WE Inform

wealth experience
Financial Solutions for a Better Life

Winter 2012 • Issue 77

My Say

Things are better than what you read!

with **Paul Hilton**

We approach another end to a financial year that really is not much different to last year in regards to uncertainty in world economies. However, if we look past the major headlines and focus on the real facts, the world and Australia are actually in better shape than we think.

The facts are:

- We have had austerity measures accepted in troubled European countries;
- The Euro is still together and the major countries want this to remain;
- The US economy is improving and, while there are still hurdles ahead, there is no doubt there is improvement from last year;
- Australia has bypassed all major issues of overseas countries;
- Australia has low unemployment;
- Australia has continued economic growth;
- The Australian dollar has come off its historic highs;
- Inflation in Australia remains in check;
- Interest rates are coming down.

Australia has issues to address but there are always economic challenges in a growing economy, such as:

- The mining boom and the associated industries have created an imbalance in our economy, especially to our traditional Australian businesses;
- Our Federal leaders focus more on scoring political points than running our great country;
- Many years of neglect to infrastructure spending has created a bottle neck.

As business owners we cannot sit back and expect things to improve if we keep doing the same as before. The Australian economy has changed, possibly forever. Our traditional businesses are being challenged, therefore we need to think and perform differently. This is not easy; however, if it was easy it would be the norm.

Surveys have shown the Australian citizen is more pessimistic about the future than any other developed country. We have not experienced the pain of countries such as Ireland, Greece, USA or England. I am at a loss as to why we are so negative. So let's look at how lucky we are to be living in this great country, accept that there are challenges but they are nothing compared to our fellow trading partners. There are great opportunities out there if we are prepared to look at things in a different light.

If your business needs another set of eyes, sit down with your adviser and see what opportunities may be out there.

Eco Tip

Did you know that the lids of plastic milk, juice, soft drink and detergent bottles are NOT recyclable? Many people make the mistake of assuming that because the bottle is recyclable the lid is as well. Next time you dispose of a bottle, rinse it and put it in the recycling and the lid in the garbage.

inside this issue

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Wealth Experience Charitable Trust

The Wealth Experience Charitable Trust recently made donations to three very worthy charities from the funds raised during the last six months.

The Toowoomba Hospice has an 'Adopt a Room' program, in which we have adopted a room for the year. The donation to the Granite Belt Support Services will cover a month's worth of rent for their art.works on davadi gallery in Stanthorpe, which has been designed primarily to provide opportunities to artists with a disability.

Recently, we presented Elsie Denham, 2012 RFDS Spirit of Queensland Awards Entrant, with a cheque for $2 000.00 to support the publication of the Royal Flying Doctors Service History Book. All of the proceeds from sales of the book will go directly to supporting the vital work of the Royal Flying Doctor Service.

The majority of funds raised have been from staff contributions, including concepts such as the gold coin Casual Friday donations and the deductions from wages. The committee would like to thank the staff for their generosity over the last six months, and feel privileged to be able to offer assistance to such worthy causes.

If charities would like to be considered as beneficiaries of the Trust, or if you would like to make a donation to the Trust, please contact the committee of the Wealth Experience Charitable Trust on 4632 9873.

Above: Wealth Experience Charitable Trust committee member Roma Smith presents Elsie Denham, 2012 RFDS Spirit of Queensland Awards Entrant, with a cheque for $2 000.00

Above: The Wealth Experience Charitable Trust has 'adopted' the Administration Office at the Toowoomba Hospice.

Reminder to Lodge your 2009-2010 Family Tax Benefit Claim before 30 June 2012

Families have until 30 June 2012 to submit their 2009-2010 Family Tax Benefit (FTB) claim forms with the Family Assistance Office.

This deadline is particularly important if you claimed the Education Tax Refund in your 2010 Income Tax Return as you must be paid the Family Tax Benefit Part A in order to be eligible for the Education Tax Refund.

Should your claim not be submitted on time, not only will you miss out on your Family Tax Benefits but the Tax Office will also amend your 2010 Income Tax Return and request repayment in full of any Education Tax Refund claimed in your 2010 Income Tax Return.

You are eligible for basic Family Tax Benefit in 2009-2010 providing your combined income is less than:

	No. children 18–24 yrs			
No. children aged 0–17 yrs	**Nil**	**One**	**Two**	**Three**
Nil		$102 541	$114 562	$127 519
One	$101 045	$113 065	$126 023	$138 980
Two	$111 569	$124 526	$137 484	$150 441
Three	$123 030	$135 987	$148 945	$161 902

Source - Centrelink website

Life Insurance

with **Craig Uys**
from **RBS Morgans**

RBS Morgans

Believe it or not, life insurance has been around since Roman times, and has been continually changing and better developing itself to adapt with the times. Ancient Romans had 'burial clubs' that covered the cost of members' funeral expenses and assisted survivors financially, for a short period.

Move forward a few thousand years, and insurance as we know it actually originated in 17th Century England, where traders, merchants and ship owners would insure their crews and ships. They used to meet with underwriters to discuss the finer details of the insurance at Lloyd's Coffee House (London).

Marketing of insurance really took off with the insurance salesman, walking the streets from home to home, and making cold calls as well, normally during dinner. Promoting the products as a form of savings account was a way of selling basic life insurance policies to the whole family.

These developments have led insurance to where it is today. Insurance is now easier and quicker to obtain, with enhanced new products offered in a competitively priced market. Technology has provided the platform for these developments. These days, one can simply access a few websites and obtain quotes for insurance cover. Providers are now promoting the fact that you can ring a number, and with no financial information or medical history, receive an accurate quote.

While it is made to sound so simple, we are now dealing with the repercussions of these advances to a self-service system. An increasing number of people are greatly underinsured, and finding out the hard way the reasons why you are not required to provide much evidence to gain cover with these products.

Since these providers are not required to obtain a full picture of the client's current position in their life, they are not required to give the client recommendations on the appropriate level of insurance cover. This potentially leaves clients underinsured. A study conducted for the Investment and Financial Services Association (IFSA) found that, should they die, 60 percent of Australian families with dependent children have not got enough life insurance cover to look after their family for one year. The quality of these products can also be grossly overstated.

