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A Phoenix Rises?

Welcome to the new and improved Perceptions—the newsletter exclusively for clients of Moneytax Financial Planning.

Perceptions is also available to our valued Taxation Services clients.

After a longer than expected break, we are pleased to be bringing you our seasonal missives once again.

Perceptions is intended to be a source of specialised information for you.

We intend to include: general strategic advice; product information; topical issues; case studies; and the odd bit of humour.

We of course, welcome your thoughts and feedback on Perceptions. If you have any particular questions or con-

cerns, please contact the Editor, Matt Gadd, on 02 9796 3711 or matt.gadd@moneytax.com.au



Did you know...

...as of 1 July 07, superannuation gets even better

- No limits as to how much you can have saved in super
- If aged over 60, withdrawals from super in most circumstances will be tax free
- If aged over 60, pensions received from a super fund will be received tax free

Ask us how your super savings and retirement income could be enhanced by these changes

Q. What percentage of your income is currently being allocated to securing your income **after** your working life? Answer = 9% via compulsory superannuation (the minimum for an employee)

Q. What percentage of your income is currently being allocated to securing your income **during** your working life? Answer _____

Q. What would you say is more important to you right now? Your income **during** your working life or **after** your working life? Answer _____

Benefiting from our Advice

Since 1989, we have been providing financial planning advice to our many loyal clients.

We are very fortunate that our clients see the benefit of the advice we provide, and have become advocates for our practice—referring their families, friends, and colleagues to us.

Like all businesses, a referral from an existing client is the highest compliment you can receive.

Many clients wish to refer people to us but think we are too busy to accept new clients.

This is not true.

Should you be aware of anyone who needs financial planning advice, we would be delighted to speak with them, and help “steer them in the right direction”.

Our practice has evolved through the growth received from existing clients.

Thank you for your continued support.



We Want You... to let others know about us

Feature Article

*This Edition—
Making the
Most of Your
Super before 1
July 2007*

*Next Edition—
What's
Transition to
Retirement &
how it can
benefit you*

Contact Details

Michael Behlevanas

2 Station Street
Wentworthville NSW 2145

P: 02 9688 1144

F: 02 9688 1294

E: mfp-went@bigpond.net.au

Jim Gellett

Matt Gadd

Suite 63 Level 1
3-7 Fetherstone Street
Bankstown NSW 2200

P: 02 9796 3711

F: 02 9796 3301

E: jim.gellett@moneytax.com.au

E: matt.gadd@moneytax.com.au

You are no doubt aware that from 1 July 2007, the rules in relation to superannuation change. Up until then, you have the chance to take advantage of transitional arrangements—allowing you to maximise the amount you have in super before the “the door shuts” so to speak.

So what are the changes?

1. There will be no limit on the amount concessional-ly taxed within super.

You may be aware of so-called Reasonable Benefit Limits (“RBL’s) - that limited the maximum that could be saved in super prior to harsh tax rates being imposed.

RBL’s are now abolished.

2. Tax free benefits if paid to a super member aged 60 or above.

This applies to lump sum benefits withdrawn from your super, and a pension sourced from a complying super fund.

3. Super benefits for those over age 65 do not need to be compulsorily cashed in. Money in the accumulation phase of super (as opposed to the pension phase) can stay in the tax beneficial environment indefinitely.

4. For allocated pensions, no maximum pension payment amount per year is required. Only a minimum payment is now required.

5. From July, the maximum that can be contributed to super is as follows:

- from your own money (undeducted contributions) \$150,000 pa per person*

- employer sponsored contributions \$50,000 pa per person*

* transitional arrangements apply

Amongst other changes.

So why is everyone jumping over each other, to put extra money into super before 1 July 2007?

One of the main reasons is because as pensions paid from a super fund to a person aged 60 and above will be tax free, those who are able to boost their savings now are able to take advantage of the transitional arrangements.

Remember, come 1 July, only \$150,000 per year per person is able to be put into super from your own money (or \$450,000 averaged over 3 years).

Prior to that, the government is allowing an undeducted contribution of up to \$1,000,000 (per person) to be placed into super.

Anyone under the age of 65 can take advantage of the closing opportunity. Many people over 64 but under 75 can too, but they need to meet a work test to be able to contribute to super.

The main reason for making undeducted contributions is that the maximum tax rate on super fund income or earnings is a concessional 15%. This means that when you make

undeducted contributions to a super fund, the earnings and capital gains are taxed at 15%.

If your own tax rate is higher than this, then you would save in tax by investing through super as opposed to investing in your own name.

In fact, often the rate on a super investment is even lower if you invest in Australian shares that receive franking credits.

Superannuation is set to become a simple, tax effective savings vehicle, and you will have until the end of the financial year to make the best of a closing opportunity.

If you are selling an investment property or business assets, receiving an inheritance or just have some savings to invest, please get in touch with us to discuss how you can take advantage of the new rules.

These changes will not obviously affect all of our clients directly.

However, you may know of a loved one, friend or colleague who would benefit from the rule changes.

If so, have a little word in their ear!

Young Drivers and the Law

There has been much press coverage in relation to what the Law should be in relation to young and inexperienced drivers.

