



## From Your Advisers!

Well we survived the Festive Season and once again our Christmas drinks turned into a very successful night with everyone enjoying the hospitality and the scenery from the Harbourview. It also gave some the chance to flex their brains in the now traditional trivia quiz.

Congratulations must also go to all those who participated and got into the spirit of the evening, especially Miles Niddrie who followed in the footsteps of last year's "Fiducian Idol" - John Hayes, providing an impromptu rendition of "Bohemian Rhapsody" in a desperate attempt to gain extra points for his team.

However with the festive season behind us and all the young Pinkertons and Macleods back into their respective routines it's time to look at some of the things coming up over the next couple of months.

From an election perspective we've got the NSW Labour government trying to extend its winning run against the Liberals who seem to be making a bit of an inroad into the current majorities. With several of our local seats being contested by some strong independent candidates there could even be some upsets in the wind.

We've also had the mildest summer for years and the big dry has continued (albeit with a few little wets along the way) therefore much of the talk at the moment is about water and Climate Change both of which could colour the upcoming state and federal elections.

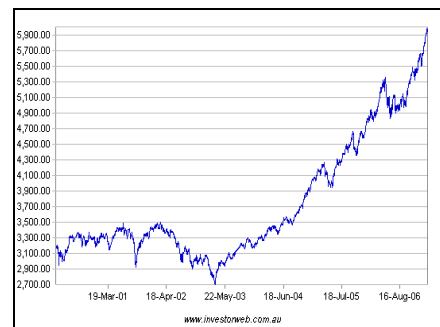
## Investment Markets

With the Australian share market continuing towards a fifth strong year of returns, we are hearing more and more clients wondering how much longer this can continue.

It's the decision that every investor would love for us to make; successfully predict and pre-empt a market correction.

However, it reminds me of a client we caught up with just recently who had asked that same question last year. After three years of solid returns, he was worried that things could take a turn for the worse in 2006.

### S&P ASX 200 – 5 year Performance



We therefore revisited his portfolio and ensured that he had solid cash and defensive reserves, then restated our long-term view that the overall investment allocation remained appropriate to his objectives.

When the market slid by about 10% in May 2006 he was convinced he had missed his chance. However, the market rebounded and now looking back, he sees that he achieved a 12-month return of almost 17%. Had he got out of the market when he suggested and then been sitting on the sidelines waiting for the correction that never came, he would probably have been reluctant to return to the market. He could therefore have missed out on this very solid return.

Once again, we at Fiducian recognise that the needs of every client are different but the key to successful investing is "time in the market" not "timing of the market".

## Fiducian Funds

The Fiducian Funds continue to perform strongly against their benchmarks with solid gains in the Fiducian Australian Share Fund and the Fiducian Smaller Company Share Fund. However, the stand out performance has once again come from the Listed Property Security sector.

This sector has changed dramatically over the last 5 years with a lot of merger activity and the expansion by many property trusts into property development and global property investment. The sector now bears little resemblance to the traditional, defensive, income-based, commercial property investment of yesteryear.

## End of Financial Year Tax-Planning

While we've only just begun the new calendar year, the speed with which January and February have slipped by shows just how quickly the end of the financial year could sneak up on you.

We've therefore included our list of tax-planning strategies that you can implement prior to then.

As always, if you've any questions about the relevance or value of these strategies in your particular situation then you should call and talk to Shane or Murdo.

### WHAT CAN BE CONSIDERED PRIOR TO 30 JUNE 2007?

- **Maximise Deductible Super Contributions**
- **Use Co-Contribution to gain access to \$1,500 of government super contribution.**
- **Maximise Rebatable Spouse Contributions**
- **Advance Deductible Expenses – Defer Assessable Income**
- **Use the 12-Month Interest Pre-Payment Rule to bring forward tax deductions**
- **Delay Retirement or Termination Of Employment until the new Financial Year**
- **Gift Assets to help meet the Pensions Assets test**

## Superannuation Changes

Well we dispatched the Poms without the Ashes, even if the one-day series did descend into farce. However, by the sounds of the creakings and groanings coming from Murdo's office we must be getting close to the start of the Soccer season (why he doesn't just grow old gracefully, I don't know).

This means we're also getting closer to the 1<sup>st</sup> July 2007 and 20<sup>th</sup> September 2007 dates that the Federal Government announced would bring in the new changes to superannuation and Centrelink.

In Superannuation the proposed changes will be quite significant. From the 1<sup>st</sup> July 2007, anyone over 60 will be able to withdraw funds from Superannuation tax-free should they wish. The new Allocated Pensions will be even more tax effective than they currently are, with none of the pension income counting towards your tax or even requiring to be included in your tax return.

On the other hand the ability to make personal contributions to superannuation will be reduced to just \$150,000 per year (or an average of \$450,000 over three years). This is with the exception of the 2006-2007 financial year when the government is allowing a special one-off concession to investors, allowing them to make a contribution of up to \$1 million each, but only from 9 May 2006 to 30 June 2007.

Ok, I can hear you all saying, it's obviously time to sell the Van Gogh in the downstairs dunny and put the proceeds into super. While few of us have a spare million tucked away, for those approaching retirement or age-65 the extra flexibility this one-off option provides may mean you are able to take advantage of the opportunity to put a bit extra into your super this financial year.

On the Centrelink front, changes to the Asset Test taper rate will increase the level of funds you can have before losing all entitlement to the Age Pension. This should increase by

approximately \$270,00. September 20<sup>th</sup> 2007 will also see the end of the 50% asset test exemption for new Term Allocated Pensions (TAP). However TAP's purchased prior to that date will continue to receive the 50% asset test exemption

As always we will keep you up to date with details of the impact of any of these changes to your personal situation.

## Choosing Internet Providers

It's funny how much technology we tend to take for granted these days. Just recently Murdo was talking with a client (g'day Dick) about accessing his Fiducian account details on-line when the client remarked that his internet access was by dial-up.

When asked why they hadn't gone for broadband access he pointed out, quite rightly, that the costs of this were significantly higher than they wanted to pay. I was amazed when he explained that they were in fact getting dial-up internet access for just the cost of a local call and \$5.50 per month, certainly a bargain basement price.

However, finding the right deal when looking for an Internet Service Provider (ISP) can appear as difficult as comparing mobile phone pricing plans.

Should you happen to be thinking about who to get connected with, we've included information on a couple of websites that might help you get the right information to make the best decision about ISP costs and services.

Whirlpool ([whirlpool.net.au](http://whirlpool.net.au)) is an independent community website which carries some very useful comparison tools for the different ISP services available in our region. It also helps you to juggle the competing demands of speed, price and support.

The Australian Consumers Association ([www.choice.com.au](http://www.choice.com.au)) also has information about ISP services available.

The "About Seniors" website ([www.aboutseniors.com.au](http://www.aboutseniors.com.au)) has also got some very useful info to help you

through the maze of technical terms.

## Hamilton Update!

Clients who have visited the new premises in Hamilton have all commented on the "bright, friendly and welcoming" office environment and this has certainly reinforced the very positive mood that this move has given to us all in Fiducian Newcastle.

Wishing you all the very best!



## **Murdo Macleod & Shane Pinkerton**

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*Got an idea we should know about? Send it to PO Box 1269 NEWCASTLE 2300 or [newcastle@fiducianfs.com.au](mailto:newcastle@fiducianfs.com.au)*