On the other hand, insurance advisors are required to provide clients with full recommendations that will meet their needs and match these needs with the best rated products in the market that will increase their chances of a successful claim if an insured event were to occur. Advisors are also able to recommend a number of strategies to demonstrate how policies can be structured to suit individual needs.

So even with the great advances in the insurance industry, there are still some traps that clients need to be aware of. It is therefore paramount to seek professional advice before entering into any life insurance contract.

Year End Trust Distributions Rules: make up your mind by 30 June!

The ATO have confirmed that recent changes to legislation now require trustees of Discretionary (Family) Trusts to make their trustee resolutions no later than 30 June 2012.

From the 2011-2012 income year, all trustees who make beneficiaries entitled to trust income must make a written resolution prior to 30 June. This resolution will determine who is to be assessed on the trust's taxable income.

The Tax office will accept official minutes drawn up later as evidence of actions undertaken by trustees before 30 June to create present entitlements in the beneficiaries by that date.

Example: the trustees document by way of a note, dated 29 June that they have resolved to distribute the trust income in a certain way. This note is later typed as an official minute, which refers to the resolution of 29 June.

The resolution does not have to specify an actual dollar amount for the resolution to be effective. A resolution is effective if it prescribes a clear methodology for calculating the entitlement e.g. by expressing entitlement as a percentage. Alternatively, if the trustee knows that the income of the trust will be at least a certain amount, then they may choose to make one or more beneficiaries presently entitled to the certain amount, and other beneficiaries entitled to the balance – whatever that turns out to be.

If no resolution is prepared, then the trust will be assessed on the entire income at the highest marginal tax rate of 45% plus the Medicare levy.

If you require assistance with this, please contact us.

Source: ATO Website

Superannuation

Keeping the Faith

with **Kymberlee Naumann** from
Wealth Experience Superannuation Solutions

The recent Budget announcements by our current government may have happened in the blink of an eye, but can serve to have far reaching consequences on many. Overall the Federal Budget was a solid effort, with the focus on getting the country to live within its means by cutting $34 billion and returning to surplus. However, if you are in small business, or big business, or approaching retirement, you have been slugged.

Superannuation, in this budget, has been used as a 'cash cow' to be milked to meet deficits. The government has again confirmed that it is willing to use retirement savings to pay for other political objectives. This is the ninth time since 2008 the government has changed the rules, equating to $7.8 billion less in retirement savings. These are the same politicians that have avidly stated that our superannuation system is wonderful and allows us to save for our own retirement so as to take the pressure off government age pensions. The message is being sent that super savings are at risk from constant government tinkering.

The budget announced that the start date of the higher concessional contributions cap measure would be deferred by two years, from 1 July 2012 to 1 July 2014. This two year deferral means that Australians will only be able to make concessional contributions of up to $25 000 per year. The original proposal would have allowed individuals aged 50 and over, with an account balance less than $500 000, to contribute up to $50 000 in concessional contributions. It is worth remembering that three years ago this contributions cap was $100 000 for an individual aged 50 or over. The cap has effectively been reduced by 75%. This reduction, and subsequent deferral, could be a huge disadvantage to Australians aged over 50 who are trying to save for retirement.

Although disappointing, such a deferral is understandable based on the administrative complexities of introducing the new cap in the original time frame. The government has estimated that the savings resulting from this amended cap are worth $1.46 billion over two years, which equates to approximately $8.5 billion less in savings for retiring Australians.

The message from this budget announcement to everyone, especially those aged 50 and over, is to carefully watch your salary sacrifice arrangements. The $25 000 contribution limit includes superannuation contributions your employer makes on your behalf as part of their 9% Super Guarantee obligations, together with any salary sacrifice arrangements in place. The table below shows how much you can salary sacrifice at various income levels after taking into consideration employer super guarantee:

Gross Income	Employer SGC pa	Salary Sacrifice pa
$60 000	$5 400	$19 600
$70 000	$6 300	$18 700
$80 000	$7 200	$17 800
$90 000	$8 100	$16 900
$100 000	$9 000	$16 000
$110 000	$9 900	$15 100
$120 000	$10 800	$14 200
$130 000	$11 700	$13 300
$140 000	$12 600	$12 400
$150 000	$13 500	$11 500
$160 0000	$14 400	$10 600

Source: RBS Morgans

Before considering any salary sacrifice strategy, it is important to take into account other income, if any, to ensure you meet your objectives for income and tax. If you are expecting a salary increase or a change in employment during the year, this could affect the total amount you contribute.

Superannuation

Continued

with **Kymberlee Naumann** from
Wealth Experience Superannuation Solutions

Standard excess penalty tax will apply for concessional contributions exceeding the $25 000 per annum limit. That is, 31.5% tax will be payable in addition to the 15% contributions tax on all concessional contributions made during the year. This could negate any tax benefits you may receive via your salary sacrifice strategy.

The government also announced that from 1 July 2012, the tax on superannuation contributions by individuals with income greater than $300 000 will double from 15 per cent to 30 per cent, excluding the Medicare levy. Although this is only designed to impact on a little over 1% of the population, it can act as a further disincentive to save for retirement. Legislated superannuation changes announced prior to the budget but mentioned in the budget include:

- Superannuation Guarantee (SG) contributions and eligibility. Currently employers are obliged to make contributions of 9% of an employee's salary to superannuation where the employee is under age 70. Legislation has now passed to increase the SG rate from 9% to 12%, in incremental stages, by 2020, effective 1 July 2013. The eligibility age for employer SG contributions will be abolished from 1 July 2013. In other words, SG contributions will extend to all workers regardless of age. The intention of this change is to provide an incentive for older working Australians to remain in the workforce longer.

- Effective 1 July 2012, a contribution rebate of up to $500 (not indexed) will be payable to workers with adjusted taxable income of less than $37 000.

