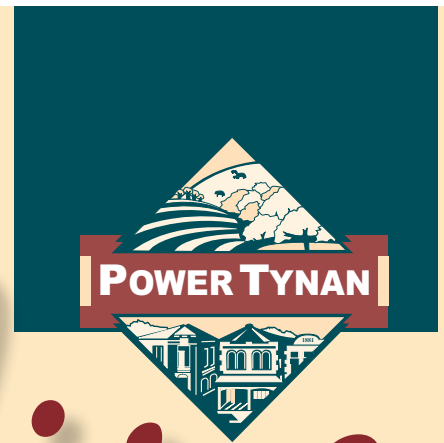


powerful solutions for your business



Powerline

the newsletter of power tynan

my say with Philip Saal



Where has all the enjoyment gone from being in business? We seem to be working

harder for a diminishing return. If you haven't got exposure to the surging mining sector, things can be pretty tough out there. Stricter government legislation, proposed carbon taxes, negative GDP and proposed interest rate rises - where are the happy days?

Depressed? Don't be. The end of the financial year is upon us - party hard on the 30th June, drown your sorrows, and start the new financial year with an old-fashioned hangover. Then, after rehydrating, put the past behind you and plan for the New Year.

This time of the year is extremely busy for our firm. With tax planning, refinancing, super contributions and pension calculations, we like to pack a year's work into a few months. While this is going on, budgets

for next year need to be prepared, staff reviews need to be completed, and next year's legislative changes need to be understood.

So where has the enjoyment gone? It is all about our attitude, facing these issues head on and challenging the way we used to do things. The excitement is in trying new systems, setting a new budget from scratch and learning to use the changes in legislation as a positive.

Start the financial year with a positive frame of mind, set realistic goals, keep staff motivated and challenge the way you do business. Remember why you went into business or the career you chose and learn to enjoy it again.

"Don't let the best you have done so far be the standard for the rest of your life"
- Gustavus F Swift

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Staff Spotlight

Lunch & Mortgage



with
Alex Watson
from RBS Morgans
Authorised Representative (311521)

RBS Morgans

In light of the last rate rise and prospect of further rises on the horizon, I have been thinking about the small things that we can all do, which may seem small, but make a huge difference in the future.

Has anybody considered how powerful an item like lunch is in creating future financial freedom? Consider your lunch - if you are not organised (like me) and you buy your lunch you will most likely spend \$10, equating to \$50 per week or \$2 000 per year (averaging 40 weeks a year). The same could be said for drinks out or coffees. Focusing on your priorities and what is important to you around having financial security can help keep you focused on getting a better outcome.

Now the fun part!

If you have an average mortgage of \$283 000 paying an interest rate of 7% over 25 years, your monthly repayment would be \$2 000.19. The total interest you will pay over the lifetime of the loan would be \$317 057.00, and remember, you also have to pay

back the \$283 000 principal amount.

The following table illustrates what an extra payment each month, fortnight or week can do to your mortgage and the amount of interest you pay:

Extra Repayment Amount	Time saved on your mortgage	Interest saved on your mortgage
\$100 per month	2 years 10 months	\$ 43,280.79
\$100 per fortnight	5 years 1 months	\$ 75,180.39
\$100 per week	8 years 3 months	\$119,683.41

This is based on a mortgage at a 7% interest rate. If you look at your credit card, which may have an interest rate between 16 and 20%, the interest savings can be just as impressive if you only make the minimum repayment each month.

My challenge to you this quarter in light of rising interest rates is to get creative about the ways you can get together an extra \$100 per month and start paying down your mortgage or other debts to get more in your pocket in the

long term. This saved money can be used for other things such as purchasing some investments, saving for your retirement or focusing on your longer term retirement or holiday plans.

