



## Message from the Partners

Welcome to the December edition of the McConachie Stedman newsletter. As we approach the end of 2009 we have seen some confidence return to the share market, resulting in gains of 50% since the March low. The Reserve Bank has increased interest rates 3 months consecutively; with some banks passing on more than the RBA increase to their borrowers. At the end of December, we will also see a cut back in First Home Owners Grant



Whilst Australia is in a strong position and things are now looking positive, we caution everyone that the volatility will remain for some time as the US and the UK are still in troubled waters.

This edition of the newsletter focuses on superannuation "clearing house" services, last chance qualifying for the investment allowance and the deductibility of self education against youth allowance.

As we come to the end of 2009, the partners and staff would like to wish everyone a safe and merry Christmas. As always, please do not hesitate to contact your adviser if you wish to discuss any of the articles or other matters.

**Steve Kirkman**

## Accounting Scholarship continues to grow

Allan Rother (Partner—left) and Alan Judd (Practice Manager—right) recently had the pleasure of attending a presentation morning tea at the USQ Japanese Gardens where they presented this year's recipient Ben Cook-Watkins (centre) with his scholarship. Ben is currently studying towards a degree in Accounting/Commerce majoring in Accounting full time at the USQ Toowoomba Campus. As most outstanding applicant, Ben received a scholarship.



In 2010, McConachie Stedman will continue its' association with the University of Southern Queensland. The scholarship has been reviewed and improved to give the successful recipient a financial boost whilst completing their studies and invaluable work experience within an established accounting firm.

The scholarship will be awarded in the first semester to a third year student of either a Commerce and Business degree with an Accounting major or combined studies in Commerce and IT with an Accounting major. Applications closed at the end of October and the winner will be announced by the end of January 2010.

## Merry Christmas

**The Partners and Staff of McConachie Stedman wish you all the best with your Christmas celebrations and look forward to working with you in the new year.**

**We wish to advise clients our office will be closed from midday Wednesday 23rd December and will re-open Tuesday 29th December.**



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## Attention clients!

When you next send an email to a member of staff please use their christian name surname@mcccon.com.au (eg. steve.kirkman@mcccon.com.au. If you're unsure of the staff members' surname please refer to our website [www.mcccon.com.au](http://www.mcccon.com.au) and view the team member listings or call reception staff on 4632 1966 for clarification.

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## Superannuation Reviews

The global financial crisis has shaken the foundations of government agencies responsible for protecting retirement income savings. Although Australia has fared better than most other developed economies, it is apparent that we have a less than perfect system. In time, the impact of the crisis will be examined and hopefully stronger protection measures will be put in place to avoid a recurrence of unwanted events or at least to soften the negative impacts.

As the fallout from the crisis starts to settle, Australian superannuation regulators have become more engaged with the financial services industry to talk about what went wrong in the worst global recession in 75 years, and the thoughts of world leaders to build a stronger regulatory regime to protect economies and individual savings.

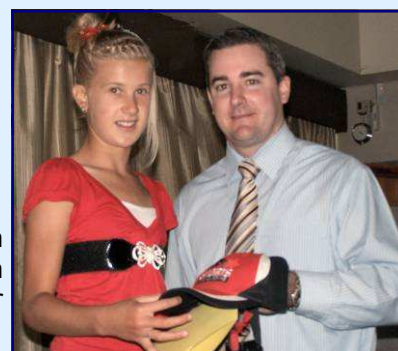
In Australia we currently have three major government administered reviews covering retirement income policies:

- **The Henry Review** - The Review of Australia's Future Tax System – final report due early 2010
- **The Cooper Review** - The Review into Governance, Efficiency, Structure and Operation of Australia's Superannuation System – final report due June 2010
- **The Harmer Review** - The Review of Pension Levels, Sustainability of the Pension and the Retirement Income System (The Harmer Review) – final report due February 2010

## Shenae Ciesiolka winner of McConachie Stedman Incentive Award

McConachie Stedman continues its association with Sports Darling Downs rewarding local youth for their sporting achievements.

The 2009 Sportstar of the Year Breakfast was held in October, at which Steve Kirkman presented Shenae Ciesiolka with the quarterly incentive award for her achievements in Touch Football. The Partners of McConachie Stedman wish Shenae all the best with her future sporting endeavours.



## Income protection insurance

Income protection insurance is one of the most important and most overlooked types of insurance today.

Most people have some form of life insurance (often through their superannuation) but what happens to your regular income if you are off work through illness or accident for any length of time? Sick leave through your employer may provide some assistance in this regard, and in some cases your superannuation may provide some benefit (usually restricted to 2 years).