- Individuals may be eligible for a refund of excess concessional contributions of $10 000 or less in a year, commencing this financial year 2011/12. This relief is available as a 'once-off' option and only where the individual has not previously exceeded the concessional cap.

- The Government has announced it will reduce the matching rate and maximum payment of the co-contribution payment from 1 July 2012. The matching rate for the existing co-contribution is to reduce to 50%, with the maximum co-contribution payment reducing from $1000 to $500 for those people who earn less than $31 920. The cut out threshold will also reduce to $46 920 from $61 920. Accordingly, this is the last financial year to access the higher $1000 payment.

Australians are arguably becoming wary of the superannuation system given the myriad of changes over the past five years. While the changes to superannuation have been widely discussed over recent years, three out of four people still do not fully understand the changes, nor what impact these changes will have on their personal situation. The amendments to superannuation are far reaching. They affect not just pre-retirees and retirees, but a wider age group of people who may be thinking about how superannuation could suit them, or even whether they should make additional contributions to superannuation at all.

To make sure you fully understand how these changes can impact on you personally, feel free to make an appointment with one of our specialist staff to discuss your situation.

Occupancy Requirements

For Grants and Concessions

with **Dan Cuthbert** from
Wealth Experience Leasing & Finance

wealth experience
LEASING & FINANCE
Financial Solutions for a Better Life

In this issue, we thought we would answer every home buyer's questions as to time frame and conditions that must be met for relevant grants from the Office of State Revenue.

This information has been taken directly from the OSR website at www.osr.qld.gov.au

Occupancy requirements for grants and concessions

Amid the excitement and stress of buying your home, it can be easy to overlook the fine print. Did you know that there are differences between the occupancy requirements for the first home owner grant (FHOG), the Queensland building boost grant (QBBG) and the transfer duty concessions? **Ignoring the differences could cost you thousands of dollars.**

Don't get caught out: if you break the occupancy requirements, you may have to pay back the entire grant and some or all of the concession—possibly with penalties. Differences between the grants and concessions are summarised below.

	FHOG	QBBG (1 August 2011–30 April 2012)	First home transfer duty concession	First home vacant land transfer duty concession
Who must live in the property?	You.	Anyone can live in the property, such as you, a family member or a tenant.	You.	You.
When must you move into the property?	You must move into the property and live there as your principal place of residence within **1 year** of the title registration date (established homes) or within **1 year** of the final inspection date (contract to build or owner builder).	Someone must move into the property within the first **12 months** after the transaction is completed.	You must move into the property and live there as your principal place of residence within **1 year** of the transfer date.	You must move into the property and live there as your principal place of residence within **2 years** of the transfer date.
After moving in, how long must you live in the property?	A continuous period of **6 months**.	First home owners must live continuously in the property for **6 months** (to meet FHOG requirements). Otherwise, someone must live in the property for **3 months** (continuously or not) within the first **12 months**.	You must move into the property as your principal place of residence, then not dispose of part or all of the property for **12 months** (e.g. by renting or selling).	You must move into the property as your principal place of residence, then not dispose of part or all of the property for **12 months** (e.g. by renting or selling).
Can you rent out the property before moving in?	Yes, provided you comply with the occupancy requirements.	Yes.	No. **Exception:** The vendor or vendor's *existing* tenant may continue to live in the property for up to **6 months**. The existing lease cannot be extended.	No.
Can you rent out the property after moving in?	Yes, 1 or more rooms may be rented out, provided the home remains your principal place of residence.	Yes.	Not for the first **12 months**.	Not for the first **12 months**.
What do you do if you cannot meet the requirements?	Notify us within **14 days** of becoming aware and repay the grant.	Notify us within **14 days** of becoming aware and repay the grant.	Notify us within **28 days** of becoming aware.	Notify us within **28 days** of becoming aware.

Office of State Revenue

Visit **www.osr.qld.gov.au** for more information.
Content valid as at 16 February 2012

Queensland Government

Investors Beware

ATO Targeting Investment Arrangements

with **Gilda Brisotto** from
Power Tynan

The Australian Taxation Office have warned that they are reviewing investment arrangements. There are two that they are especially concerned about:

Investment Loan Interest Payment Arrangement

The Commissioner of Taxation recently issued a Tax Determination (known as TD 2012/1) in relation to split loan structures described as "investment loan interest payment" arrangements.

The arrangement described in the Determination comprises:

- a home loan;
- an investment loan; and
- a line of credit loan that funds the interest on the investment loan.

No cash is required from the borrower to pay interest on the investment loan because the interest is paid from the line of credit. The line of credit has no monthly repayment obligation.