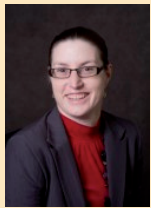
If you need assistance in exploring this further or other cash flow strategies such as Budgeting or Salary Sacrifice, come in and speak to one of the Wealth Experience professionals. Most importantly, start your journey to being free around your money and creating wealth with understanding.

Eco Tip - Turn it off!

Over half your energy bill is likely to come from heating and cooling so set your thermostat to the optimum temperatures: Winter – Maximum 20°C; Summer – no less than 26°C. Every 10°C can make a big difference to the amount of energy you use – up to 15% less.



Superannuation



End of year tax tips for Self Managed Superannuation Funds

with
Kimberlee Naumann
Wealth Experience Superannuation Solutions

It is important that self managed superannuation fund (SMSF) investors plan ahead for the end of the financial year to ensure their tax positions and contribution opportunities are maximised and penalties are avoided.

SMSFs in the pension phase

Members in the pension phase should ensure they have received the required minimum pension amount by 30 June otherwise the investment income derived from the assets supporting that pension may no longer be exempt from tax.

If SMSF trustees are paying pension payments by cheque, care needs to be taken to ensure the cheque is cashed promptly and that there were sufficient funds in the SMSF bank account at the time the cheque was issued to honour the cheque.

General superannuation tips for tax time

For investors in superannuation, regardless of the fund type, some general tips include:

- Make a non-concessional (after tax) contribution to superannuation up to the allowable cap before the end of the financial year as unused cap amounts are not carried over to future financial years: The yearly cap is \$150,000 or you can bring forward two years' worth of contributions and make a \$450,000 contribution as long as you were under 65 on July 1 of the financial year in question.

Potential trap: Watch out for excess contributions. Ensure that you have satisfied the work test if you are over age 65 at the time you make the contribution. The work test requires you to be gainfully employed for at least 40 hours over 30 consecutive days in the financial year in which

the contribution is made.

- Make a deductible contribution to superannuation: Personal contributions made by individuals who satisfy the 10% rule are eligible to be claimed as a tax deduction. The maximum deduction that can be claimed is \$25,000 if the taxpayer is under 50 or \$50,000 if the taxpayer is 50 or older. The 10% rule requires that less than 10% of the total of the individual's assessable income, reportable fringe benefits and reportable employer superannuation contributions for the financial year comes from employment-related activities.

Potential trap: Ensure you satisfy the 10% rules and that the deduction will not exceed your expected taxable income for the financial year.

- Take advantage of the Government co-contribution: Maximise your entitlement to the co-contribution by making a non-concessional (after tax) super contribution before the end of the financial year. Eligible personal contributions are matched dollar for dollar by the Government up to a maximum government co-contribution of \$1000. For 2010/11, the maximum government co-contribution is payable for individuals on incomes at or below \$31,920 and reduces by 3.33 cents in each dollar by which the individual's total income for the year exceeds \$31,920, cutting out completely once an individual's total income reaches or exceeds \$61,920.

Potential trap: To be eligible for the government co-contribution, 10% or more of a taxpayer's total income for the financial year must be attributable to either or both of employment related activities or the carrying on of a business.

- Take advantage of the tax offset for spouse contributions: Taxpayers are entitled to a maximum \$540 tax offset for superannuation contributions made on behalf of a low income or non-working spouse. The maximum rebate is based on 18% of a maximum \$3000 non-concessional contribution. The maximum rebate is reduced by \$1 for each \$1 that the total of the spouse's assessable income, reportable fringe benefits and reportable employer superannuation contributions exceeds \$10,800, cutting out completely at \$13,800.

Potential trap: If a taxpayer only had a spouse for part of the year (eg married during the year and was not in a de-facto relationship prior to the marriage) only contributions made after the marriage are eligible for the rebate). Also, if you are legally married but live apart, the spouse definition does not apply to you.

