Welcome to the May Partners Autumn 2011 Newsletter

MAY PARTNERS' NEWS

Back in December we saw the retirement of long time team members Peter and Mary Niall. To give them a send off both current and past staff gathered at the Kerang Valley Resort Restaurant to share memories and wish them well in the next stage of their lives.

We wish Mary & Peter a very happy retirement.

The Water Came and the Community Pulled Together

The entire team at May Partners would like to thank all the members of the community who worked to build levee banks, helped people from surrounding areas save personal goods and stock, made the refreshments for the workers, delivered sand bags to businesses, and a million other tasks.

May Partners sympathise with everyone whose property was inundated in the recent floods. It was an extremely hard time for them, and also for all the volunteers who worked so hard throughout the many weeks the flood waters were in our area.

One of our team members Gail Camelinat had her property inundated and will be out of her home for 12 months, so we have first hand knowledge of how the floods affected many people throughout the entire district.

Gail was invited to Murrabit for Prince William's visit and assured us that everyone she spoke to on the day said the visit had lifted their spirits, which were in a low state after so many weeks of trauma and heartache. Gail was lucky enough to have a joke with Prince William and was impressed by his attitude to everyone there.

Remember, all assistance with Rural Finance Flood Grant applications will be completed free of charge so don't hesitate to call today.

How Much Can You Invest in Superannuation Before 30 June 2011?

Here are the superannuation contribution caps which apply for the 2010/11 financial year.

- **Contributions which qualify for a tax deduction**

These are known as concessional contributions and are age based, as shown below. Please note that not everyone can qualify for a tax deduction on their contributions to super.

Age	Tax Deduction Limit 2010/11
Up to 49	$25,000
50+	$50,000

- **Contributions which do not qualify for a tax deduction**

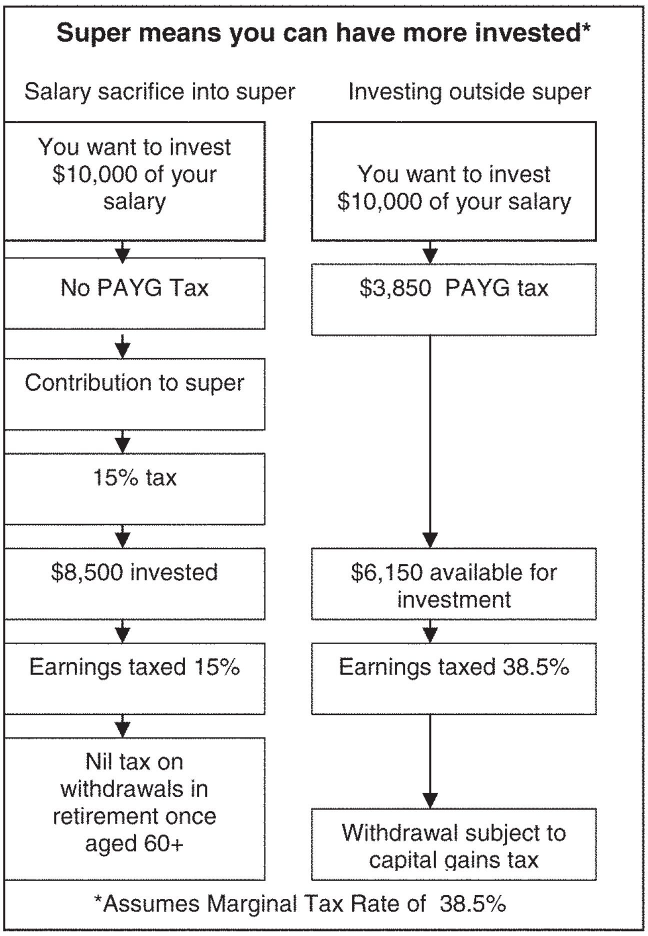
You could also invest up to $150,000 p.a. in super as a non-concessional contribution (i.e. you do not receive a tax deduction on this contribution). If you are under age 65, you can bring forward up to two years of non-concessional contributions. This means you could contribute $450,000 in one year, but you would not be allowed to make non-concessional contributions in the following two years.

