FIDUCIAN
Accountants & Business Advisers
INTEGRITY • TRUST • EXPERTISE

NEWSLETTER
December 2014

Does the Temporary Budget Repair Levy apply to SMSFs?

Yes, it does.

The Temporary Budget Repair Levy was announced in the 2014/15 Federal Budget and was legislated in June 2014. The Temporary Budget Repair Levy is an additional levy of 2% that applies to individual's taxable income in excess of $180,000 per annum.

The Levy is payable for 3 income years, commencing 1 July 2014.

The Temporary Budget Repair Levy is also reflected in a number of tax rates that are based on the top personal marginal tax rate, shown below.

This reaffirms the importance of SMSF compliance, ensuring the Tax File Number is recorded before the Trustee accepts any contributions from members and ensuring contributions made to the SMSF are within the superannuation contribution caps.

Item	Tax Rate Before 1 July 2014	Tax Rate After 1 July 2014
Income of non-complying superannuation funds	45%	47%
SMSF Non-arm's-length income	45%	47%
No TFN quoted contributions (incl. Medicare Levy)	46.5%	49%
Excess non concessional contributions^ (incl. Medicare Levy)	47%	49%

^ In the Federal Budget 2014/15 the Government also announced a measure that will allow individuals to withdraw excess non concessional contributions made after 1 July 2013. If this measure is legislated, excess non concessional contributions made after 1 July 2013 and associated earnings can be withdrawn from super and if withdrawn, the excess amount will not be subject to tax.

Aim To Retire With $5 million

An effective way to accumulate wealth is through investing in Superannuation as there are several tax concessions.

There are many ways you can invest in Super, including:

- Salary Sacrificing; or
- Making Personal Contributions and claiming a tax deduction; or
- Making Personal Contributions with no tax deduction.

The following example and the graph on the next page demonstrates how sacrificing part of your salary each year helps your super balance accumulate at a faster pace. The strategy can also be undertaken if you are self-employed in which case you can make personal deductible contributions to super instead of salary sacrificing.

Continues Page 2

IN THIS ISSUE

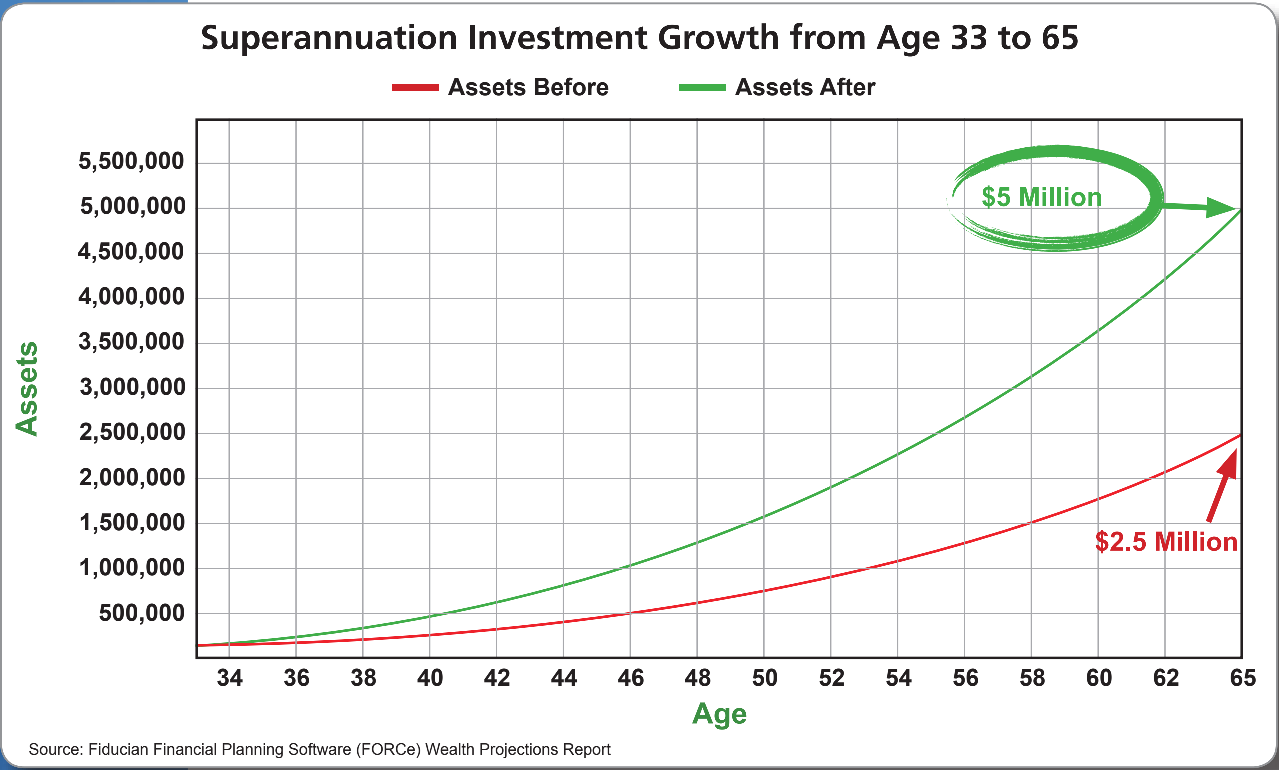
Aim To Retire With $5 million...continued