One further compliance issue that needs to be addressed by those affected relates to SMSF trustees who exceeded the 5% limit on in-house assets as at 30 June last year. These trustees need to ensure they have implemented their plan to reduce the fund's holding of in-house assets to below 5% by 30 June this year. This includes ensuring any unpaid trust distributions from a related unit trust which were payable to the SMSF in the previous financial year are received by the superannuation fund no later than 30 June this year.

Before any of these strategies are implemented, it is best to talk with your accountant or adviser to ensure a well-intentioned strategy doesn't have any hidden compliance issues.

Leasing & Finance



How to help your kids with money

with
Dan Cuthbert
Wealth Experience Leasing & Finance

Early childhood is the best time to teach kids a second language, and exactly the same principle applies when it comes to managing money.

Start by opening a savings account for your kids. Choose an internet account with low fees and open an account for them in your name as trustee. Start transferring money into the account as soon as it is opened. I would suggest getting into the habit of transferring funds weekly.

It doesn't have to be a large amount of money; you can start with as little as \$1. It's just an indication of your commitment to helping them save, and getting them interested in watching the progress of their money at a very early age.

It is also advisable to get a stop on debits placed on this account so that no one is tempted to spend the savings. Show your kids the account and explain to them how saving might help them in the future with their education, buying a home or investing.

The table below shows the impressive head start that just a small weekly deposit can give your kids. When your kids are old enough, get them to start matching the amounts that you are depositing into the account, and watch their nest egg grow.

Weekly Deposit	Total amount paid into savings	Total interest (3% per annum)	Total after 13 years
\$2	\$1,352	\$301	\$1,653
\$4	\$2,704	\$602	\$3,306
\$6	\$4,056	\$903	\$4,959
\$8	\$5,408	\$1,204	\$6,612
\$10	\$6,760	\$1,505	\$8,265
\$20	\$13,520	\$3,010	\$16,530
\$30	\$20,280	\$4,514	\$24,794

Pocket Money

I am of the opinion that all kids should be paid pocket money. The amount doesn't matter - it's the principle of earning that counts. However, teaching children the value of money also means teaching them the value of work.

In our household, there are two types of kids' chores: jobs that are done as members of a household and jobs that are done to earn pocket money. What is the difference? Jobs that are done as members of the household are those that are routine tasks that need to be done to have the household run effectively, including:

- Setting the table for dinner
- Cleaning their room
- Loading and unloading the dishwasher
- Taking out the garbage

Pocket money earners are the jobs that are not necessarily undertaken every day, but are extras that need to get done around the home. These might include:

- Vacuuming the house
- Washing the car
- Mowing the lawn
- Hanging clothes on the line

Be imaginative in coming up with chores that they can do to give you a hand around the place: it not only helps keep life in order but also teaches them the value of earning a dollar.

The 50/50 and 80/20 rule

The next step is helping them decide what to do with the hard-earned cash. My 50/50 rule is simple. From kindergarten age (5 years) through to the end of year seven (13 years), I encourage all kids to save 50% of all the money they are given or earn and spend the other half. Starting this as early as possible gets them into the habit of saving a large portion of the money that they receive. Once kids earn larger amounts and a more consistent income, the 80/20 rule applies. This means they spend 80% of their income and save 20%. This subtle change is extremely effective when kids get part-time or casual jobs. If they learn this habit when they are young, they are more likely to stick to it when they leave school. Obviously, if kids can continue to save more than 20%, they should be encouraged. If we all had saved 20% of what we earned over the years, many of us would be much wealthier. We need to prevent our kids from landing in the same situation as many young adults struggling with enormous personal debt and the 80/20 rule is a great way to nip the 'buy now and pay later' mentality in the bud.