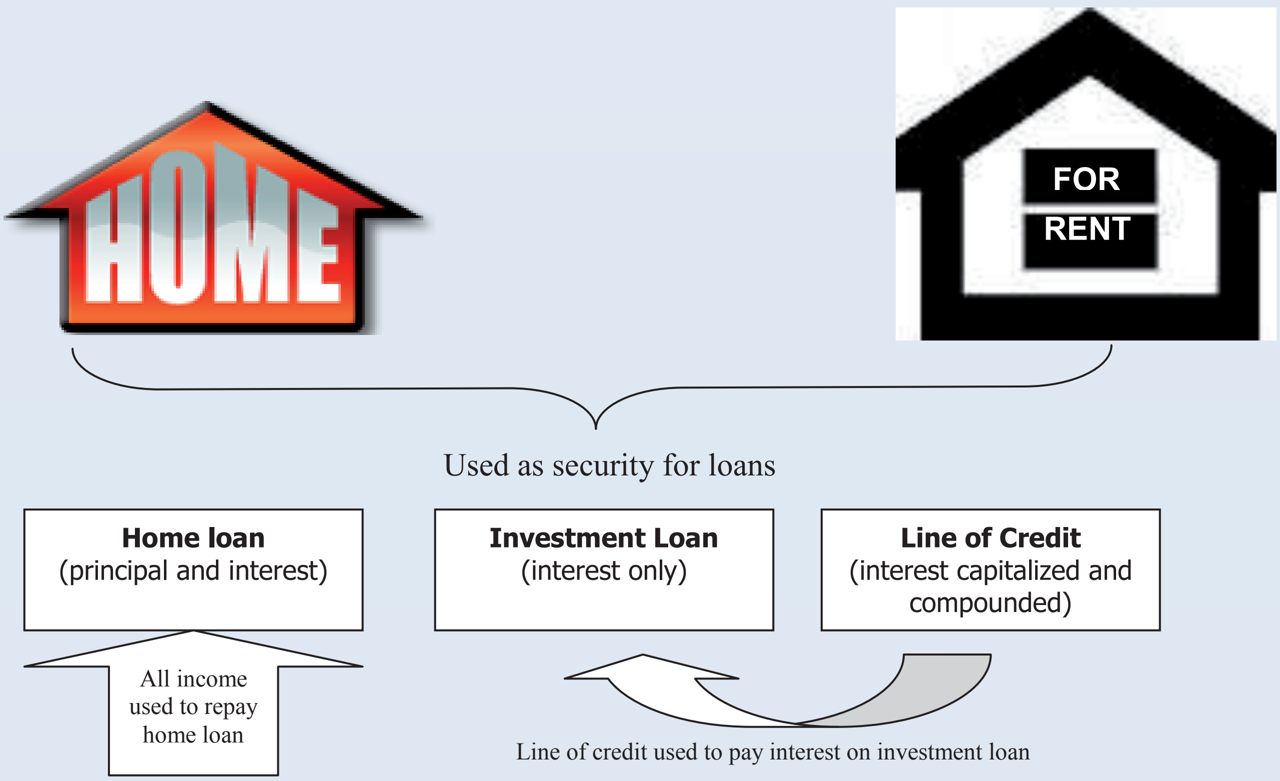
The result of the arrangement is that interest is capitalised on the line of credit (which gets larger every year) and the borrower applies the cash saved to reduce the home loan faster. The borrower then also claims the interest on the line of credit account.

The ATO rejects the claims by borrowers that these arrangements are entered into for the purpose of paying their home loan sooner.

According to the ATO, borrowers would otherwise pay interest on the investment loan out of their cashflow rather than using the line of credit and that means they would have lower interest deductions if it were not for the arrangement.

On that basis, the tax office may disallow:

- the whole amount of the deduction for interest incurred on the line of credit; or
- the difference between the otherwise allowable deduction for interest on the line of credit and the amount of interest on the line of credit that would have been an allowable deduction if the arrangement had not been carried out.



Investors Beware

ATO Targeting Investment Arrangements

Continued

with **Gilda Brisotto** from **Power Tynan**

Home loan unit trust arrangement

The Tax Office have released warnings reminding taxpayers of a Tax Ruling released in 2002 (TR 2002/D2) dealing with schemes where taxpayers purchase a residential property for private use through a unit trust.

A typical "Home Loan Unit Trust Arrangement" involves:

- The taxpayer establishing a unit trust whereby they are the trustee or a director of the corporate trustee
- The taxpayer borrowing funds to purchase units in the unit trust
- The trust purchasing the property using the funds raised to complete the purchase
- The taxpayer then living in the property and paying rent to the unit trust at market rates which the trust declares as taxable income
- The trust then claiming associated expenses and interest charges as deductions against the rental income
- The taxpayer claiming a tax deduction for the interest payments on the borrowing

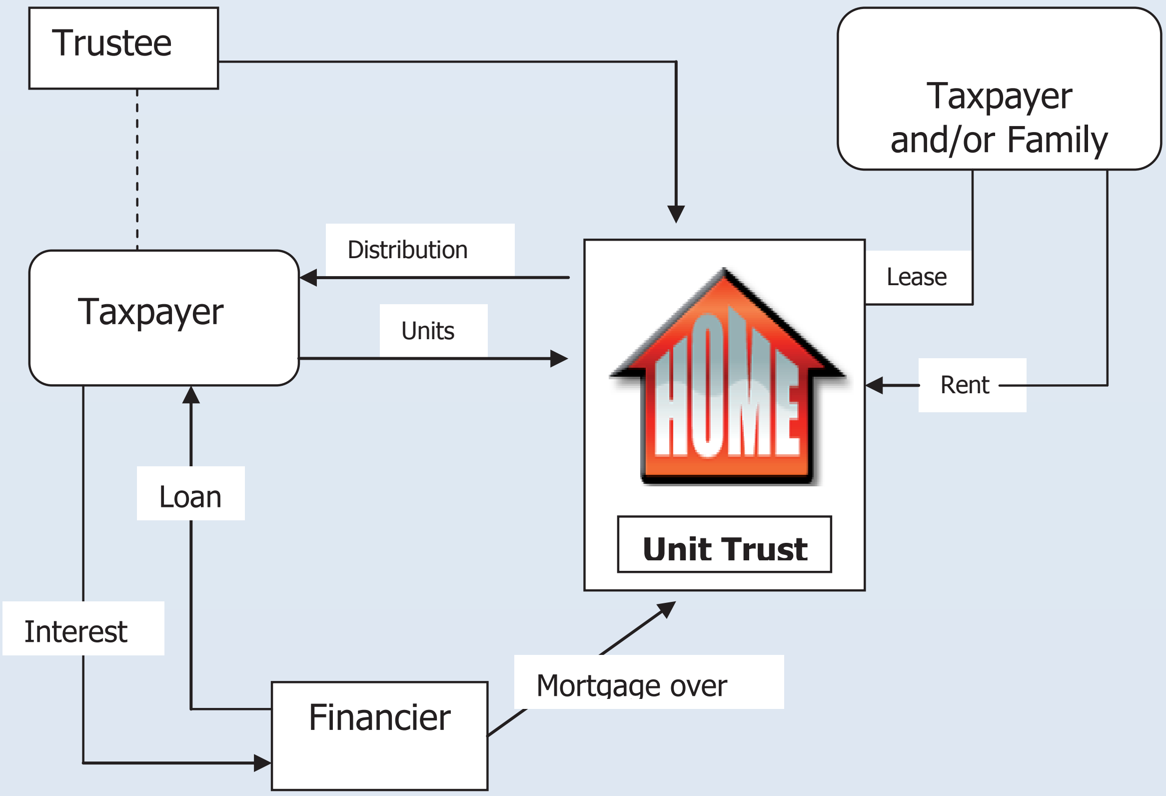
This is a scheme because it involves getting a tax benefit from borrowings for private expenses – the family home.

