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## BUDGET 2012—Changes

In an all-out effort to maintain a budget surplus, the Federal Government brought down a mixed bag of changes in the May budget in something of a "Robin Hood" inspired package.

The key announcements include:

- People earning less than \$80,000pa will receive modest tax cuts next financial year and from 1 July 2015
- A "Schoolkids Bonus" of \$820pa for each child in high school and \$410pa for each child in primary school will replace the Education Tax Refund and will be paid to parents eligible for the Family Tax Benefit Part A.
- Concessional super contributions (including the compulsory SGC) will be limited to \$25,000pa from 1 July 2012. It may increase for those over age 50 and with less than \$500,000 in super from 1 July 2014.
- There will be no reduction in the 30% company tax rate.



- Those earning more than \$300,000 will be subject to a 30% tax on their concessional super contributions instead of the usual 15%.
  - There may be an increase in certain employment termination payments from 1 July 2012
  - The minimum pension income required to be drawn from an allocated pension will not increase until 1 July 2013. (i.e. the "concessional" minimums will remain in force another year).
- The maximum Co-contribution Government super payment will reduce from \$1,000 to \$500 from 1 July 2012 and the qualifying salary limit will be reduced.
- Those earning less than \$37,000 will qualify for a "Low Income Super Contribution" of up to \$500 which will compensate for the 15% tax deducted from concessional contributions.

Simply call the office for more information on how these changes may affect you

Source: Budget Summary by MLC Tech.

## AGED CARE

The Government has released a range of proposed changes to aged care and options for older Australians.

Many of the proposals address issues raised by the Productivity Commission including:

- Options to allow individuals to continue living in their home.
- Contributions to the cost of care by individuals, and
- Centralised areas for seeking information.



### Overview

The Government continues to face the challenges of an ageing population and ensuring that adequate services are available. The Government considers that it will continue to fund a significant portion of the cost of care, but considers it is appropriate for individuals to also contribute to the cost of care, if able to do so.

The announcements include a range of measures mainly affecting the means-testing for the co-contribution by individuals. Caps will apply on an annual basis and over a person's lifetime to ensure that care is still accessible by recipients.

### Simplified Gateway

A recommendation of the Productivity Commission was to implement a single gateway to access all aged care services. The Aged Care Gateway will be established commencing with the **My Aged Care** website and national call centre from 2013. This is designed to provide families and carers access to information to consider options and make decisions. The website will include an innovative ratings system of rating aged care homes.

Many of the proposed changes are not due to apply until 2014 and at this stage there is no legislation to support the changes. It is possible that details may change once legislation has passed through Parliament. As they say ... "see store for details".

Source: Based on a report prepared by MLC Tech, 4/2012



## Footy Tipping Update

The Partner Financial Group Footy Tipping Competition is **heating up** as we approach the half way mark of the season!

**treeman2**'s lead has been slashed to just one now as **paulos2** continues his charge up the leaderboard. Maybe we should all put a "2" at the end of our name! **paulos2** has caught up one tip per week in each of the three past weeks. At this rate he will win by plenty! But as a wise man once said - "It's a funny game football!". **Soo Wah, Doobugs** and **Gray** are then a further tip behind.

Will **treeman2** be able to hold his nerve? Will **paulos2** maintain his existing momentum and charge straight past? Will the very consistent **Soo Wah** wear them down? Only time will tell!

Some tipsters have also been disappointed to have put in their tips and then find that they have only received the away teams. This has occurred because you need to ensure that you click on "Submit" after selecting your teams.

If you missed this year's competition but are keen to get involved next year then make a note to contact us for registration details in February, 2013.



## Increased director obligations

The Government has recently introduced draft legislation proposing to increase directors obligations in relation to employee superannuation.

The proposed changes aim to extend the penalty regime to make directors personally liable for unpaid superannuation guarantee amounts; ensuring that directors cannot escape their director penalties by placing their company into administration or liquidation. The amendments also serve to make directors personally liable when unpaid PAYG withholding or superannuation guarantee remains unpaid three months after its due date.



Source: www.bww.com.au

## An Audience with Neil Armstrong

After years of media silence it was CPA Australia that landed the interviews. A link to the four 15 minute video clips can be found at:

[www.partnerfinancialgroup.com.au](http://www.partnerfinancialgroup.com.au)



## When to Update Centrelink ?

For clients on an **Aged Pension** it's important to update Centrelink when asset values change by more than \$2,000. (Note: This used to be \$1,000).



Those holding a **Low Income Health Care Card (LIHCC)** are re-assessed every 6 months and will retain their card if assessable income for the previous 8 weeks is below \$4,830 for singles and \$8,380 for couples. To initially obtain the LIHC Card, assessable income for the 8 weeks prior to claim needs to fall below \$3,864 for Singles and \$6,704 for couples. Note: The above thresholds are higher where dependent children are involved.

Those retirees who do not receive an Age Pension might receive their annual **Commonwealth Seniors Health Card (CSHC)** if their annual "Adjusted Taxable Income" remains below \$50,000 for Singles and \$80,000 for Couples. Fortunately income paid from allocated pensions and most other super funds are not counted as assessable income.