Other money tips

1. A money box doesn't need to be full to bank the money. The more often the kids bank money, the more encouragement they get from their balances increasing.
2. Use the school canteen menu to get your kids to calculate their own lunch order and to grasp the concept of receiving change.
3. When your kids go through the tedious process of learning their times tables, always use money as the multiplier. For example: What is five times 10 cents.
4. Without making them feel guilty about it, help kids appreciate money by understanding if you take them to the movies or a football game, it isn't just the price of the tickets, parking, petrol, hotdogs, popcorn, drinks etc all add to the cost of a day out. Ask them to help total up the cost of the day.
5. Teach kids to be respectful of money but not greedy or fearful. Encourage them to occasionally choose a charity and give some of their spending money to help others in need. Teaching our kids to have compassion and a charitable nature will help them grow.

Fear & Opportunities



Shovel or Post Hole Digger?

with
Scott Patterson

I remember having a conversation with Adam, the son of Peter, one of our farming clients who operate a mixed farming enterprise consisting of cereal grain production in conjunction with a beef cattle operation. The beef cattle enterprise consists of a breeding program to produce cross bred weaners for sale each year. Adam joked about an argument that he had with his dad the previous week at the family dinner table over buying a posthole digger instead of using a shovel. Adam said it was just one of many simple suggestions that always seemed to end in an argument about change and his dad wasn't listening.

I had a chance to have a long chat with Adam and Peter separately over the following month. Peter had loads of business and farm management experience while Adam had loads of ideas for simple improvements in the way they did things as well as the youthful enthusiasm to work through making them happen. Without realising it at the time, together they had a successful formula for securing the future of their family farming business if Peter could only work out a way to communicate to Adam all his fears about change. Like many men in rural Australia in the "baby boomer" generation he finds communication, particularly about personal issues, pretty difficult.

Generational successors like Adam tend to be more forward thinking and usually are quick to embrace valuable new ideas that not only improve the sustainability but also grow the farm business. For many "Adams", it is a perception that unless things change "soon" the farm will be unsustainable and this then becomes a barrier for both sides

to transitioning farm management and ownership. In these situations, as with Peter and Adam, we found a way to enable the current farm owner and generational successor to find the win-win.

In a program to plan for both business and personal life goals, in a structured planning process, we carefully elicit the fears and opportunities of both the current farm owner and the generational successor separately. Then by bringing them together this usually enables us to examine cost effective options for both to work out a way to grow and improve their farm operations, including transitional arrangements for ownership if that is required.

This program must ensure that growth goals are realistic and achievable, and find solutions to remove individual fears to take advantage of available opportunities. As it turned out Adam and Peter's agreed future growth

plans required some changes in the way they operate the farm and the program gave them the opportunity to carefully plan that change. By having a plan and structured process Adam's desire for urgent change is appeased because he can see a sustainable future plan. Peter's fears of change are also eased because of the same structured and organised approach.

They both found it useful to:

1. Use benchmarking data to identify the farm operation's strengths and weaknesses;
2. Compare their livestock mix and grain production yields to industry best practice standards to manage for improved returns;
3. Undertake further research into Adam's suggested improved farming practices to diversify operations further, including better utilisation of currently unproductive land, increasing land capacity and also improving returns.



Are you travelling overseas in the near future?

Contact **Lauren in Toowoomba**
(07 4632 9873)

or **Sarah in Stanthorpe**
(07 4681 6732) to arrange for
Travelx, Foreign Exchange or
Travel Insurance.

End of Financial Year Payroll



with
Chelsea Brunckhorst

The end of the financial year can be a daunting time. There are a lot of things that need to be done that have significant compliance and integrity implications if not done properly, and finalising your end of year payroll is one of these things.

Whether you use a computerised accounting package or have a manual wages system, listed below are key tips to help you take control of the end of year process and avoid costly errors.

As a part of the year end you need to:

1. Ensure that your payroll records reconcile with what you have actually paid out in wages;
2. Make sure that your PAYG records are the same as the tax paid on your monthly or quarterly Business Activity Statements (BAS);
3. If necessary ensure that payroll tax has been calculated correctly;
4. Review Reportable Employee Superannuation Contributions (RESC) to ensure that they are correct;
5. Ensure that all employee records are correct and Tax File Numbers are valid;
6. Prepare your PAYG Payment Summaries and issue to each of your employees;
7. Depending on how you record your wages, send relevant documents away to the ATO.