The ATO claims that in such arrangements the interest is not deductible to the taxpayer as it is a loss or outgoing of a private nature. Furthermore, the ATO regards the arrangement as a tax-avoidance scheme whereby it will then apply Part IVA to deny the taxpayer the ability to claim a tax deduction for the interest on borrowing.

Please Note –

The arrangement being targeted should not be confused with an arrangement which is allowed by the Tax Office which involves a genuine investment asset under which borrowing to invest in a unit trust would normally be tax deductible.

Example



Source ATO TR 2002/D2

Value Optimisation Factors

with **Scott Patterson** from
Wealth Experience Business Solutions

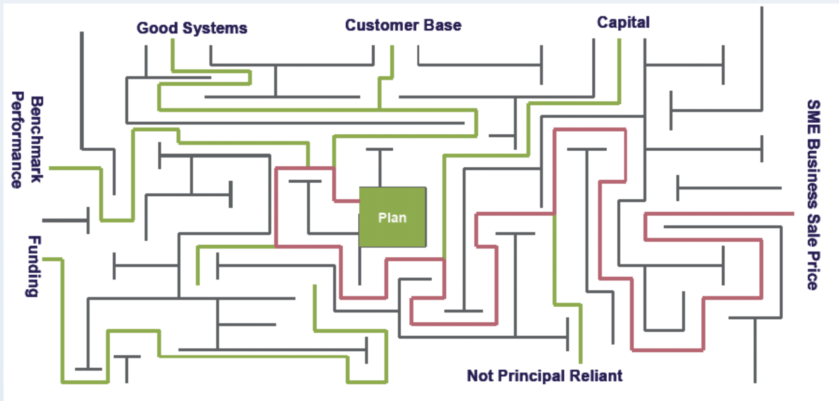
What are value optimisation factors?

Value optimisation is all about growing business value. Value optimisation factors are issues within the business that can be planned for and addressed prior to selling that will assist in a smooth sale transaction at the optimum price.

The key value areas for your business are growth, performance and succession. By focusing on optimising these areas, your business value will improve.

The path to value optimisation

The following illustration demonstrates the path you can take to optimise the value of your business.



How do I address value optimisation factors in my business?

The following table provides an indication of some of the industry best practice strategies that can be implemented to address these key value factors.

Value factor	Strategy to optimise	How to do this
Growth	Implement well defined business strategies and goals	• Growth plan • Alliance /network agreements • Joint ventures
Succession Planning	Plan for your succession	Commitment, documentation & implementation
Innovation	Introduction of new services	Business Life Planning
Performance	Improve WIP & debtors recovery	Introduce progressive billing & fee funding arrangements
Systems	Document processes & have up-to-date relevant technology	Upgrade systems & technology
Staff	Retention, attraction and performance improvement	• Introduce performance based incentive agreements • Implement personal development programs & leadership training
Client Retention	Review client services and referrals	Utilise/update Client Relationship Management Systems
Client Succession	Address your clients' succession requirements	Form alliance with an alliance partner and provide referrals

By addressing all of the above value factors, you will improve profit, improve the value of your business, and maximise your position when it is time to sell.

Some of the barriers to improving the value of your business and achieving your desired sale price could include:

- Business being too principal reliant;
- Not spending enough time working on your business;
- Expenses out of control;
- Lack of client segmentation;
- Poor systems and processes;
- Unrealistic expectations about the value of your business.

If any of these barriers are relevant to your business, these should be addressed.

For further information regarding the above topic, please contact us.

This article has been sourced from BStar Pty Ltd.

2012/2013 Federal Budget

with **Brad Hancock** from
Power Tynan

The 2012/2013 Budget was handed down on 8 May. The Budget was fiscally tight, designed to return the Budget to surplus. The budget contained many anticipated changes to superannuation, however the inclusion of some surprises along the way made for some interesting reading. The following is an overview of some of the major changes:

Tax

Table 1. Individual Marginal Tax Rates from 1 July 2012

Annual Income Range ($)	Tax Rates 2011/12	Tax Rates 2012/13
Up to $18,200	$0 up to $6,000	0%
$18,201 - $37,000	$0 + 15% over $6,000	$0 + 19% over $18,200
$37,001 - $80,000	$4,650 + 30% over $37,000	$3,572 + 32.5% over $37,000
$80,001 - $180,000	$17,550 + 37% over $80,000	$17,547 + 37% over $80,000
$180,001 +	$54,550 + 45% over $180,000	$54,547 + 45% over $180,000

Source: www.ato.gov.au

Table 2. Low Income Tax Offset Summary Table

	2011/12	2012/13	2015/16
Amount	$1,500	$445	$300
LITO Minimum Threshold	$30,000	$37,000	$37,000
LITO Maximum Threshold	$67,000	$66,667	$67,000
Reducing Rate	4%	1.5%	1.0%

Source: www.ato.gov.au

- From the 2012/13 financial year, the tax-free threshold increases to $18,200. With the inclusion of the low income tax offset of $445 means you will be able to earn up to $20,542 before any income tax is payable.

Individuals & Families

- Net medical expenses tax offset has been amended to introduce a means test. Currently a 20% tax offset is available for net medical expenses in excess of $2,060. From 1 July 2012 individuals earning more than $84,000 and families earning more than $168,000 will have to incur more than $5,000 net medical expenses in order to qualify and the tax offset rate will reduce to 10%.
- Mature age workers tax offset will be phased out for taxpayers born on or after 1 July 1957.
- The Education Tax Refund will be replaced from 1 January 2013 by the 'Schoolkids Bonus.' The new Schoolkids Bonus will pay eligible families (receiving Family Tax Benefit Part A) $410 per primary student and $820 per secondary student. The bonus will be paid as a lump sum in January and July each year.
- In relation to above, the Education Tax Refund for June 2012 will be paid in full as a lump sum to eligible families in June (no receipts are required).
- Standard deduction for work-related expenses announced in the 2010/2011 Budget will not proceed.