Long term (to age 65), non cancellable, and guaranteed renewable cover is available to cover this need from a range of reputable Australian insurers. As Insurance Brokers, our role is to research the market and to make available to you the best available product. Policy definitions as well as price are the major considerations.

Another major consideration with Income Protection insurance is that the premiums are usually tax deductible, which further reduces the overall cost.

Contact **Natasha Donald** for more information on 4632 1966 or email [natasha.donald@mccon.com.au](mailto:natasha.donald@mccon.com.au)

## Self-education deductible against youth allowance

In a recent case before the Full Federal Court, a taxpayer who was studying to obtain a teaching degree has successfully argued that she was entitled to claim expenses of self-education which qualified her to receive the Youth Allowance.

As yet, there has been no advice that the Tax Office plans to appeal the decision to the High Court. If not, taxpayers in these circumstances will be able to claim their self-education expenses.

Normally this would mean objecting to the last two years' income tax assessments – but taxpayers will need to be able to substantiate their claims.



Contact **Warren Jeffery** for more information on 4632 1966 or email [warren.jeffery@mccon.com.au](mailto:warren.jeffery@mccon.com.au)



## Introducing Grant Besley, Accredited Mortgage Consultant

As part of McConachie Stedman's ongoing business growth, Grant has joined the firm as Accredited Mortgage Consultant.

Grant has a wealth of knowledge and more than 35 years' experience in the banking industry. Grant and his family have lived in Toowoomba for 11 years, where he has been servicing clients in the Darling Downs and the western regions.

His role at McConachie Stedman is to provide a financial solution for individuals, families, investors, business and agricultural clients. He can assist with home loans, investment loans, commercial loans, agribusiness, equipment finance and leases.

**If you're looking into lending of this nature, we encourage you to make contact with Grant 4632 1966 or email [grant.besley@mcccon.com.au](mailto:grant.besley@mcccon.com.au).** Full Member of Australian Loan Company Ltd



## Is refinancing my existing loan really worth it?

Article kindly donated by ALCo member Justin Butler of Eclipse Financial Services Pty Ltd.

Lately, advisers have been forthright in advocating the virtues of refinancing existing lending arrangements with another lender. Before we discuss the issues relevant to that decision lets examine the Mortgage Broking industry for a better understanding of the advice provided.

The stellar rise of the Mortgage Broking industry over the last 5 to 10 years has primarily been driven by consumers and banks realising that people want to talk to an adviser who can offer a choice of loans, from a variety of lenders, rather than one representing only their employer's products. This coupled with the added competition in the lending market and the property boom giving borrowers more equity to tap into saw demand for Mortgage Brokers services peak in 2003 and 2004. Now that the property market has slowed down and the novelty of loan brokers has worn off, many Mortgage Brokers are finding it harder to source new clients and are talking up refinancing or combining car and personal debt into home loans to clients.

Quite often if the client's existing lending facilities are not competitive due to high interest rates or not providing features to assist in minimising interest, there is a very justified reason to refinance to a better package. The major negative issue to consider is that any refinance will incur costs by way of application fees, stamp duties and valuations. On the positive side the new package may offer significant savings in interest and fees the ability to setup offset or redraw facilities to accelerate repayment of loans and possibly wealth creation or tax minimisation opportunities by accessing equity for investment. A careful review of the costs of the refinance with the benefits of the new structure and facility is required to ensure the overall effect is beneficial within an acceptable time frame.

Human nature means that focus on immediate benefits, such as lowering monthly payments to free up more spending money or being able to purchase the new boat or car, is very attractive. Common sense says the long term benefits in respect to the major financial goals of reducing non deductible debt and building passive assets should be given more consideration.

**If you're considering refinancing why not speak with Grant Besley 4632 1966 or email [grant.besley@mcccon.com.au](mailto:grant.besley@mcccon.com.au) to ensure any refinance opportunities are fully assessed from both a lifestyle and financial perspective.**



## Superannuation 'clearing house' service

The Government has announced a new measure to cut red tape for many businesses which have to make superannuation contributions to numerous super funds for their employees.

From July 2010, small businesses will be able to pay one superannuation contribution to a 'clearing house', which will then forward payments on to super funds nominated by the employer.

Medicare is the nominated clearing house and small businesses will be able to begin registering with it online in May 2010 (for a July start).

### How will the service work?

- Small businesses with less than 20 employees will register for the service online and pay their superannuation contributions to Medicare, which will split them up and forward them on to the nominated super funds.
- Employers will pass on choice-of-fund nominations to Medicare.
- Medicare will develop an online system for registration and on-going payments, with payments initially being made via electronic funds transfer (EFT).

## National Employment Service

From 1 January 2010, employers and employees in the national workplace system are covered by the new National Employment Standards (NES).

