



2010 Newsletter

This newsletter is designed to update you on what has happened so far this year and to let you know of some of our plans for the remainder of 2010.

We hope you find it informative and look forward to continuing to be of service.

The team from BFG



Bull Financial Group Client Seminar

We hold a major seminar about once every 2 years and smaller information workshops in between on specific topics.

If attendance is any indication, our 2010 Client Seminar was our most successful yet. 101 attended the morning session and 145 attended the evening session. The feedback we received was excellent. Some said that they are learning a little more all the time and others commented that the more that they learn the more comfortable that they feel that they are heading in the right direction. One person said that it is not really their area of interest; that is why they have Leanne and Troy, but that they valued the opportunity to meet some of the key people that assist us to manage their money. It doesn't matter which to go here & here

category you fall into, we appreciate your support and we highly value the opportunity you gave us to update a number of you at once. We have summarised the key messages in this newsletter. We will continue to look for opportunities and speakers that we believe you will find interesting and informative as well as entertaining.

We would also like to specially thank those who brought along their family and friends. With 80% of our new clients coming from a referral by an existing client we are well aware of how important your support is to us and assure you that our service to them will be of the same high quality that we give to you.

Thank you again and we hope you enjoy this edition of the Bull news.

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10 Tax Tips For 2010

The 2009/10 financial year is drawing to a close, which means it's time to examine your finances to ensure they are as tax efficient as possible.

It may be too late to make changes this financial year but getting in early will ensure that you make the most of next financial year.

The most important thing is to keep us updated if you are contemplating a change or have had a change so that we can ensure that you are maximizing your opportunities.

To help you conduct a quick audit of your tax situation, we've pulled together our top 10 tax time tips that help you boost your bottom line.

1. Sacrifice your salary to super

If your marginal tax rate is more than 15 per cent, salary sacrifice can be a great way to boost your superannuation and pay less tax. By putting your pre-tax salary into super, rather than having it taxed at your marginal rate, you may save tax.

2. Offset capital gains

Tax is normally payable on any capital gains. To lessen this obligation it may be possible to realise investment losses. Capital losses from previous years can also be carried forward and used to offset capital gains. But what happens if you don't have a loss.

Other options include increasing your salary sacrifice or putting yourself in a position where you can claim a tax deduction on superannuation contributions as well as minimising other assessable income. Pre planning can save you considerable tax so as soon as you contemplate selling an asset let us know so that we can work out how best to assist you.

3. Move assets into a lower tax rate ownership

This strategy involves changing the ownership of assets from a higher to a lower income tax bracket. For example, if a wife works part time and her husband earns a higher wage from full-time employment, it may be tax-effective for assets to be in the wife's name. However, be aware that putting this strategy into action can trigger capital gains tax and other transaction costs.

4. Contribute to your super

Whether you make personal tax-deductible (concessional) or after-tax (non-concessional) contributions, putting money into super can be very tax effective. This is because earnings on super assets are taxed at a concessional rate (up to 15 per cent), compared with earnings on your personal investments, which are taxed at your marginal tax rate (up to 46.5 per cent). Another significant advantage of superannuation is that monies can eventually be transferred to an Allocated Pension which may provide a tax free environment.

It is now more important than ever before to maximise contributions as early as possible as you can no longer put in a massive lump sum just prior to retirement. Contributions are now limited as follows:

Personal tax deductible (concessional) contributions

If you are under 50, you can make contributions of up to \$25,000 (indexed) each financial year. If you are over 50, you can contribute up to \$50,000 for the 2009/10 to 2011/12 financial years, after which the limit may revert to \$25,000 (indexed).

After-tax (non-concessional) contributions

A cap of \$150,000 each financial year applies to these contributions. This amount can be averaged over a three-year period to allow for a larger one-off contribution of up to \$450,000 if you are under 65. Penalty rates of tax may apply where you make contributions in excess of these caps.

5. Contribute to your spouse's super

You can claim an 18 per cent tax offset on super contributions of up to \$3,000 made on behalf of a low-income or non-working spouse. To be eligible for the maximum \$540 tax offset, your spouse's total income must be under \$10,800 per financial year, while a reduced offset is available if your spouse earns less than \$13,800.

You can also split a portion of your superannuation contributions to your spouse and this can present enormous opportunities to produce a more tax effective income stream or to maximise Centrelink.



6. Qualify for a Government co-contribution

If your total income² is less than \$61,920 in 2009/10, you may be eligible for a super co-contribution from the Federal Government. For each \$1 in personal super contributions, the Government will contribute up to \$1, up to a maximum co-contribution of \$1,000 for those earning less than \$31,920.

7. Protect your income or Take out life insurance within super

Cover for one of your greatest assets – your ability to earn an income – can be an important part of securing your financial future. Income protection insurance replaces up to 75 per cent of your salary if you are unable to work due to sickness or an accident, plus the insurance premium is tax deductible.