Companies

- The proposal to reduce company tax rates from 30% to 29% will not proceed.
- From 30 June 2013, companies will be entitled to carry back up to $1 million in tax losses incurred in the 2012/2013 financial year to be offset against tax paid in the 2011/2012 financial year. From 30 June 2014, companies will be entitled to carry back and offset against tax paid in the previous two years. Essentially there will be a refund of tax paid in those previous years.

Small Business

- The threshold for the small business asset instant write-off will increase from 1 July 2012 from $1,000 to $6,500.
- Small business will be eligible for an immediate write-off of $5,000 on new motor vehicles purchased from 1 July 2012. The balance of the motor vehicle will be depreciated with other small business assets in the pool at 15% in the first year and 30% after that.
- The entrepreneurs tax offset has been removed from 1 July 2012.

Superannuation

- For the budget changes relating to superannuation please consult Kymberlee Naumann's article within this issue, entitled 'Superannuation – Keeping the Faith'.

If you have any questions in regards to any budget changes or announcements, please feel free to contact the office and one of our staff will be able to assist.

Client Corner

Rob Roy Earthmoving Pty Ltd

Each quarter, we will interview one of our clients to get an insight into their business. This issue, we spoke to Rob Roy, Director of Rob Roy Earthmoving Pty Ltd.

When did Rob Roy Earthmoving commence?
I started out small in 1980 in Cairns with only one Tipper. One of my customers was Boral so I had a contract which operated between Cairns and Weipa, which led to additional contracts with Comalco who were later to become Rio Tinto. The opportunities that Weipa had to offer were too good to pass up, and in 1988 I decided to move there permanently. "Rob Roy Earthmoving" was born in 1989, and the new Truck and Dog Trailer that I purchased is still proudly displayed in a photo on the office wall.

What does your business do?
Rob Roy Earthmoving is based in Weipa but operates all over Cape York and Torres Straight. The business is involved in bitumen sealing, wide load escorts, float work and low loader work. Owning the biggest float in Weipa ensures the business is kept busy by Rio Tinto, and we're also who Main Roads uses to fix the access road to Cairns after the wet season.

What are some of the challenges your business has faced?
Being a remote business in a mining town has become harder over the years, especially attracting and retaining staff – I've really had to think outside the box.

Some of the other issues the business has faced have been overcome by utilising technology. Josie Kerr is our bookkeeper, she was in Weipa for a short time however is now based in Victoria but still accesses our system to keep me on track and up-to-date. We're excited about the new Cloud technology which will make this even easier and more efficient in future.

Above: Rob Roy, Director of Rob Roy Earthmoving Pty Ltd

What makes your business successful?
I believe the success of the business has occurred because of the personal relationships with the principals of my customer base. Being very hands on in the business and having a complete understanding of the business is of major importance in its continuing success.

If you surround yourself with the right people, success will happen. I would like to genuinely thank all of the staff of Wealth Experience who visit Weipa at least twice a year for their efforts, availability and range of services which has helped my business progress.

What has been your biggest achievement to date?
My major achievement is still being in business after 23 years in a remote area like Weipa. I'm proud of the fact that despite a number of highs and lows I've always maintained the integrity of the business.

What is one piece of advice you would give to someone starting up a business?
My advice would be to stay within your area of expertise. Until you understand your core business, don't stray from it.

How do you relax from the pressures of being in business?
My downtime is consumed by my passion and hobby - racehorses!

Individuals Tax Checklist 2011/2012

with **Chelsea Brunckhorst** from **Power Tynan**

Income

- ☐ PAYG payment summaries from employers or pension funds (ensure that any FBT or Reportable Superannuation Contributions are included);
- ☐ Interest received on all bank accounts, including term deposits and children's accounts;
- ☐ Dividend payment slips for all dividends received;
- ☐ Annual Tax Statements from any managed funds or trusts;
- ☐ Rental property information:
- ☐ Real Estate Summaries (Annual or Monthly Statements);
- ☐ Loan statements in order to determine interest claim;
- ☐ All other expenses including – rates notices, insurance policy, body corporate fees, repairs, cleaning and any other expenses incurred on the property;
- ☐ If any assets (land, rental property or shares etc) were sold during the year - a copy of the purchase contract, sale contract and settlement statements should be provided;
- ☐ Details of any other income received during the financial year should be included.

Expenses

- ☐ Work related deductions such as motor vehicle kilometres, travel expenses, uniform or protective clothing, self-education expenses, union fees, subscriptions, office expenses, telephone and donations (please ensure that you have substantiation for any work-related deductions);
- ☐ Interest or dividend deductions relating to investment income received (margin loans etc);
- ☐ Cost of managing tax affairs;
- ☐ Superannuation – details of any personal superannuation contributions and Section 290-170 deduction notices to be completed;
- ☐ Income protection insurance statement;
- ☐ Details of any other deductions paid during the financial year should be included.