## Loss "carry-back" scheme

To stimulate investment and risk-taking in new businesses, companies will be permitted to carry-back up to \$1 million of losses annually, against taxable income arising in the prior two years. This enables the companies to receive a refund against tax previously paid.



The measures will provide some relief for companies that suffer temporary losses. Whilst this may be seen as a positive step for business owners, there are some factors that must be taken into consideration before being able to take full advantage of the new rules.

A one year loss carry-back will apply in 2012/2013, where tax losses incurred in that year can be carried back and offset against tax paid in 2011/2012. For 2013/2014 onwards, tax losses can be carried back and offset against tax paid up to two years earlier. Companies will be able to carry back up to \$1 million of losses each year. This measure may provide a cash benefit of up to \$300,000 a year.

An additional important limitation to the availability of any loss carry-back is that it will be capped at the balance of a company's franking account. This will ensure that a company is only able to claim a refund of tax that it has already paid and that it has not used to frank dividend payments.

It also avoids potentially troublesome interaction with franking deficit tax (which hits a company when its franking account balance becomes negative).

The loss carry-back tax reform is a recommendation of the Business Tax Working Group. The Government is expected to hold further discussions in the near future.

Source: www.bww.com.au

"It was an amicable divorce, we decided to divide the house ..."

## POLITICS



Those who are too smart to engage in politics are punished by being governed by those who are dumber.  
Plato

If we got one-tenth of what was promised to us in these acceptance speeches there wouldn't be any inducement to go to heaven.  
Will Rogers

Politicians are the same all over. They promise to build a bridge even where there is no river.  
Nikita Khrushchev

## Aged Care

It's a difficult time for all concerned. Not only for the one requiring additional care, but also for the family and carers seeking to do the very best they can for the one they love.

Where possible, it's natural to want to remain in your own home, but where this is no longer an option there are a range of sometimes complex issues to be addressed. Including ...

- An ACAS medical assessment (ie Aged Care Assessment Service).
- An Asset Test Assessment through Centrelink.
- The funding of an upfront bond, or an ongoing accommodation charge.
- The payment of the Basic Care Fee plus the Income Tested Fee if required
- Updating Centrelink and reviewing the overall financial position in light of possible changes to the Age Pension entitlements where "Separated Due to Illness" is the new status.



We hang the petty thieves and appoint the great ones to public office.  
Aesop

When I was a boy I was told that anybody could become President; I'm beginning to believe it.  
Clarence Darrow

Why pay money to have your family tree traced; go into politics and your opponents will do it for you.  
Author Unknown

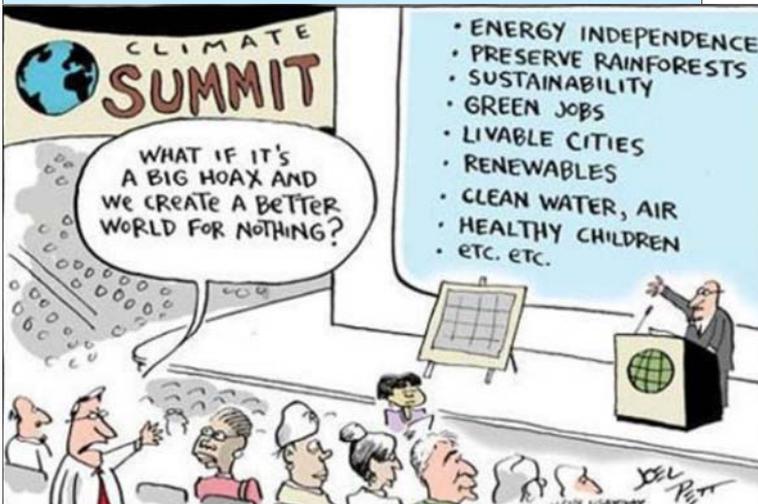
If God wanted us to vote, he would have given us candidates.  
Jay Leno

Politics is the gentle art of getting votes from the poor and campaign funds from the rich, by promising to protect each from the other.  
Oscar Ameringer

I offer my opponents a bargain: if they will stop telling lies about us, I will stop telling the truth about them.  
Adlai Stevenson,

Politics is supposed to be the second-oldest profession. I have come to realize that it bears a very close resemblance to the first.  
Ronald Reagan

In addition of course, there's the selection of a suitable accommodation facility (which has a vacancy) and where a bond is payable, its negotiation (to a lower figure) if possible.



The concessional super contribution limit of \$25,000 will apply to everyone from 1 July. This includes the 9% g'tee and all salary sacrifice payments. Call now if you'd like to review your situation.

## Vanuatu Experience

### SPIT ROAST LUNCH

Sunday 1st July, 12:30-3:30pm

This low-key event is being held at the North Ringwood Uniting Church and at a cost of \$25 is raising funds to support education and women's projects in Vanuatu. Call Robert for more information.



This Update newsletter is designed to provide information of a general nature only and should not be taken as advice or a recommendation to invest. Whilst every care has been taken to ensure the accuracy of the enclosed information, no warranty of reliability or accuracy is given. Before making investment decisions we suggest you consult your financial planner or adviser.