Reconciling Payroll Records with what has been paid

Total your wages book for the year or print out a wages summary from your accounting program. Check to see that the total Net pay amount matches the totals for wages actually paid in your accounting system or cash book. If the totals are different, re-check to make sure that there are no outstanding payments or if the difference is a result of timing over two financial years.

PAYG tax records match the tax paid to the Tax Office

The total 'Tax Withheld' figure from your cash book or report from your accounting program should equal the amount of tax reported and paid on your Business Activity Statement (BAS) for the year.

Reconcile your payroll tax for all States

To undertake your annual Payroll Tax reconciliation you will need to calculate total wages, total allowances and total superannuation as well as payments to any contractor or sub contractor made throughout the year and Grossed Up Reportable Fringe Benefits amount from your FBT Return for the previous year. Do a calculation of your payroll tax and check against total amount paid for the year.

Review Superannuation Reportable Contributions (RESC)

Employers are required to report certain superannuation contributions on the PAYG Payment Summary for employees. You do not include the Superannuation Guarantee Superannuation (9% super) here. You do need to show all other superannuation payments made on behalf of employees including salary sacrificed amounts to super.

Check employee records and Tax File Numbers

Payment Summaries are official taxation documents and the information is forwarded to the Australian Tax Office. It is important that the details are correct. Details to check include: (1) Employee names are correctly spelt, addresses are current, start and termination dates are complete. (2) Tax File Numbers are valid - check for any invalid numbers, for example 111 111 111 or alpha-numeric.

Prepare & Lodge your PAYG Payment Summaries

Once you are satisfied that all of the above is correct, it is time to prepare your PAYG Payment Summaries.

If you are completing this manually you need to use official ATO stationery. The PAYG Payment Summary is a triplicate, the original or top copy needs to be sent to the ATO, the second or duplicate copy is to be given to the employee and the third or triplicate is kept for your records. All original copies need to be sent to the ATO together with PAYG Withholding Payment Summary Statement.

If using an Accounting Software Package, once wages are finalised for the year most programs have a 'prepare payment summaries' function that prepares and prints the PAYG Payment Summaries on plain paper for you to give to your employees. The program will also create an EMPDUPE file which is an electronic copy of payment summaries. This file needs to be sent to the ATO on a disk, CD ROM etc, together with a Magnetic Media Information- Payment Summary annual report that your program will also create and print. When completing your PAYG Payment Summaries electronically there is no need to send any paper copies to the ATO.

Due Dates for PAYG Payment Summaries

- o 14th of July for the issue of the PAYG Payment Summaries to employees.
- o 14th of August for the submission of the PAYG Payment Summary statement to the ATO.

If you have any questions or require assistance with completing your year end payroll please do not hesitate to contact our office.

End of Year Checklists



with
Brad Hancock

Where has the year gone? Once again with the end of the financial year looming it is that time when businesses need to finalise their books and individuals need to gather their tax documentation for another reporting season. The following are checklists that will take some of the pain out of this lengthy and dubious task.

Business Checklist

In order to meet your business reporting requirements and provide accurate timely information, the following should be completed on or as close to 30 June as possible:

1. Undertake a stocktake at 30 June 2011;
2. Reconcile your computerised system or finalise your manual cashbook (this includes bank accounts, loans, credit cards and GST);
3. Reconcile your accounts receivable – ensure that any bad debts have been written off;
4. Reconcile your accounts payable – ensure that all creditors have been entered;
5. Prepare PAYG Payment Summaries and Annual PAYG Payment Summary Report (check out 'End of Financial Year Payroll' in this Powerline);
6. Take at least two backups of your computerised system and store in a safe place.