- **The Government co-contribution**

If you are working, and make a non-concessional contribution to super, and earn up to $61,920 this year, you are eligible for a super co-contribution from the Government of up to $1,000.

- **Spouse contributions**

If your partner's income is $13,800 or less, you could qualify for a tax offset of up to $540 on the first $3,000 you contribute to superannuation for them from your after-tax income. This tax offset decreases as your partner's income increases.



From Australian Unity e-Newsletter March 2011

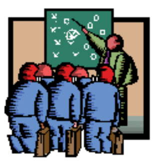
Why Your Business Needs an Estate Plan

Business estate planning is the process of arranging your business affairs now to ensure there is no unnecessary deterioration or loss of continuity in your business should you or one of the other stakeholders/owners or other key people leave through illness, accident or death.

It should also ensure that the departing owner or their estate will be fairly compensated for giving up their rights to the business.

A business estate plan is important for these reasons:

- Each owner (and their spouse) knows in advance how the business will be valued – and what their share will be. So there should be less risk of a former owner, or their spouse or estate, taking legal action over a valuation or pay-out figure.
- It should avoid the possibility of a deceased owner's spouse or child deciding – against the wishes of the continuing owners – to become an active hands on partner of the business (rather than taking the pay-out).
- It should ensure that the deceased owner's spouse or family does not take their legal right to claim a share of the business profits without having to work in the business.
- It should prevent a deceased owner's spouse or estate from selling their share of the business to a third party that may be unsatisfactory or unknown to the continuing owners.
- It should ensure the control of the business or its assets are not frozen due to legal difficulties created by the former owner, or their spouse or estate.
- If you or one of the other owners were to die, any loans or leases your business has may be immediately callable by the lender. A business estate plan can ensure that debt can be retired by the continuing owners.



- It should help continuing owners to afford to keep running the business, find a replacement for the departing owner, and cover loss of profitability and business momentum due to the loss of the owner.
- It should provide security for staff and creditors.

How is a business estate plan funded?

Insurance is often used to finance a business estate plan to ensure the continuing owners have sufficient money to buy the departing owner's share of the business, keep the business running, and cover loss of profitability due to the loss of the owner.

If you would like assistance in regards to estate planning please feel free to contact us.

From Australian Unity e-Newsletter March 2011

How long will your savings last in retirement?

To roughly work out the life expectancy of your retirement savings, just go to the column which matches the average annual earning rate your investments should achieve, then move down that column until you reach the average annual drawdown rate (see far left hand column) you will be making on your savings (your drawdown rate is: the amount of income & capital you will withdraw from your investments each year, divided by the amount you have invested, multiplied by 100).

The number you arrive at in the table estimates the number of years your money will last.
Here's an example of how to calculate your **drawdown rate:** Let's say someone has $600,000 in retirement savings and they require an income of $54,000 p.a. Their **drawdown rate** is:

$54,000 ÷ $600,000 × 100 = 9%

If their **earning rate** is say 4%, then their money will last around 15 years.

To ensure our calculator has as much relevance as possible we recommend the following tips:

- If you want your retirement income to increase with inflation, you can take that into account by subtracting the expected rate of inflation from the earning rate of your investment. We expect inflation to average around 3% p.a., so if your investments earn on average say 7% p.a., then you would select 4% as your 'real' earning rate.

- If you qualify for the Centrelink Age Pension you shouldn't include it when you calculate your drawdown rate. For example, let's say a homeowner couple aged 65 has $400,000 in savings which earns 7% p.a., (that's about 4% after inflation) and they require $42,000 a year in income. They should initially qualify for age pension of around $22,000 p.a. (indexed). So, to calculate the life expectancy of their retirement savings, they should use a drawdown rate of 5% (i.e. [$42,000 less $22,000] ÷ $400,000 × 100). Given the real earning rate of 4%, this means their savings should last about 41 years.