Other

- ☐ Private Health Insurance Statement from your health fund;
- ☐ Net medical expenses (out of pocket expenses after rebates) that exceed $2060 (doctors, dentist, optometry, physiotherapy and prescriptions etc);
- ☐ HELP/SFSS details provided by the Tax Office during June 2012.
- ☐ Letter from the ATO stating your exemption from Flood Levy or details of receipt of Australian Government Disaster Recovery Payment

Toowoomba Property Market

The Investors' Viewpoint

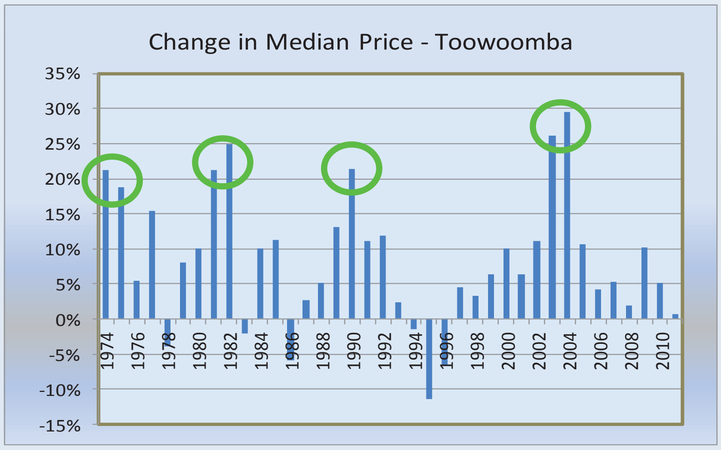
with **Simon Newman**

As one of our top areas for property investment nationally, we thought we would outline the reasons why Toowoomba is seen as an area with great potential for property investors in the coming 3 years and beyond.

Technical Analysis

Price Cycle. You may have also heard this referred to as the property cycle. Property price movements in any given market tend to work on a cycle that historically takes 8-12 years to play out before repeating. For the majority of this time, prices tend to drift along sideways with some minor ups and downs along the way. The vast majority of the upward price movement (we usually refer to this as the "boom") usually only happens for 2 or 3 of these years before the next cycle of drifting (referred to as the slump) resumes.

If we apply this to Toowoomba (see chart), we can see



that the last large movement in property prices occurred between 2003 - 2004. Since then, the market has been drifting with a median price that today sits in the high $200,000's.

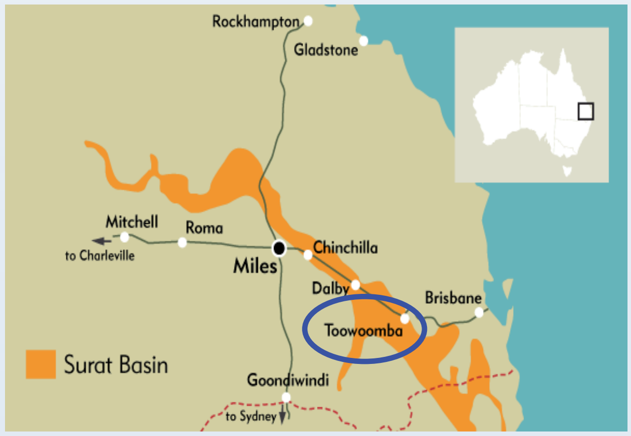
Based purely on the history of price movements in this market, we would expect to see the large upward movement in prices (boom) occur in Toowoomba between the years 2012 - 2015.

Fundamental Analysis

Overlaying this is the expectation that Toowoomba will gain significant exposure to the emerging mega-industry that is mining (coal and CSG) in the Surat Energy Province. This exposure will be increasing to a peak over the next three years and will continue for at least five years beyond that.

The appealing point of interest for investors is that whilst Toowoomba is positioned to be a major player in the Surat Energy Province development, it is not solely reliant on the one industry for its existence.

Manufacturing for other sectors, agriculture, defence, health and education are all well established industries in the area. This provides a degree of risk management for the property market in general in the area and will avoid the extreme boom/bust cycles that we often see in towns reliant on only one industry.



Conclusion

Toowoomba suits the property investor with views to hold their properties in the area until beyond 2015. Buying into an already running market can be a much more stressful experience and less profitable compared to taking an early position in the market. Whilst it is relatively quiet, sellers are more negotiable and other services related to property such as builders, real estate agents etc are more accessible.

We would therefore recommend to investors looking at this market to take positions in the market soon to maximize profit and minimize stress.

For more information regarding this market and how to make best use of it, please contact one of our local consultants through the Wealth Experience office.

Simon Newman
Regional Manager
NPA Property Group
Southern Queensland

Simon Newman is a Property Analyst and South Queensland Regional Manager of NPA Property Group.

About NPA Property Group

Owned and managed by CEO Craig Whaley, NPA Property Group is a national property analyst company specialising in market research and building property portfolios. NPA is a market leader with a trusted reputation for client service and sound property advice.

The Wealth Experience Group has recently partnered with NPA Property Group to provide clients with the full range of financial services from one organisation, including direct property investment.

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Your accounting software

Is it time to upgrade?

with **Jason Clewley** from
Wealth Experience

Think for a moment about the accounting software you are currently using - is it over 3 years old? If you answered 'yes', it may be time to look at the upgrade options available for your accounting software.

Over the past couple of years, software vendors have made changes to their technical support and most have now shifted to primarily supporting only 2 versions prior to the current release or software versions less than 3 years old.

If it is time to upgrade your accounting software, here are some of the potential benefits:

- The ability to switch to software more suited to your needs (the software that you purchased 6 years ago may not fully serve the current record keeping requirements of your business).
- New accounting software is designed to run on the latest Windows operating system. Most accounting software released in the few years following the introduction of GST is no longer supported on the latest Windows operating systems, causing many headaches should your computer fail and you go to load your software on your new computer only to find it is no longer supported. We are currently upgrading our servers and have found many older accounting software packages will not operate on the new system. This is something that you may have already experienced, perhaps with other software packages, and the issue will become more common when Microsoft releases its next operating system.
- With Cloud accounting software offerings you have the flexibility to access your accounting software where and when you want using a tablet, laptop or other suitable internet connected device.
- Switching to a Cloud accounting software solution means no more completing accounting software updates, as all software updates are handled by the provider behind the scenes.
- The ability to take advantage of new time saving features such as automated transactions that can detect key words on imported bank transactions.
- The ability to more accurately track the cash flow of your business (many new Cloud-based accounting systems provide up-to-date cash flow information and even forecasting for your business).
- Upgrading your accounting software sooner rather than later takes advantage of any upgrade paths available, allowing you to transfer historical accounting transactions from an old software version to the latest edition.

Due to cutbacks in software that is being supported by the software vendors, we have revised our list of supported software to the list below. This more closely aligns our support with that of the software vendors.