The Law is as follows:

- The RTA may suspend the licence of a P plate driver who incurs 4 or more demerit points—this decision can be appealed in Court (unlike the case with an adult driver who has incurred 12 points in a three year period)

- Any holder of a Learner’s Permit or Provisional Licence is subject to what is called the “novice” range for drink driving matters.

This means that any concentration of alcohol up to .02 grams per 100mL results in an automatic loss of licence for a minimum period of 3 months

- Speed limits apply to young drivers as follows:

Learners—80 kilometers an hour

P1 (red P’s) - 90 kilometers an hour

P2 (green P’s) - 100 kilometers an hour

- Holders of P1 and P2 licences are restricted from driving certain high performance vehicles. These are generally vehicles with 8 or more cylinders or which are turbo charged or modified



Old Words...New Meanings

The Washington Post ran a contest for readers in which they were asked to suggest new meanings for various words.

These are some of the winning entries:

- Coffee (n.), A person who is coughed upon
- Lymph (v.), To walk with

a lisp

- Flabbergasted (adj.), Appalled over how much weight you have gained
- Esplanade (v.), To attempt an explanation while drunk
- Negligent (adj.), Absent-mindedly answering the door in your nightie

- Gargoyle (n.), An olive-flavoured mouthwash
- Flatulence (n.), Emergency vehicle that picks you up after you are run over by a steamroller
- Balderdash (n.), A rapidly receding hairline (*Editor’s Note: my favourite*)

**From the
“It’s an
Oldie... but a
Goodie” File**

Is Your Mortgage Right For You?

All aspects of your financial situation need fine tuning—to weed out inflexibility and inefficiency.

It doesn’t hurt if the cost comes down too.

With home loan interest rates currently pausing for breath after a steady increase in the past year, it may be the best time to review your current mortgage and see whether a

better deal could be brokered.

Moneytax Financial Planning retains the services of an external mortgage broker, who is a specialist in looking at a selection of loans from a panel of lenders and seeing if you would be better off with an improved offering.

Being financial planners, we see the need to make sure that any refinance is cost beneficial

to you, and whether the package is flexible to allow possible future borrowings for investment purposes.

We also regard loans with a low or non-existent exit fee to be of particular benefit.

Talk with us to organise a review of your current mortgage—you may be surprised with the results.

**A mortgage
check-up may be
good for your
financial well
being**

Moneytax Financial Planning Pty Ltd

ABN 54 099 805 875

Australian Financial Services Licence 280928

The annual cost for a couple living in retirement has fallen, according to a recent survey.

The Westpac ASFA Retirement Standard has found that the cost of a comfortable living standard is \$47,824 pa. The cost of a modest standard of living for a couple is \$25,892.

For an individual's rates, and the difference between "comfortable" and "modest", contact us.

Important Note: Perceptions is a private communication to clients and contains general information only. As the particular circumstances and needs of individual investors may vary greatly, the information herein should not be used as a substitute for personalized professional advice.

Whilst every effort has been made to ensure the information is correct, its accuracy and completeness cannot be guaranteed, thus Moneytax Financial Planning Pty Ltd cannot be held responsible for any loss suffered by any party due to their reliance on the information or arising from any error or omission.

Opinions expressed may change without notice. This newsletter may contain editorial content which should not be construed as advice.

If you require specific advice, please contact Michael Behlevanas, Jim Gellett or Matt Gadd

Who is Moneytax Financial Planning?

Moneytax Financial Planning is a boutique financial planning practice—with offices in Bankstown and Wentworthville in NSW.

Moneytax Financial Planning is owned and operated by its management and staff.

We are not owned in any way by any bank, life insurance company, financial institution or trade union and as such, remain free of any potential biases and/or influences.

With our extensive experience and knowledge, we are well placed therefore, to provide our clients with appropriate and sound financial planning advice.

Our clients prosper from advice provided in the following areas:

- Debt management/restructuring
- Superannuation
- Retirement Planning

- Wealth Protection
- Savings Plans & Gearing Strategies
- Housing and Investment Lending

Call us to discuss your financial planning needs.

What happens if you don't have a Will?

You will cause your family unnecessary additional grief and expense—and it's so easy to avoid.

The law dictates how your estate will be divided if you die without a Will and the following is a simplified list of those provisions:

1. If you leave a spouse (married or de facto), and no children—all to spouse
2. If you leave a spouse and children basically, the first \$200,000 to spouse and the balance as to 50% to spouse and/or 50% to the children equally

Please Note: the rules become quite complicated if you leave a married spouse and a de facto spouse and

children. Failing to get divorced and/or not making a Will, can add incredible complications for your loved ones

3. If you leave children and no spouse, all to children equally
4. If you leave no children or spouse then your estate will go to your parents, equally
5. If no spouse, no children and no parents, then it will go to:
 - Siblings of the whole blood, then
 - Siblings of the half blood, then
 - Grandparents, then

- Uncles and aunts of the whole blood, then
- Uncles and aunts of the half blood

If there are no persons surviving you in these categories, then your estate will pass to the Crown.

It will be a rare occurrence that this statutory order will be exactly as you would want it. It will always cause more work and costs if you don't leave a Will.

It is always worth your while to get your "legal" house in order whilst you can—you never know what's around the corner.