The NES are set out in the *Fair Work Act 2009* and comprise 10 minimum standards of employment. In summary, the NES involve the following minimum entitlements:

**Maximum weekly hours of work** – 38 hours per week, plus reasonable additional hours.

**Requests for flexible working arrangements** – allows parents or carers of a child under school age or of a child under 18 with a disability, to request a change in working arrangements to assist with the child's care.

**Parental leave and related entitlements** – up to 12 months unpaid leave for every employee, plus a right to request an additional 12 months unpaid leave, plus other forms of maternity, paternity and adoption related leave.

**Annual leave** – 4 weeks paid leave per year, plus an additional week for certain shift workers.

**Personal / carer's leave and compassionate leave** – 10 days paid personal / carer's leave, two days unpaid carer's leave as required, and two days compassionate leave (unpaid for casuals) as required.

**Community service leave** – unpaid leave for voluntary emergency activities and leave for jury service, with an entitlement to be paid for up to 10 days for jury service.

**Long service leave** – a transitional entitlement for certain employees who had certain LSL entitlements before 1/1/10 pending the development of a uniform national long service leave standard.

**Public holidays** – a paid day off on a public holiday, except where reasonably requested to work.

**Notice of termination and redundancy pay** – up to 4 weeks notice of termination (5 weeks if the employee is over 45 and has at least 2 years of continuous service) and up to 16 weeks redundancy pay, both based on length of service.

**Provision of a Fair Work Information Statement** – employers must provide this statement to all new employees. It contains information about the NES, modern awards, agreement-making, the right to freedom of association, termination of employment, individual flexibility arrangements, rights of entry, transfer of business, and the respective roles of Fair Work Australia and the Fair Work Ombudsman.

**For further information :** [www.fairwork.gov.au](http://www.fairwork.gov.au)

## Last chance to qualify for Investment Allowance

Don't miss out, the investment allowance ends on 31st December 2009.

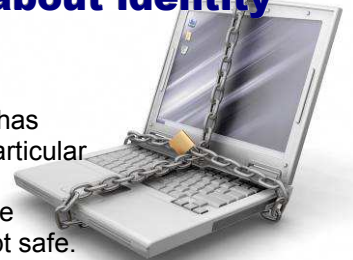
The tax break (investment allowance) for new capital expenditure applies to expenditure on new assets committed to by 31 December 2009 and first used or installed ready for use by 31 December 2010. Generally, a business 'commits' to investing when it enters into a contract under which the asset will be held or it starts to construct the asset.

Small businesses with a turnover of less than \$2 million are eligible to claim the 50% deduction for investments of \$1,000 or more. For other businesses, a minimum expenditure threshold of \$10,000 applies to be eligible to claim the 10% deduction.

If you have any queries about the changes to Investment Allowance for Business, please contact Samantha Dean on 4632 1966 or email [samantha.dean@mccon.com.au](mailto:samantha.dean@mccon.com.au).

## Tax Office warns about identity theft

The Commissioner of Taxation has advised that identity theft is a particular problem that can take years to put right. For this reason, tax file numbers (or TFNs) must be kept safe.



Only certain people can ask for a taxpayer's TFN, including the Tax Office, Centrelink, their super fund, bank or financial institution, and their employer (once they have started working for them).

The warning from the Tax Office is that if anyone asked for their TFN through an email, phone call or suspicious door knocker, they should not offer any information and should call the Tax Office on 13 28 61.

While the Tax Office does send emails or SMSs promoting new services or alerting to due dates, it will **never** send an email requesting a taxpayer confirm, update or disclose confidential details such as their name, date of birth, address, passwords or credit card and bank account details.

If the Tax Office needs to know this information, it will mail a letter to the taxpayer's postal address.



## A joke..... let's lighten things up!

A pilot is flying a small, single-engine, charter plane with a couple of really important executives on board into Seattle airport. There is fog so thick that visibility is 40 feet, and his instruments are out. He circles looking for a landmark and after an hour, he is low on fuel and his passengers are very nervous.

At last, through a small opening in the fog he sees a tall building with one guy working alone on the fifth floor. Circling, the pilot banks and shouts through his open window: "Hey, where am I?". The solitary office worker replies: "You're in an airplane.". The pilot immediately executes a swift 275 degree turn and executes a perfect blind landing on the airport's runway five miles away. Just as the plane stops, the engines cough and die from lack of fuel. The stunned passengers ask the pilot how he did it.

"Elementary," replies the pilot, "I asked the guy in that building a simple question. The answer he gave me was 100% correct but absolutely useless; therefore, I knew that must be Microsoft's support office and from there the airport is three minutes away on a course of 87 degrees."