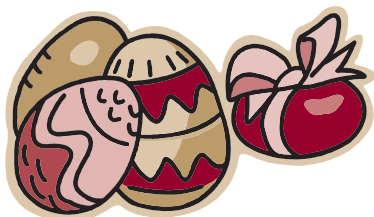


# PAYSAFE

## ADVISORY SERVICES

### *Paysafe Advisory Services*

#### *Newsletter Summer/Autumn 2010*



#### *In this newsletter*

End of financial year frequently asked questions

Economic Update

Update on the Premium Income Fund and frozen Mortgage Funds

Centrelink eligibility

#### *END OF FINANCIAL YEAR APPROACHES*

*As the end of financial year quickly approaches we answer some frequently asked questions.*



**What information do I need for my tax return regarding income I earned?**

If you worked during the year you will need a PAYG summary from your employer(s). If you received a pension from Centrelink or an Allocated Pension Fund you will need a statement of income from the provider. No taxation applies to income from superannuation if you are over 60 years of age.

**Does a superannuation withdrawal need to be included in my tax return?**

Withdrawals from Superannuation Funds or Allocated Pension funds are included in your tax return. Withdrawals are assessed but usually not taxed due to non-assessable threshold of \$150,000. Not applicable to those aged over 60 years of age. Note: You do not need the annual statement from your Personal Superannuation Fund. Personal Superannuation is not included in your tax return.

**Can I claim a tax deduction for my superannuation contribution?**

Generally speaking no. There are strict rules concerning your eligibility to claim a tax deduction. You will need advice from a professional taxation accountant.

**Can I claim the superannuation co-contribution ?**

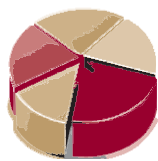
To be eligible for the Government's co-contribution you must make a personal contribution to your superannuation fund. A personal super contribution is one that is made with 'after income tax' monies. Salary sacrifice contributions do not count for co-contribution purposes. Note: Most fund managers have 'cut off'

dates prior to the end of the financial year, so you must make your superannuation contribution before the end of June. Check your eligibility using the below table.

The Commonwealth Government has temporarily reduced the co-contributions matching rate and the maximum amount payable by the Government as a co-contribution on an individual's eligible personal non-concessional super contribution. The information in the following table was sourced from the Australian Taxation Office website [www.ato.gov.au](http://www.ato.gov.au).

If your personal contribution is:	\$1,000	\$800	\$500	\$200
And your income is:	Your super co-contribution will be:			
\$31,920 or less	\$1,000	\$800	\$500	\$200
\$34,921	\$900	\$800	\$500	\$200
\$37,921	\$800	\$800	\$500	\$200
\$40,921	\$700	\$700	\$500	\$200
\$43,922	\$600	\$600	\$500	\$200
\$46,922	\$500	\$500	\$500	\$200
\$49,922	\$400	\$400	\$400	\$200
\$52,922	\$300	\$300	\$300	\$200
\$55,923	\$200	\$200	\$200	\$200
\$58,923	\$100	\$100	\$100	\$100
\$61,920	\$0	\$0	\$0	\$0

## ECONOMIC UPDATE



Economic conditions in Australia appear to be stronger than expected. Strong data on employment, retail sales and building approvals has had a positive effect on our economy. The expansionary policy measures by the Federal Government and the Reserve Bank have had an impact on most of the economy. Although sometimes questionable as well as controversial, the economic strategies have contributed to solid economic growth towards the end of 2009. The Australian equity market rose in December and was at a 12 month high at the end of the year. The opening months of 2010 have been less positive. The Australian listed property trust market is still down 65% from its peak. The All Ords is down 27% and the Dow Jones is down 24%.

In the developed economies the upswings have been assisted by unprecedented fiscal expansion programmes and large-scale as well as unorthodox monetary expansion measures including near-zero central bank rates. Increasing concerns around data coming from the US and China contributed to a 6.2% decline in January. This decline was broad-based with the US, European,

Japanese and non-Japan Asian markets all showing declines. Overall the global economy is growing and global financial markets are stronger than a year ago. The US economy is very much the Curates egg - good in places.

