



Winter 2010 Newsletter

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A NOTE FROM MURDO

As Winter's chill blows through the Hunter, we're beginning to see some of the same in global markets. Poor Greece may have been left rather too long in a draughty waiting room before being seen by the attending physician. We now need to wait and see whether the medication administered by the European Central banks and the IMF can stop the contagion.

While the Greek economic cold hasn't yet been caught by the rest of the Eurozone there may be sniffles developing in Spain, Italy and Ireland. I will now officially sedate my medical metaphor.

On a more pleasant foreign note, your client services manager Natalie has recently returned from her European trip with fabulous tales of Spanish hospitality and British transport troubles. Unfortunately her long-scheduled and much-anticipated trip to Iceland had to be postponed because of some pesky volcano or other. It did however provide an opportunity for Natalie to spend time in the beautiful Irish countryside.... learning how to handle a 12-bore shotgun (see below), a skill which she was later able to put to great use.



"What do you mean the flight's been cancelled?!"

AUTUMN CLEANING

It's amazing what a little creativity can do.

One of our clients is very charitable with her time and enjoys turning other people's junk into treasure at local markets and then donates the profits to various charities.

We wanted to help her with this, so if you have some old bits and pieces at home that you're thinking of throwing out, give us a buzz and we will put you in contact with our charitable client.

It's a "win-win" situation - you get rid of your junk and a worthwhile charity benefits.

CONRAD'S VIEW

I know that the views of Fiducian's Investment Manager, Conrad Burge, are held in high regard by all who read them. So here are his latest thoughts on the Global economy.

"As the global economy continues to emerge from its first recession since the Second World War, the International Monetary Fund's (IMF) outlook has been steadily improving, with news from China and India and other parts of the developing world continuing to be strongly positive.

Within the developed world the mood has been more sombre, with greatest concern focused on the level of debt accumulated by some nations. Most recently this led to the IMF and the Eurozone constructing a rescue package for Greece, showing the commitment within Europe to reign in issues of sovereign debt.

In the US the economy has also been showing signs of recovery although it still faces hurdles over the near to medium-term as it grapples with a government deficit which is at historically high levels.

Here in Australia we successfully avoided recession over the past year and have continued to benefit from the resources boom.

However, the Government has been slow to wind down its funding programs, one of the factors causing the Reserve Bank to lift interest rates again."

RIPOLL, HENRY & SWAN!

It has been a very busy time in the financial services industry as it tries to assimilate all the new information emerging from the Federal Government.

The Ripoll enquiry has now reported as has the Henry Tax Review and on top of that we've had Wayne Swan's "Boring" Budget. All up, a lot of information to take on board.

Let's focus on the budget announcements!

Superannuation

From 1 July 2013 to 1 July 2019 the Superannuation Guarantee rate is to be increased gradually from the current 9% to 12%. This will of course be dependent on a number of other measures gaining approval, most significantly the controversial Resources Super Profits Tax.

On 1 July 2013 the Superannuation Guarantee age limit is to be raised from 70 years of age to 75 years of age.

Lower-income workers earning less than \$37,000 p.a. will receive a tax rebate of up to \$500 p.a. for Contributions Tax paid on their Concessional Contributions. This is expected to commence from 1 July 2012.

The Government Co-contribution matching rate is to be permanently maintained at 100% and capped at \$1,000.

Taxation

The income tax cuts previously promised by the Government were confirmed.

From 1 July 2010, the 30% personal income tax threshold will increase by \$2,000 to \$37,000 while the Low Income Tax Offset will increase from \$1,350 to \$1,500 raising the effective tax-free threshold to \$16,000 p.a.

Tax Threshold for 2010/2011	Marginal Tax Rate - Resident
\$0 - \$6,000	Nil
\$6,001 - \$37,000	15%
\$37,000 - \$80,000	\$4,650 + 30%
\$80,001 - \$180,000	\$17,550 + 37%
\$180,001 +	\$54,550 + 45%

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In addition, the 38% personal income tax rate will decrease to 37%.

From 1 July 2010, the medical expenses threshold above which a taxpayer can claim the Net Medical Expense Tax Offset will increase by \$500 to \$2,000. This threshold will then be indexed in line with CPI from 1 July 2011.

For the 2012/13 financial year an individual tax payer will have the option to claim a basic tax deduction amount of \$500 to cover work-related expenses and management of tax affairs. This deduction is to be increased to \$1,000 pa from 1 July 2013.

From 1 July 2011, a 50% tax discount will be introduced for up to \$1,000 of interest earned by individuals, including interest earned on deposits held in authorised deposit-taking institutions, bonds, debentures and annuity products.

ARE YOU READY FOR EOFY?

The end of financial year is fast approaching. Are you prepared? Here is a mini-checklist of things you might need to consider:

- make a contribution to super to qualify for the government co-contribution
- make a spouse contribution to super to claim the rebate
- pre-pay interest on investment loans

If you have any questions about what you may be entitled to, then please give us a call and we can discuss this with you.

FIDUCIAN STRUCTURED INCOME FUND!

In September 2008 as the full impact of the Global Financial Crisis began to place banks under increasing strain, the Commonwealth Government implemented a guarantee on bank deposits. This forced a number of major Australian fund managers to place a freeze on redemptions from certain mortgage and debt funds. One of the funds affected was the Fiducian Structured Income Fund.

This fund has continued to receive income from both its underlying investments and currency hedging contracts. As a result, the fund recently made a special distribution to clients and it is anticipated that there will be a further normal distribution in July for the 2009-10 financial year-end.

CLIENT INVESTMENT BRIEFING

Our Client Investment Briefing was held earlier this year at Noah's on The Beach and in recognition of the economic success of the developing world we adopted a Chinese New Year theme. Conrad Burge provided an extremely lucid synopsis of the key economic and financial factors influencing global and local markets, while Jim Kandunias of Legg Mason engaged the audience with his analysis of emerging markets and their likely role in Australia's future growth.



Congratulations to David Sweet for winning the lucky door prize which was a hamper full of Fiducian goodies and a bottle of Chivas Regal.

MACQUARIE CMT ACCOUNTS

Clients with Macquarie Cash Management Trust (CMT) accounts will now have been notified that these will convert to Cash Management Accounts (CMA) from the beginning of July. This change is purely cosmetic and there will be no change to your account numbers or any direct debits which you have structured. You will however be receiving a **higher** overall interest rate because of the change.

SPECIAL DEALS!

Scott and the crew at the "Bottle-O on Beaumont" continue to offer Fiducian clients some *extra-special* discounts. The following are only available until June 30 2010 so make sure you get them while you can:

Beer/Wine	Normally	Fiducian Price
Omni Sparkling Varieties	\$11.00	\$6.99
White Box Heathcote Shiraz	\$19.00	\$14.99
Gabbiano Italian Pinot Grigio	\$22.00	\$15.99

CRYPTIC QUESTION

If one brick weighs 1kg & half a brick, how much does 1½ bricks weigh?

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

Answer for the last newsletter's Cryptic Question was:

Frill Necked Lizard

Congratulations to Noel James who was the first to contact with the correct answer

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

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
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