Let's take for example, Martin who is 33 years of age and has a super balance of $120,000 and an annual salary of $120,000 (indexed at 3% per annum). Martin's employer is making employer contributions at 9.5% of his salary or $11,400 per annum.

If Martin Salary Sacrifices $1,500 per month until age 65 his projected super benefit in future dollars will increase from approximately $2.5m to approximately $5m (based on an earning rate of 7.8% per annum and inflation rate of 3% per annum).

We strongly recommend you seek financial advice before making contributions to your super as there are contribution rules, contribution caps and taxation issues that must be considered. Call a Fiducian Financial Planner on 1300 554 409 today.

Source: Fiducian Financial Planning Software, Wealth Projections Report



Source: Fiducian Financial Planning Software (FORCe) Wealth Projections Report

Economic & Market Commentary

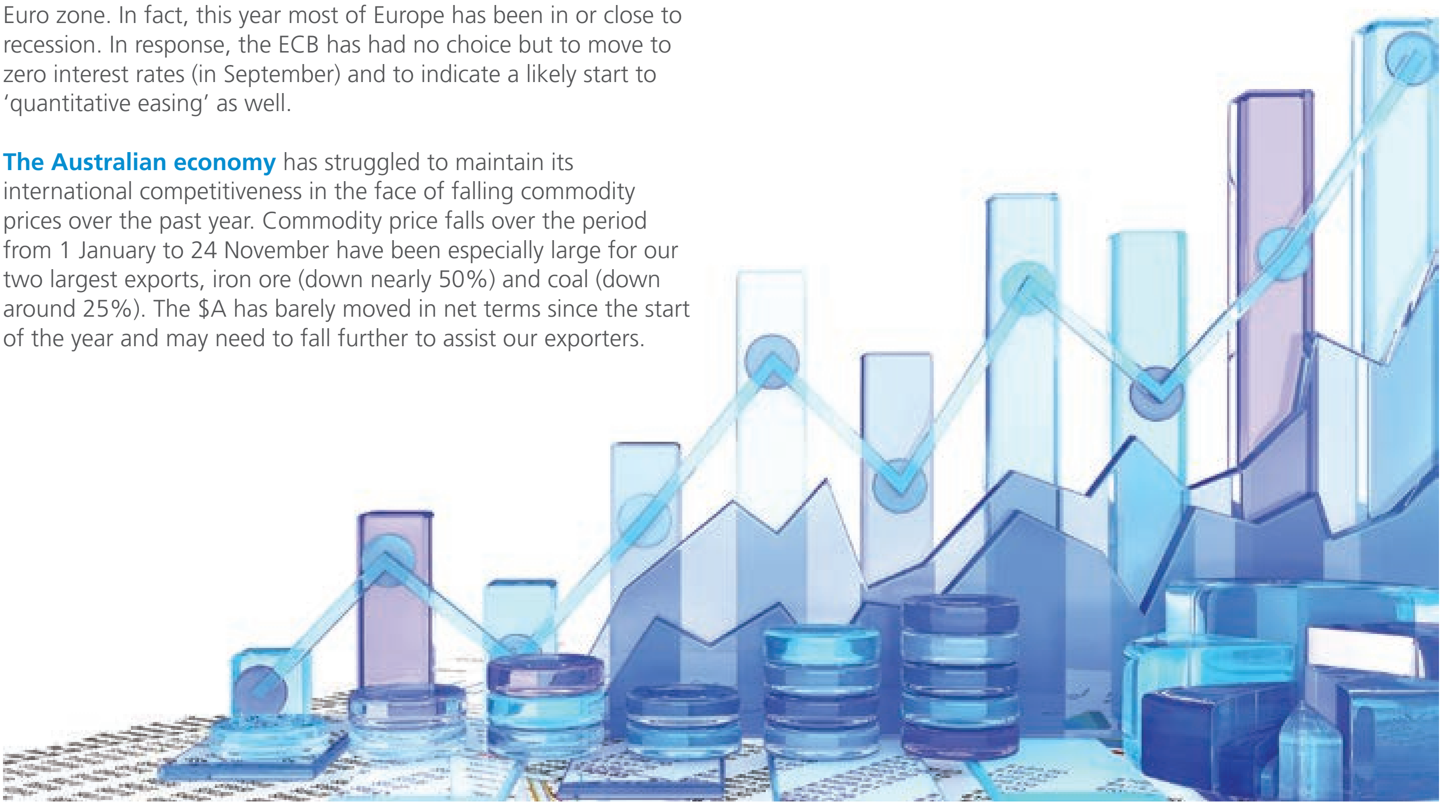
The global economy has slowed this year but is forecast to re-gain some momentum next year, according to the International Monetary Fund (IMF). However, the IMF in its latest Global Economic Outlook report (October 2014) notes that its forecast of stronger growth next year is „predicated on the assumption that key drivers supporting the recovery in advanced economies – including moderating fiscal consolidation and highly accommodative monetary policy – remain in place'. Furthermore, the IMF notes in its Global Policy Agenda (October 2014) that „bold and resolutely executed policies are needed to prevent growth from settling into a new "mediocre" with unacceptably low job creation' and 'decisive structural reforms are needed to bolster confidence and lift today's actual and tomorrow's potential growth and break the pattern of persistent underperformance'. This advice is aimed primarily at the advanced economies, where growth has been sub-par for some years now. In the case of the developing world, growth is forecast to remain relatively strong, at least for the largest developing economies of China and India. In China's case, growth is forecast to be over 7% for both 2014 and 2015, while India's growth is forecast to be over 5% in 2014 and over 6% in 2015, while global growth is forecast to be 3.3% this year and a stronger 3.8% next year. In the case of the US, monetary policy was steadily reined in (or 'tapered') over the first ten months of this year; until in October so-called 'quantitative easing' (the purchase of debt assets by the central bank) was ended, at least for the time being. Monetary policy, however, remains 'accommodative' to the extent that official short-term interest rates remain around zero per cent. The European Central Bank (ECB) currently has a more difficult role due to the slower pace of economic recovery in the Euro zone. In fact, this year most of Europe has been in or close to recession. In response, the ECB has had no choice but to move to zero interest rates (in September) and to indicate a likely start to 'quantitative easing' as well.