The key question for 2010 is therefore whether the economic recoveries in the household and private and business sectors will be strong enough to enable the authorities in each economy to start to withdraw their various stimulus plans without precipitating renewed economic weakness. We are concerned that the Euro bloc may be negatively affected by the 'little pigs' economies of Portugal, Italy, Greece and Spain particularly Greece where there are serious doubts being raised on the capacity of the Greek Government to adequately fund its debts. This doubt also exists with the other little pigs economies and may lead to some destabilisation in European markets. This in turn may trigger a wider downturn. Thus we remain cautious in outlook despite our confidence in the relative strength of the Australian economy and the likely strength of the Australian market, based on our China connections.



## PREMIUM INCOME FUND

The wholesale units in the Premium Income Fund have now been transferred to listed units on the National Stock Exchange. Units can be sold through a broker but as per our recent letter to our clients invested in this fund, there are advantages and disadvantages to selling the units now.

Wellington Capital has announced that it has completed negotiations in relation to the sale of the Wollongong property. "The sale of this property represents a very positive outcome for the fund. Cash will be available to the Fund following completion of building works and the sale of the 75 apartments, which is expected to occur during 2010. It is anticipated that the net proceeds from the sale of the apartments will enable a cash payment to be made to unit holders of the Premium Income Fund during 2010" (Premium Income Fund Investor Update: 31 December 2009).

Recent correspondence to clients:

- Advantages and disadvantages of selling the Premium Income Fund units now listed on the National Stock Exchange
- Premium Income Fund Investor Update: 31 December 2009, Issue 3.

If you have not received the above listed correspondence please contact our office.

## FROZEN MORTGAGE FUNDS

The Treasurer has announced the withdrawal of the Deposit Guarantee Scheme. Initially two schemes were announced by the Government in October 2008 – one for wholesale funding and the other for retail deposits with banks. The announced withdrawal does not apply to the government's guarantee of retail bank deposits. At this stage, the retail deposit will run until 12 October 2010.

Most 'frozen' mortgage funds continue to make regular income distributions to account holders. The funds also continue to offer regular withdrawal offers, most often on a quarterly basis. The amount received by individual investors depends on the liquidity of the fund at the time of the offer.

## ***CENTRELINK AGE PENSION ELIGIBILITY***

Once you have reached Age Pension age, your eligibility for the Centrelink Age Pension is based on an Income and Assets test.

The recent downturn of markets, and the Commonwealth Government's lowering of the minimum amount which must be taken from allocated pensions, has meant some people may now qualify for a part Centrelink Pension. ESS pensions now have a deductible percentage which lowers your Centrelink assessed income. This may now make you eligible.

### ***CHECK YOUR ELIGIBILITY***

#### ***Step 1: Age Pension age***

Men	Aged 65 or over	
Women	If you were born...	Your qualifying age is...
	1 July 1935	60
	1 July 1935 & 31 Dec 1936	60½
	1 Jan 1937 & 30 June 1938	61
	1 July 1938 & 31 Dec 1939	61½
	1 Jan 1940 & 30 June 1941	62
	1 July 1941 & 31 Dec 1942	62½
	1 Jan 1943 & 30 June 1944	63
	1 July 1944 & 31 Dec 1945	63½
	1 Jan 1946 & 30 June 1947	64
	1 July 1947 to 31 Dec 1948	64½
	On or after 1 Jan 1949	65

#### ***Step 2: Asset Test***

Assets test for Homeowners	For full pension	For part pension
Single	Up to \$178,000	Less than \$626,000
Couple	Up to \$252,500	Less than \$928,000
Assets test for Non Homeowners	For full pension	For part pension
Single	Up to \$307,000	Less than \$755,000
Couple	Up to \$381,500	Less than \$1,057,000

#### ***Step 3: Income Test***

Income Test	For full pension	For part pension
Single	Up to \$142 per fortnight	Less than \$1,485.80 per fortnight
Couple	Up to \$248 per fortnight	Less than \$2,274 per fortnight

#### ***Step 4: Age Pension Payment Rates***

Maximum Fortnightly Payment	
Pension payments reduce by 50 cents in the dollar for singles and by 25 cents in the dollar each for couples, for each extra dollar of income over the income test free area.	
Single	\$671.90
Couple (each)	\$506.50

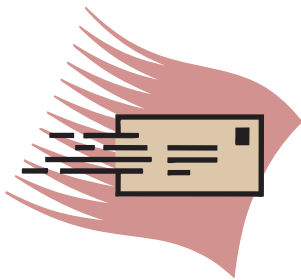
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