**Centrelink benefits will look after me:** Govt benefits also don't go very far in covering you against accident or illness. The maximum payment is around \$670 per fortnight, but most benefits are subject to income and assets tests, so the maximum benefit may be reduced<sup>3</sup>.

**It's too expensive:** How long could you afford to live without an income? Protecting your life and your family's lifestyle is not as expensive as you think. There are also a number of tax concessions associated with personal insurance. <sup>1</sup> May 18, 2011 - Eric Smyth <sup>2</sup> ABS National Health Survey -Summary of Results, Australia- 4364.0 <sup>3</sup>www.centrelink.gov.au

This table shows approximate Income Protection costs for a \$2,500 monthly benefit, paid to age 65:

#### Income Protection: 30 year old Male, non-smoker

Farmer	From \$ 2.25 / Day
Tradie	From \$ 2.01 / Day
Truckie	From \$ 3.01 / Day
Abattoir worker	From \$ 2.25 / Day
Accountant	From \$ 0.91 / Day

#### Income Protection: 30 year old Female, non-smoker

Office worker / Shopkeeper	From \$ 1.77 / Day
Teacher	From \$ 1.77 / Day
Registered Nurse	From \$ 2.46 / Day



### Farming Can Be An Unforgiving Business

Farming can be an unforgiving business, and one health setback could be all it takes to jeopardise years of hard work. Few people deal with as many variables in their life as farmers. And it's not just the weather that can leave them financially vulnerable.

On top of the health threats we all face, like cancer and heart disease, farmers contend with a range of hazards specific to life on the land.

If you suffer an injury or illness, there are a lot of complications involved. Financial worries should be the last thing on your mind as you concentrate on improving your health, however you will eventually need to make some decisions regarding your finances.

**We are not tied to any insurance provider. We can compare all major life insurance companies to find you the best structure.**

**Where there is the greatest uncertainty, there is the greatest need to plan.**



Murray Nankivell  
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The information contained in this Newsletter is of a general nature only and is not intended as advice. It has not taken into account your personal situation and circumstances. You should seek advice before acting on any of this information.

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## STAFF PROFILE



**Name:** Paula Gust

**Division:** Financial Planning

**Qualifications:** Diploma of Financial Planning

**Time with firm:** 18 months

Paula has worked in the financial industry for many years. She provides advice on Investments, Superannuation, Life Insurance & Income Protection, Succession and Retirement Planning.

Paula is married to local farmer (& footballer) Scott Carberry; they are raising their two children, Bodhi & Holli on a farm near Apsley.

Paula loves spending time with friends, socialising, motorbike riding & fox hunting & in the summer enjoys swimming, water sports, going to the beach & yabbying.

### Question Time!

- **What one thing would you take with you on a deserted island?**  
Bear Grylls
- **What is your nickname?** Gusto
- **What three things do you always have in your refrigerator?**  
Salad, Chocolate & Beer
- **What is your favourite time of year and why?** Just after New Year - if harvest is finished, everyone is relaxed after Xmas, and it's great BBQ & beach weather
- **Who's the funniest person you know?** Chris Haynes & Ryan Mulraney
- **What TV shows are you hooked on at the moment?** Angry Boys, Criminal Minds & An Idiot Abroad
- **How big is your bed?** King (not big enough with a 6' 5" hubby who hogs all the room)

## Community Sponsorship

Murray Nankivell proudly sponsors many community groups and clubs throughout the South East. We recently sponsored the Influential Women In Business 2011 awards. The awards are open to women over the age of 18 years from the Limestone Coast region who are enjoying success in building their own business, and to female employees who have made an outstanding impact in contributing to the success of a business. We would like to congratulate our following clients on their achievements:

**Anna Hooper:** Cape Jaffa Wines, Mount Benson - *Best Business*

**Angela Dunsford:** Good Country Physiotherapy, Tatiara - *Young Business Woman of the Year*

**Angie Wardle:** Subway Limestone Coast, Naracoorte & Mt Gambier - *Nominee*

**Anne Legoe:** Styling Space, Robe - *Nominee*

## Baby News

**Sophie Paech** and **Jamie Dyer** had a baby boy Benjamin Luke born on the 14th April

**Jo** and **Matt Kennett** had a baby girl Mia Kate born on 30th May

**Emma** and **Matt Moritz** had a baby girl Zoe Louise born on the 4th July

## New Team Members

The Naracoorte office welcomes **Wendy Burford** & **Karen Gillespie** who have joined us in administration and financial planning respectively.

## Sporting Achievements

We congratulate **Brad Reid**, son of Annette & Wayne Reid, on signing on to continue his education and playing career with American basketball team the UMKC Roos.

**Lisa Nairn**, **Karen Jude** and **Tony Bedworth** were medal recipients at the recent Masters Games held in Naracoorte.

## Change of Scenery

**Joel Thomas** is now based full-time in our Naracoorte office after moving from Robe to Naracoorte. His two eldest children Ethan and Connor are looking forward to starting term three at the Sunrise Christian School.

## Deane Nankivell Receives Prestigious Lions Award

We wish to congratulate Deane on receiving the Lions highest honour, the Melvin Jones Award. Deane has been an active member of the Lions club for 26 years, including 15 years as organiser of the popular open air art exhibition held in Naracoorte.



**Ryan Grieger** and **Beibei Xu** (pictured above) on their wedding day in Bordertown

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