From 30 June 2013 we will continue to support the following versions of accounting software:

Software	*Versions Supported from 30 June 2013*
Cash Flow Manager	≥ Version 7
MYOB Business Basics	≥ Version 1.1
MYOB Accounting/AccountRight Standard & Plus	≥ Version 18
MYOB Premier	≥ Version 12
QuickBooks	≥ Version 2010/2011
Quicken	≥ Version 2011
Phoenix	≥ Version 5.01.001
Xero	All supported
MYOB Live Accounts & AccountRight Live	All supported
Reckon Cashbook & QuickBooks Online	All supported
Other accounting software	< 3 years old

Please note that MYOB First Accounts will no longer be supported as it is a discontinued product.
For more information on the upgrade options available for your accounting software please contact your Wealth Experience advisor.

Tax Audit Insurance

with **Amanda Kenafake** from
Wealth Experience

We hope that you won't need Tax Audit Insurance, however the ATO have been advising that they are increasing their audit activity. It may be inevitable that you will be chosen for an Audit, Review, Investigation or the like. Whilst all parties involved would have ensured accuracy you would still need to go through the process of the audit if chosen. So why should you bear the costs?

We are witnessing an alarming trend with more and more clients being contacted by the Australian Tax Office (ATO) or other government agencies and subjected to random audits, reviews or investigations.

In fact at the end of June 2011, the ATO confirmed they have planned a 25 % increase in audits of 2.8 million traders with sales under $2 million.

Random audits, reviews and investigations of Australian organisations - both large and small - are increasing in number. There are dozens of scenarios that may trigger an ATO audit and just because you are certain that you are doing the right thing in your business or Self Managed Super Fund, you are not immune to an audit.

In the next year the ATO will:

- contact 400,000 taxpayers who have apparent discrepancies in the information they report;
- review over 30,000 Income Tax Return (ITR) refunds before issue;
- review 24,500 micro businesses in regards to PAYG withholding;
- contact 12,500 mainly micro employers regarding unpaid superannuation;
- review 4,000 high risk employers' micro businesses for non compliance with superannuation guarantee obligations;
- identify 46,000 businesses potentially under-reporting their cash income;
- undertake 580 property related GST audits and reviews;
- verify 47,000 BAS refund claims for micro businesses;
- complete 380 risk assessments and reviews and 60 audits of the 2,660 highly wealthy individuals ($30M+);
- complete 400 risk assessments and reviews and 55 audits of the 82,000 wealthy Australians ($5M - $30M);
- review 3,400 small to medium enterprises in regards to PAYG withholding;
- review contracting arrangements in small to medium enterprises;
- undertake over 12,000 audits and reviews of BAS refunds in small to medium enterprises;
- conduct around 1,200 audits and reviews relating to property transactions; and
- undertake approximately 480 audits and reviews of integrity of business systems in small to medium enterprises.

To protect you from these potential costs, we offer the opportunity for you to participate in our Audit Shield Service. This service provides a low cost, set fee solution that means any ATO audit related work we need to do for you is covered (up to a prescribed limit).

Tax Audit Insurance covers the professional fees incurred as a result of an ATO review, investigation or audit, which compels the client to respond.

Tax audit insurance covers the professional fees for assisting you to respond to an official enquiry, review, investigation or audit, of returns lodged with the Australian Tax Office or other Federal, State or Territory government authority, agency or body.

Tax Audit Insurance provides cost effective protection and peace of mind against the substantial cost that may be incurred should the ATO or other government agency conduct a random review, investigation or audit, to ensure business or taxpayer compliance with various tax and legislative requirements such as:

- Income, Land and Payroll Tax
- BAS/GST Compliance
- Workers Compensation / WorkCover
- Superannuation Guarantee and Compliance
- Self Managed Superannuation Funds
- FBT
- Record Keeping
- Research and Development Grants
- Any query of any lodged return where the client is compelled to respond or act

If you are seriously considering Tax Audit Insurance, make sure you contact us first so we can assist with ensuring you get adequate and correct cover!

Staff Spotlight

BRW Triathlon

On Saturday 5 May, Wealth Experience participated in the BRW Triathlon at the Gold Coast, which consisted of a 400m swim, 10km bike ride and 4km run. This is the 10th year that Wealth Experience has been involved in the triathlon, with staff encouraged to participate as part of the company's health and wellbeing program. The firm entered six teams, made up of three people each, with 95% being staff members. Even though we had many first timers, everyone completed their leg of the triathlon, which is an achievement in itself. Congratulations to everyone who took part in the event – we hope to have the same level of staff interest and involvement next year.

New Faces

Since our last edition of WE Inform, there have been several additions to our Wealth Experience team.

The Toowoomba office welcomes *Phillipa Clews* as the new RBS Morgans receptionist, and *Jordan Allen*, our office administration junior for Wealth Experience.

Judy Chapman has commenced employment in the Wealth Experience Leasing & Finance department, and will be based in our Stanthorpe Office.

Finally, *Anita Birkett* will be working from our Roma office in the administration department.

We extend a warm welcome to all of our new staff members.

Wealth Experience Scholarship Program

The Wealth Experience Scholarship Program is available to Grade 12 graduates who are intending to undertake a university degree within the business industry. The Scholarship includes financial incentives regarding the recipient's university degree along with invaluable practical working experience within a firm that presents numerous illustrious career path opportunities in the accounting, financial planning, stockbroking, superannuation, leasing & finance and banking industries.

This year marks a significant milestone for the Wealth Experience Scholarship Program, as we celebrate the graduation of our first ever scholarship recipient.

Ben Twidale started the Scholarship Program at our inaugural intake in 2008. Ben graduated from USQ in April 2012, completing his Bachelor of Commerce whilst working for Wealth Experience. We would like to congratulate Ben on this tremendous achievement, we are extremely proud of him and all he has achieved during this time.

If you are or know of anyone currently in Year 12 and interested in applying for the Scholarship Program for 2013, please call the office on (07) 4632 9873 or visit our website www.wealthexperience.com.au for more information.

WEALTH EXPERIENCE GROUP

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