



## Winter Newsletter

**Murdo Macleod** CFP DipFP BSc JP  
Authorised Representative (ARN 237603)

### A NOTE FROM MURDO

At last we are beginning to see some positive trends appearing within world markets. Enough to prompt the US Central Bank Chairman, Ben Bernanke, to cite the "green shoots" of recovery which he sees emerging in the global economy.

Fortunately for us Australia appears to be one of those economies with a definite green tinge. However I suspect Australians are sufficiently experienced in the ways of nature to understand the risk of a "green drought", the pasture regrowth which follows light rain in the middle of a sustained drought which is quickly withered by further scorching weather.

The views I have been hearing from fund managers though are cautiously optimistic, yet they are far from claiming that the recession is over. Given the dramatic experiences of the last 18 months, we are happy to accept this more cautious approach.

Interestingly the media, which spent 12 months hysterically reporting the Global Financial Crisis, has lost interest and is now occupied stoking global paranoia in its coverage of the Swine Flu pandemic.

### CONRAD'S VIEW

As the Global economy continues to contract, it appears that Australia may have escaped a technical 'recession'. However, we still face the consequences that befall an economy which is dependent on the consumption capacity of the major economies.

Nevertheless, there have been some encouraging signs that the outlook may be brightening for the domestic economy. For one thing, stronger growth in China bodes well for many Australian exports and commodity prices are already beginning to reflect this, with metals

prices, as well as oil, gas and other commodity prices recently trending higher.

On top of this, lower official interest rates (taken to 3.0% in April and held steady in early May) and lower mortgage rates have begun to provide some support for the domestic housing market, while retail sales and household spending more broadly have been assisted by various fiscal measures, including cash handouts and government spending programs.

The stock market has also moved up solidly from its lows of early March, reflecting an improved level of investor confidence that could be sustained if the global outlook continues to improve over coming months.

### YOUR PHOTOS

Two of our long-term clients, John & Glenys Owen, recently embarked on another Australian adventure, taking them through the Barossa Valley in SA where the ABC show *The Cook and The Chef* is filmed.

As you can see below they are in the kitchen where Maggie Beer and Simon Bryant create their masterpieces for the show. While John and Glenys were watching a cooking demonstration Maggie happened to appear and they were able to take a snap of her.



We always love to hear about what you have been up to. Whether it is a recent holiday, a new grandchild or even some

home renovations, send us your photos and we will be glad to include them in our newsletter.

### THE 2009 BUDGET

The recent Federal budget was one of the worst kept secrets in recent times and by Budget night the few real surprises in the Treasurer's parliamentary presentation were the proposed increase in retirement age to 67 and the reduction in superannuation contribution limits.

Some of the announced measures look likely to face challenges in the senate, and some, such as the changes to Employee Share Plans, look like they are now dead in the water. Many of the changes will, however, go through and will have an impact over time on the Centrelink benefits that some clients may receive. Rest assured we will be incorporating these changes within our upcoming reviews of client positions.

### Account Based Pensions

One measure which has already been introduced is the halving of the minimum pension payment for Account Based Pensions. This was introduced to help reduce the compulsory draw-down on some retiree accounts and this will now be extended through into the 2009-2010 financial year.

### Age Pension

From 20 September 2009, single Age Pension benefits will increase by \$32.49 per week, made up of \$30 pension increase and \$2.49 increase in the new Pension Supplement. The new pension supplement will consolidate the:

- GST Pension Supplement
- Pharmaceutical Allowance
- Utilities Allowance; and
- Telephone Allowance

The combined couple Age Pension rate will remain the same. However, the

## Contact us

### Street

38 James Street  
HAMILTON NSW 2303

### Postal

PO Box 883  
HAMILTON NSW 2303

### Phone

02 4940 0488

### Fax

02 4961 1700

### Email / Web

newcastle@fiducianfs.com.au  
www.fiducianfs.com.au



## Winter Newsletter

**Murdo Macleod** CFP DipFP BSc JP  
Authorised Representative (ARN 237603)

combined Supplement will increase by \$10.14 per fortnight.

The most controversial proposal in the budget is the proposed increase in Age Pension age and Commonwealth Seniors Health Card qualifying age to 67 for both men and women by 2023. While improved lifestyles and health-care have seen more Australians living to 80 and 90 years of age, I still don't know if it makes us any more able to work to 67.