Normally personal life insurance premiums are not tax deductible. However, if this insurance is held within your super fund, and you make either salary sacrifice or personal concessional contributions, you are effectively getting a tax deduction on your insurance premiums

8. Start a transition to retirement strategy

Once you reach 55, you can access your super through a transition to retirement pension (a regular income stream drawn from your super savings). In most cases, you'll pay less tax on income received through a pension than you would on the same amount of salary or wages, making this a great way to boost your super balance.

If you have a non superannuation investment portfolio you may be able to do something similar.

We will continue to review any opportunity to minimize tax at your next review.

9. Prepay interest on a margin loan

By prepaying interest on some loans you can bring forward the tax deduction to this financial year (interest can be prepaid for up to 12 months in advance). This can be extremely beneficial if you know your income is going to be higher in one financial year than the next.

10. Education tax refund or Medical expenses tax offset

The Education Tax Refund is an initiative to help with the cost of educating primary and secondary school children. Eligible parents, carers, legal guardians and independent students can get a 50 per cent tax offset on a range of primary and secondary school education expenses, such as computers, educational software, textbooks and stationery, subject to certain conditions and limits.

You can claim a Medical Expenses Tax Offset for expenses relating to an illness or operation paid to legally qualified doctors, nurses or chemists and public or private hospitals. (excluding some cosmetic operations). Net medical expenses are the medical expenses you have paid less any refunds you got, or could get, from Medicare or a private health insurer. You can claim a tax offset of 20% – 20 cents in the dollar – of your net medical expenses over \$1,500 increasing to \$2,000 on the 1st July 2011. There is no upper limit on the amount you can claim.

Visit our website www.bullfinancial.com.au for a full budget summary.

¹ Total income includes assessable income, reportable fringe benefits and reportable employer superannuation contributions.

² Total income includes assessable income, reportable fringe benefits and reportable employer superannuation contributions less certain business deductions.

Summit News – Fee Changes and upgrade to Trust Deed

It may seem like you are always receiving letters from Summit. One recent letter let you know that Summit reviewed their pricing structure and as a result many of you have benefited since May 2010 from a reduction in your Summit Administration fees.

The exact amount that your fees reduced by was dependent on a numbers of factors including:

- ∞ Your account balance
- ∞ The account balance of the family members that you are family fee aggregated with
- ∞ The portion that is in invested in Investor Select rather than Summit Select and the portion that is invested in Superannuation or Allocated Pension rather than Money Master.

The reason for this is that the biggest reduction in fees was mainly on Summit Superannuation or Allocated Pension Investor Select, with smaller reductions to the other portfolios. In general the reduction is approximately \$200 for every \$100,000 between \$125,000 and \$500,000 therefore in some instances savings will be as high as \$750 per year. For account balances under \$125,000 or over \$1,000,000 fee's may have increased. In the 15 years we have used Summit this is the second time that they have changed their fee structure with both times resulting in a positive change for most.

Last week; Summit wrote to let you know of changes to the trust deed . This is the first full rewrite of their trust deed in 15 years and in general provides a new modern trust deed. You will also receive a lot more information on this over the next few months. For example, your annual statement this year will show that you have exited the Summit Trust and joined the Wealth Trust. This move has no taxation or cost implications to you, there is nothing that you need to do and your administration system will still be known as Summit. We will continue to fully monitor the process and advise you if there are any changes that require your action.

May Market Mayhem

What an eventful month May was! A Euro-debt crisis, a Wall Street trading error triggering a 1000 point crash, the Euro currency in crisis, an Australian Dollar (AUD) tumble, Chinese tightening, volcanic eruptions, a major oil spill, North Korea talking war (again), a change of government in the UK, the release of the Henry Tax review, the announcement of the Resources Super Profit Tax as well as the riots in Greece and Thailand were just a some of the news items that affected markets.

For a more in-depth look into May's events and for an opinion on the long-term effect on markets please visit our website www.bullfinancial.com.au to see this month's Perennial Perspective or phone Shay-Lee on 4153 5388 for a copy.

Other Issues in Brief

The last 2 years have presented enormous challenges and at the same time numerous opportunities in the financial services industry.

VOLENT MARKETS AND THE GOVERNMENT GUARANTEEING BANKS
and building societies but not mortgage funds resulted in us needing to monitor your investments more than usual however we are pleased to say that the structure and strategy that we use has meant that we have had very few instances where clients have had to sell growth assets at negative prices. We will continue to monitor this in order to continue to minimise the risk.

The 2008 and 2009 budgets resulted in many of you requiring major alterations to your financial plan to ensure it continued to maximise your position and that you continued to be on track to meet your goals.

I am please to report that the 2010 budget presented very little reason for your plans to change direction. For those who do need changes, in most instances, we have a couple of years before any changes due to legislation needing to be passed.