Of course, our **'Money Life Calculator'** is just a guide. To accurately assess the life expectancy of your retirement savings you should talk with us and a financial planner.

Capital drawdown rate	Investment earning rate									
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
5%	22.43	25.8	31.00	41.04						
6%	18.32	20.48	23.45	28.01	36.72	Should not run out				
7%	15.49	16.99	18.93	21.60	25.68	33.40				
8%	13.42	14.53	15.90	16.67	20.10	23.79	30.73			
9%	11.84	12.69	13.72	14.99	16.62	18.85	22.23	28.55		
10%	10.59	11.27	12.07	13.02	14.21	15.73	17.79	20.91	26.72	
11%	9.58	10.13	10.77	11.52	12.42	13.53	14.95	16.88	19.78	25.16
12%	8.74	9.21	9.73	10.34	11.05	11.90	12.94	14.27	16.09	18.80
13%	8.04	8.44	8.88	9.38	9.95	10.62	11.43	12.42	13.68	15.38
14%	7.45	7.78	8.16	8.58	9.06	9.60	10.24	11.01	11.95	13.14
15%	6.93	7.23	7.55	7.91	8.31	8.77	9.29	9.90	10.63	11.53

Approximate years your savings will last

From Australian Unity e-Newsletter March 2011

May Partners

YOUR SUCCESS IS OUR BUSINESS

Are you paying your employees their full entitlements?

On March 29th 2011, the Fair Work Ombudsman released details in a press release of money recovered for a number of Victorian country workers who had not been paid correctly by their employers.

Repayments came to a total of $74,000 for the 6 country workers. A driver in Buninyong received back pay of $30,900 because the employer had not paid the minimum hourly rate, overtime and annual leave entitlements. A security guard in Sunbury received back pay of $11,500 for the same reasons. A Boort console operator was paid back pay of $10,200, an office manager in Ballarat was back paid $8,300, an agricultural worker in Pyalong was back paid $8,100, and a retail worker in Ballarat was back paid $5,600.

It is important that small to medium sized businesses without dedicated human resources staff are fully aware of their obligations when it comes to hiring, managing and dismissing staff.

The Fair Work website has a number of user friendly free templates of employment documents that business can use. The web address is: www.fairwork.gov.au

Employers and employees, who need assistance or further information, can contact the Fair Work Infoline on 131394 between 8am and 6pm week days.

E-Newsletter on the Way

Would you like to be kept up to date on all matters accounting via a monthly e-newsletter from May Partners? If so, send your email to Joanne at May Partners and she will add you to her list today.

joannesamuelson@maypartners.com.au

Year-End Planning 2011

We are fast approaching the end of the financial year and now is the time to take stock and review the financial performance of your business to date. Over the coming weeks, you will have a one off opportunity to review your financial performance, and put in place appropriate strategies to ensure you pay no more tax than you should and/or to start making plans for the next financial year.
For those businesses that may have profits (and many are often surprised at profit levels once adjustments are made for capital, personal and other payments), understanding what the potential tax liability will be for your business and allowing time for tax planning may save you thousands of dollars. At the very least, it will assist you in the preparation of your budgets and cash flow projections for the coming financial year.

All you need to do is to ask us to get started and we will then let you know what information we require.

The Benefits of Doing Business with May Partners

You benefit with May Partners by:

- Having access to your private accountant advisor & team every business day.
- Having access to the extra personnel & experience May Partners have available.
- Having access to the extensive range of services May Partners provide for clients.

Advisors, with lesser resources, simply can't provide many of these benefits.

Our services include:

- Benchmarking against like business'
- Business Health Checks
- Business Coaching (via our associated business 10X)
- Business Planning
- Business Valuations
- Cash flow Management
- Estate and/or Succession Planning
- Finance assistance
- Profit Plans
- Self Managed Superannuation Funds Compliance
- Wealth Creation & Investing (via our associated business Life Financial Services)
- Along with the usual ATO taxation compliance services and much, much more …