In addition, ensure that the following records have been gathered and organised ready to be dropped in to your accountant:

- Cashbook or backup of reconciled computer file;
- Bank statements, loans statements and credit cards statements;
- Finance documents for any new loans or leases taken out during the year (copies of associated tax invoices should also be included);
- Tax invoices for any new plant and equipment purchased during

the year;

- Purchase contract and settlement statements for any new investments, buildings, land and other major assets purchased;
- Accounts receivable outstanding as at 30 June 2011;
- Accounts payable outstanding as at 30 June 2011;
- Stock on hand as at 30 June 2011;
- Livestock quantities - sold, purchased, deaths, natural increases and stock on hand as at 30 June 2011;
- Copy of all Payroll Reports (PAYG Payment Summaries, Annual PAYG Payment Summary Report and Superannuation Statements);
- Log books for motor vehicles subject to FBT;
- Insurance policy where multiple items and business activities are covered;
- Any other information that you think may have had a significant impact on your business for the financial year.

Individual Checklist

Income

- PAYG payment summaries from employers or pension fund (ensure that any FBT or Reportable Superannuation Contributions are included);
- Interest received on all bank accounts, including term deposits and childrens' accounts;
- Dividend payment slips for all dividends received;
- Annual Tax Statements from any managed funds or trusts;
- Rental property information:
 - A. Real Estate Summaries (Annual or Monthly Statements);
 - B. Loan statements in order to determine interest claim;
 - C. 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 \$1 500 (doctors, dentist, optometry, physiotherapy and prescriptions etc);
- Education expenses relating to the education of an eligible student. In order to be eligible the expenses must be eligible education expenses and the taxpayer must be in receipt of FTB Part A (eligible expenses include computers, computer equipment, internet, stationery, textbooks and uniforms etc);
- HELP/SFSS details provided by the Tax Office during June 2011.

Staff Spotlight

Wedding Bells

Congratulations to Elle Keith of our Stanthorpe office, who married Craig Herschell at Felsberg Winery in Stanthorpe on Saturday 4th June. We wish them all the very best for their future together.

Farewell

Sadly, we will bid a fond farewell to a few of our staff at the end of this financial year - Brett Willmot, who has spent ten years working for Power Tynan Toowoomba, Bryce McKeon, one of our 2009 scholarship recipients (also of the Toowoomba office), and Jemma Green, our administration assistant in the Roma office.

We would like to thank Brett, Bryce and Jemma for all their dedication and effort during their time in the Wealth Experience Group and wish them all the very best for the future.

Triathlon

On Saturday 7th May, Wealth Experience had several teams compete in the BRW Triathlon held at the Gold Coast. There were seven teams of three competing on behalf of our firm,

including several first-timers and a few "ring-ins" from outside the company to make up numbers.

It was great to see everyone participate and achieve their personal goals not only on the day, but with the commitment they made to their teams and themselves in the training before the event.

This event wasn't just about competing in a triathlon. It also gave us an opportunity to promote team building and enjoy a social weekend away, as we partied late to celebrate our achievements!

Congratulations to everyone who took part - next year's event is already being talked about!

Mackenzie Elliott - Apple & Grape 2012 Young Ambassador

As some of you may be aware, the Stanthorpe Apple & Grape Festival is being held in March 2012, and we are very proud to announce Mackenzie Elliott as a Young Ambassador of the Festival.

The role of a Festival Young Ambassador is to be the face of

the Festival and help raise funds to keep the Festival financially viable. Each Young Ambassador is sponsored by a business or organisation that supports their Ambassador in their Festival fundraising efforts.

Mackenzie has many fundraising events coming up, including a \$2000 cash raffle (\$2 a ticket), street stalls and a golf day. Watch this space for more details on these events!

All offices and divisions of Wealth Experience are throwing their full support behind Mackenzie and wish her well in her fundraising endeavours.



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- Merger & Acquisition Advice
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