

As the southern states shiver through what has been an early start to winter, we are fast approaching the end of the financial year. In light of that we take a look at some tax minimisation tips this month. We also examine the recent Federal Budget and the impact of the strong Australian dollar. Finally with a lot of talk about interest rates now may be a time for reviewing your home loan, so we have included a list of things to consider in relation to this. As always, we are here to help so give us a call if you would like to discuss your finance needs.



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It's Almost Tax Time!

The End of the Financial Year is almost upon us. And right now, before the 30th of June, is when you should be considering your strategies to trim your tax bill by minimising your assessable income. Although you should always seek advice from a professional financial services advisor or your accountant, here are a few areas that you may consider before 30 June 2011.

Superannuation

Your super is a long-term strategy. There isn't a better time to look

at this than pre 30 June. The most popular tax minimization option is to 'salary sacrifice'. This is an arrangement employees have with their employer (or business owners arrange for themselves) where you can make further super payments from your pre-tax salary in lieu of take-home pay.

This money is then taxed at a lower rate - 15%. For many people, this is a much lower tax rate than the tax rate on take-home pay. There are caps for the amount you can contribute so it is important to get expert advice.

Pre-pay expenses

Another strategy is to prepay interest on an investment loan (you can do this for up to 12 months in advance). You can then claim the deductions against your income.

Individuals and Sole Traders.

If you run a business on your own, there might be claimable purchases that you're perhaps not aware of. Besides the obvious mobile phone, vehicle expenses and marketing expenses, there are often deductions that are less well known.

For example, do you need a

uniform? Are you a tradesman and need a dog to protect your tools... you may be able to claim for the costs involved.

Make sure you're maximising your deductions - ask your accountant for help.

Income splitting

If you have a spouse or partner who earns a low wage (or doesn't work at all) and also have investments, it's possible to minimize your combined tax bill by holding some investments in their name. You can't split wages, but you can put income from investments into your partner's return, which should be taxed at a lower than marginal rate.



Investment property

Do you own an investment property? You can claim expenses, such as body corporate fees, advertising for tenants, pest control, agent's fees and some maintenance. Are there any repairs that need to be done... you may be able to use these as a deduction if you finish them before 30 June.

Act now

Nobody likes to pay more tax than they have to. With careful planning and strategies, you should find the right balance.

The 2011 Federal Budget and what it means for you.

Sit around a dinner party table When Wayne Swan delivered the 2011 Budget on 10 May, many economists and financial journalists said there were no surprises in the belt-tightening Budget. Natural disasters are expected to cut growth, however the rebuild that is now taking place will boost growth.

So, who will benefit?

Workers

With unemployment expected to lower over the coming year and the Budget focused on the labour

market, it seems that job seekers are the big winners. Teenage mothers will also be 'encouraged' back into the workforce, or towards finishing their education.

Apprentices will also benefit, thanks to the expansion of the mentoring program, while working age pensioners will receive a Work Bonus.

Boost to Mental Health

The largest commitment to mental health services in the history of Australia was delivered, thanks to a \$1.5 billion package, scheduled over five years to fund new initiatives. These include better co-ordinated care for the severely ill, and early intervention mental health services for children and young people.

The hope is that not only will early intervention save individuals, but have a positive affect on communities throughout Australia.

Other Health Initiatives included the national bowel cancer screening program and the listing of several new drugs to the Pharmaceutical Benefits Scheme.

Regional Australia

In another boost to regional Australia, \$500 million will be spent on education, while there will also be further investments on roads and well as hospitals.

In Summary

Commbank economists stated the day after the Budget that "The economy is growing, our budget deficit is amongst the smallest in the developed world and our



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government debt is the smallest in the developed world...the Government (handed) down a smart Budget that is right for the times and challenges ahead."

If you'd like to know how the 2011 Federal Budget might affect you and your family, don't hesitate to contact us at any time.

The climbing Australian Dollar - what are the implications for you?

Everyone is aware that the Australian dollar has been particularly strong in recent times and it's well worth thinking about how you may be able to take advantage of Australia's strong economy.

While the media has emphasized that our export business has been affected, it's important to consider the advantages that some commentators might have ignored.

Businesses

As Paul Stafford reported in smartcompany.com.au: "the strong Australian dollar can deliver your business plenty of benefits, if you know where to look."

However, this might also be the ideal time to go on a business trip that might deliver some

very profitable returns well into the future.

The stability of the dollar makes this a good time for importers to lock in their long-term contracts with overseas suppliers and provide some incentives to negotiate a very favourable deal.

Equally, anyone requiring raw materials or equipment overseas should think about bulk buying as soon as possible, while the exchange rates are in your favour.

The USA, in particular, is a market worth looking at while the 'greenback' is low. You might be able to afford to expand into North America, buy merchandise at a low rate or even buy property.

Individuals

It's not just businesses that can benefit from the high Aussie dollar. After all, you can probably afford to go on a holiday to the other side of the world, or buy imported goods at great rates.

Even the cost of motoring is being kept in check. "Without the stronger dollar currently, the petrol price would be much higher." Claimed Commsec Chief Economist, Craig James.

So, if you look beyond the headlines, it's easy to see that the high dollar value could bring you some high returns, too. Naturally, if you want to know more about this, don't hesitate to give us a call.



Is it time to refinance your home or investment loan?

There are many factors to consider before taking the plunge and refinancing your loan. Here's a handy checklist that you and your family should sit down and consider before you make the move.

- Are you unhappy? Is your current lender providing you with the products or service that you want, or do you feel that you could do better?
- Do you want to pay your loan off more quickly? It may be that your current loan isn't the most efficient

way to do it.

- Have your circumstances changed since you first took the loan out? A change in situation is the most common reason for refinancing.
- Do you want to consolidate your debts? One loan may be easier to service, and more cost efficient.
- Are you considering an investment property? You'll need to look at your primary loan first.
- Do you plan to renovate in the near future? Refinancing could be a better option than taking out another loan.
- Are you considering any significant purchases that might require you to reconfigure your home?

Again, refinancing an existing loan may be the best option.

- Do you want to switch from a variable rate to a fixed rate, or vice versa? It's best to look at your loan as a whole.
- Is your current interest rate higher than average? You may have arranged a low-start, rising-rate loan and now want a better deal.
- Do you have savings that are earning interest? You can apply this to your loan in an 'all-in-one' account.

There are many reasons for refinancing a loan, but it's only worth doing if it will be of benefit to you. Give us a call and we can help outline your options.



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