This doesn't mean that we won't need to review your plan it just means that that are no major surprises and no

major changes that need to be rushed through.

The following summarises some of the issues we will be considering at your next review:

For Wealth Accumulators

Will you exceed the cap limit as the new maximum concessional contributions into super of \$25,000 for those under age 50 is very restrictive, especially when you take into consideration that it includes employer contributions. Ensuring your structure enables you to invest in good quality growth assets if your cashflows are right and you have adequate reserves when markets are cheap. Buying quality investments when they are on sale makes sense and if putting a lump sum in scares you, ensuring that you benefit from Dollar Cost Averaging.

For Pre-Retirees

You have a lot of the same issues as wealth accumulators except your cap limit if you are over 50 is \$50,000 and you have the added advantage of the Transition to Retirement Rules. ie If you are over 55 implementing a Transition to Retirement Strategy can save you thousands.

For our Retiree Clients

Many of you may see a significant change in your income from 1st July as we envisage that the option to only draw 50% of the minimum income from your Allocated Pension won't be extended and in addition to this account balances are up. Centrelink deeming rates have changed so your review will focus around if can you afford to spend the extra income and still meet all of your other financial goals or if you should reduce income to enhance your capital.

We will also discuss if you should consider North. North is a new product launched by AXA Australia that for an additional fee guarantees income in retirement.

These are just a few of the issues that we will discuss at your next review but if you would like to talk to us sooner about these or any other matters do not hesitate to contact our office.

BFG welcomes Andrew to the Team Insurance

Insurance Service Officer DFP 1-6 & Affiliateship (Life Insurance)

Bull Financial Group is very excited to welcome Andrew to the team. Andrew holds a Diploma of Financial Services (Financial Planning) and has had 13 years experience working within insurance companies in various roles, from new business to claims, plus 8 years' experience in Melbourne as an adviser and as in-house insurance manager for several mortgage brokers.

Andrew researches options and benefits; assists Leanne and Troy to prepare quotes and recommendations and he negotiates with insurance companies to obtain the best possible cover option for our clients. In addition to that having someone with Andrew's experience on the team at claim time has proven invaluable. Welcome aboard Andrew.

Overview of the 2010 BFG Seminar

The Bull Financial Group Seminar started with a video clip that reminded us that times are changing faster than ever before.

Troy Wilkinson chaired the seminar and used a video clip to illustrate our theme that:

- Our needs change over the time.
- Our options change over time.
- And the world we live in is definitely changing at an almost manic pace.

HOWEVER - The one thing we should never lose sight of is that change creates opportunities.

Leanne Bull was our first speaker. She said that in an ever-changing, often confusing world that most people just don't have the time to stay up to date with all the issues that should be considered to ensure all your financial planning needs are met and if they do have the time most people would just prefer to spend their **free** time with **family**, **friends** or on the **fun** things.

Leanne also highlighted the numerous issues as noted on page 2 and 3 that will form the basis of our clients' next reviews.

Ian Parsons, Summit's National Development Manager for Platforms discussed the numerous risks to consider such as the risk of outliving your money or the risk that your buying power will not keep pace with inflation.

Ian showed that while having a portfolio of well-diversified assets cannot remove all risk but it can certainly reduce risks. He also explained that there are things that you can control such as tax minimisation strategies and structural benefits that set right can help you to have enough income to live comfortably in retirement. He clearly illustrated that the right advice can be of enormous value.

Finding opportunities for you from the ever changing legislation to maximise your position is what advisers like Leanne and Troy concentrate on as well as making sure you are diversified in order to minimise these risk.

Our final speaker was Kerr Neilson who founded Platinum Asset Management and is the Portfolio manager and chief investment officer. Platinum specialises in international equities and manages around A\$22 billion.

Kerr Nielson's main message was that it makes sense to buy good quality investments when prices are low and sell when they are high. He went on to explain that we all know this just as we also know we should exercise for one hour a day and eat healthy foods. Sometimes it is easier said than done as there are so many excuses not to, or reasons to get distracted, and it always seems different this time. Kerr went on to explain the benefits of having an experienced team assist you.

Thank you for giving us the opportunity to do this, and again, for your support. Events like this cannot happen without you.

Your support is greatly appreciated.



Bull Group Team now consists of:

Leanne Bull CFP® –
Proprietor and Senior
Financial Planner

Troy Wilkinson AFP –
Financial Planner

Bernie – Paraplanner

Diane – Preparations
Officer

Caryn – Office Manager &
Completions Officer

Shay-Lee – Administration

Andrew – Insurance

Chris Bull – Proprietor and
Home Loan Consultant
with AFG

**Congratulation to Gwen
and her husband
Richard on the birth of
their new baby girl
Lillian Grace. We wish
you all the best**

FOR THE RIGHT FINANCIAL ADVICE

● Investment ● Superannuation ● Insurance ● Retirement Planning ● Salary Packaging ●

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