### Government Co-Contribution

From 1 July 2009, the maximum Government Co-Contribution will temporarily reduce from \$1,500 to \$1,000 until 2011-12 when it will increase to \$1,250 for two years and eventually return to \$1,500 in 2014-15. It therefore makes sense to ensure you take maximum advantage of this while you can.

### Paid Parental Leave

The Government also announced the introduction of a Paid Parental Leave scheme from 1 January 2011. This will provide eligible parents with up to 18 weeks of leave at the Federal Minimum Wage, currently \$543.78 per week. These payments will be treated as taxable Income.

Primary carers will be eligible for the scheme if they:

- Earned less than \$150,000 in the full financial year prior to the birth or adoption of a child;
- Have worked at least 330 hours over the 10 months preceding the birth or adoption of a child; and
- Have also worked continuously with one or more employers for at least 10 of the 13 months before the expected date of birth or adoption.

People who receive the Paid Parental Leave will not receive the Baby Bonus (except for multiple births) and will not

be eligible for the Family Tax Benefit Part B during the 18 week period.

### CRYPTIC QUESTION

#### **What sport aims for a target 3kms away?**

The first person to call the office with the correct answer will win a special prize.

The answer from Autumn Newsletter's Cryptic Question was:

**Water (H2O)**

*Congratulations to Judith Weaver for being the first to answer correctly*

### END OF FINANCIAL YEAR

With the end of the financial year closing in quickly, we have included below some small reminders below for you to consider:

### Government Co-Contribution

If your total income is less than \$60,342 this financial year and you make a personal after-tax contribution to super then the Government will make a contribution of up to \$1,500. Eligibility conditions apply.

### Spouse Contributions

You may be able to claim a maximum tax offset of up to \$540 on super contributions that you make on behalf of a spouse where their total income is less than \$13,800 per annum. Other eligibility conditions apply.

### Non-Concessional Contributions

If you are close to or approaching 65 and anticipate retiring then you may wish to make a significant contribution to super to take advantage of the \$150,000 non-concessional limits as well as the "bring forward" of up to two years of further contributions which could enable you to make tax-free contributions to super of up

to \$450,000. This can make a big difference in generating tax-effective income from a Superannuation pension.

### Concessional Contributions

Should you wish to take advantage of the more generous concessional limits which currently apply (\$100,000 if you are over 50 and \$50,000 if you are under 50) then you only have until the 30<sup>th</sup> of June to make the most of this opportunity.

### Receiving termination payments

Should you be in a position to be receiving employment termination payments it can sometimes pay to defer these until the new financial year, especially if you are planning on retiring. Tax payable on termination and leave payments may be significantly less and there are other potential implications which could amount to thousands of dollars in savings. If you or someone you know is in this position then you should speak with your Fiducian Adviser to get specialist advice.

### RECEIVING OUR NEWSLETTER

If you would like to receive this newsletter electronically, please let us know by sending an e-mail request to one of the following:

[newcastle@fiducianfs.com.au](mailto:newcastle@fiducianfs.com.au)

[murdo.macleod@fiducianfs.com.au](mailto:murdo.macleod@fiducianfs.com.au)

If you know a friend or relative that you feel may benefit from receiving this newsletter please ask them to send their details to us by e-mail or to:

Fiducian Financial Services  
Reply Paid 883  
HAMILTON NSW 2300

Should you no longer wish to receive this newsletter, please contact us and we will remove your name from our distribution list.

### Disclaimer

The information in this document is of a general nature and is not intended to be a complete or definitive statement on the subject matter. It is not intended to be, nor does it constitute, financial, legal or tax advice.

The information is given in good faith and although care has been exercised in compiling it, Fiducian Financial Services Limited ABN 46 094 765 134 AFSL 231103 and the other members of the Fiducian Group (**Fiducian**) do not represent or warrant that the information is free of errors, omissions or inaccuracies. Historical financial information is not necessarily indicative of future performance.

Fiducian takes no responsibility for losses suffered by relying on the information except for statutory liability that cannot be excluded.

Please do not rely on this information without first seeking professional advice based on your own personal circumstances. The information is based on Fiducian's understanding of the relevant legislation at 17 June 2009.