

Update

"Giving you the confidence, through a living financial plan, to achieve the life you want."

from the offices of **Cameron Darnley, Gray Foreman & Robert Latimer**

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Uncertainty is NOT a certainty

While political uncertainty has likely increased, it's hard to see the election having a big and lasting negative impact on the economy.

First, financial markets had to some degree priced in the risk of a hung parliament in Australia and this may partly explain the muted reaction so far in the local currency and share markets.

Second, while some fear a leftward shift in policymaking following the likely ascendancy of the Greens in the Senate, it's noteworthy that policy emanates from the lower house and there the Greens will have only one seat. Of course, if the Liberal/National Coalition forms government there is no chance of left-leaning policies getting up. What's more, the Greens won't get the balance of power in the Senate until the new Senate forms on 1 July next year. By then, there is plenty of scope for the new government to try and get legislation passed by the old Senate. And of course by July next year Australia may well have had another election!

Third, it should be noted that Australian governments – both Labor and Liberal/National – have spent much time over recent decades with a 'hung parliament' in the sense that another party has controlled the Senate, necessitating negotiation over key policy issues.

In addition, policy differences between the two major parties are minor. Neither promised significant productivity-enhancing policies during the election campaign and nor does either party have any mandate for a leftward shift in economic policies. While a Liberal/National Coalition government would resist less business-

friendly policies, the Labor Party is also likely to avoid upsetting business given its debilitating battle with the miners and the knowledge this will only work against the economy in the longer term. There is also no threat to the independence of the Reserve Bank and both sides of politics are committed to returning the budget to surplus (although there is a risk of fraying at the edges on both of these points).

Finally, the election has done nothing to alter Australia's relatively favourable long-term fundamentals based on our export exposure to high growth in Asia, high terms of trade, low public sector debt and a stable financial system. The main driver of the Australian share market and the Australian dollar in the shorter term will remain perceptions about the strength of the global recovery, with the lead coming from both the US and China.

So while the election has boosted short-term uncertainty and dimmed for now the prospect of radical visionary longer-term economic reform designed to boost Australia's flagging productivity record, it probably won't result in the downside many fear either.

Source: Dr Shane Oliver
Head of Investment Strategy and Chief Economist, AMP Capital Investors



Age Pension

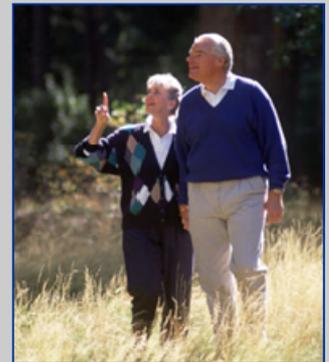
Did you know that the FULL Age Pension rates are currently:

SINGLE: \$18,228.60pa*
(ie \$701.10/f)

COUPLE: \$27,482.00pa*
(ie \$528.50/f each)

* Pension amounts include the pension supplement.

Of course, the full Age Pension is not received by everyone.



A PART Age Pension, however, is paid when your assessable assets and income fall between the lower and upper thresholds.

For a homeowner the upper **Asset Test** limit, not counting the value of your home, is as follows:

SINGLE: \$649,250

COUPLE: \$963,000

Assuming you are not excluded under the Asset Test, a part Age Pension is still paid, so long as your assessable income falls below the following:

SINGLE: \$40,253pa

COUPLE: \$61,620pa

Looking back, it's interesting to note that just **5 years ago** in 2005, the FULL rate of pension for was just \$12,711pa for Singles and \$21,226pa combined for Couples. In addition, the Asset Test upper limit back then was roughly half the amounts shown above.

If you think it's time to review your Centrelink entitlements why not call for a chat.



New Baby News

Congratulations to Gray and Neridah Foreman who celebrated the safe arrival of baby number two on Sunday 29 August. Louisa is her name and she's a little sister to 18 month old Gabriella. At last report mummy and baby were doing well and Gray was looking forward to getting more than 2hrs sleep.



Maybe the ATO lacks trust?

New legislation dramatically increases the Australian Tax Office (ATO)'s powers and limits its exposure to debt by requiring certain tax payers to lodge security deposits.

While the changes are driven by a desire to counteract Phoenix activity, (where companies are stripped of assets leaving only liabilities) there is no requirement to prove a history of improper behaviour, so the effects of the legislation are likely to be wide reaching, with implications for all tax payers. Impact of new legislation, "The Tax Laws Amendment Act" (Transfer Provisions) 2010 became law on 1 July 2010.



Source: AFR 18/2/02

QUOTES

As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them.

John F. Kennedy

Act as if what you do makes a difference. It does.

William James

It is more important to know where you are going than to get there quickly. Do not mistake activity for achievement.

Mabel Newcomer

Action is the antidote to despair.

Joan Baez

Key changes are as follows:

Security deposits (Section 255-D)

- The ATO can now require tax payers to lodge a security deposit. The amount payable is at the sole discretion of the ATO, based on what it regards as "reasonable".
- Borrowers and lenders may need to factor in additional funding or security in case they are required to provide a security deposit which may take the form of cash, bank guarantee, property mortgage, debenture charge etc.

The ATO has flagged that it is most likely to require the security deposits from companies in high risk industries or companies engaged in unscrupulous/ phoenix activities. However, the ATO can require any tax payer to lodge a security deposit, regardless of its business practices.

Source: BWW Accountants Newsletter 8/10

LIFE STAGES – The Mortgage Years

Most of us have a lot on our plates at this stage of our lives; raising a family, building a career, getting a quote for that extension or relocating into a bigger home.

We should ask ourselves: are we keeping an eye on minimizing expenses? Have we considered what happens to a young family if you get hurt and cannot work?

Protecting the things you care about becomes an important consideration.

- ▲ Family of many growing children
- ▲ Children's school fees
- ▲ Own home, needs renovation or extension
- ▲ High daily living expenses
- ▲ Married, dual income
- ▲ Children's health expenses
- ▲ Own an investment unit
- ▲ Forecast baby in near future
- ▲ Plan a home purchase



- ▲ Single parent with children
- ▲ Parental support
- ▲ Career demands may mean relocating
- ▲ One or both high-income self-employed
- ▲ One or both part-time employed

Most of us will be working through large costs of paying off a mortgage and raising a family. During this extended period of time, strategies such as strict budgets and debt consolidating become most important.

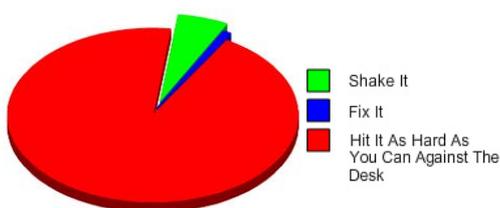
Key strategies to consider:

- ▲ Superannuation consideration
- ▲ Risk Insurance (Life insurance, income protection and trauma)
- ▲ Maximising Investments
- ▲ Debt Management (personal and home loans)

To discuss your current situation and plans for the future, call the office now.

Source: www.meritum.com.au

When your computer mouse doesn't work...



www.msm.org.au

Robert returned to Vanuatu in May and July this year to assist in providing transport and logistical support to medical teams working amongst the remote outer islands aboard the yacht Chimere. For more photos and information visit www.msm.org.au



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