The Australian economy has struggled to maintain its international competitiveness in the face of falling commodity prices over the past year. Commodity price falls over the period from 1 January to 24 November have been especially large for our two largest exports, iron ore (down nearly 50%) and coal (down around 25%). The $A has barely moved in net terms since the start of the year and may need to fall further to assist our exporters.

Major share markets have diverged in performance this year, with US markets well up and most European markets weaker, reflecting doubts about the economic outlook for Europe. From 1 January to 24 November, the broad US index (S&P500) was up 12% and the technology-focused Nasdaq was up 14%, while China was up 20% and Japan was up 7%. The German market was up only 3%, while the UK was down slightly and the Australian market was flat. Most share markets still appear to be fairly priced compared with historical norms and compared with other sectors, such as bonds.

Major global government bond markets have seen yields (interest rates) trend downwards this year (after moving higher last year), reflecting ongoing weakness in advanced economies. Overall, bond sectors continue to appear relatively expensive.
Fiducian's diversified funds currently remain overweight domestic shares and especially international shares and are around benchmark for listed property. Exposure to fixed interest sectors is underweight, while cash weightings remain above benchmark.

Fiducian's diversified funds currently remain overweight domestic shares and especially international shares and are around benchmark for listed property. Exposure to fixed interest sectors is underweight, while cash weightings remain above benchmark.



Fiducian in the Community

A Year in Review - Who we Support

Throughout 2014, Fiducian proudly supported many charities and community causes throughout Australia including:

NSW

- Camden's Centenarian's Luncheon
- Chris O'Brien Lifehouse
- Day of Difference
- Diabetes Australia
- Hunter Business Lions
- Maltese Welfare Association NSW Inc
- Maltese Community Radio Program 2GLF 89.3FM
- Newcastle Hunters U/16 Women's and U/14 Men's Waratah Junior Eastern League Basketball Team
- The Day of Difference Tour
- Variety Special Children's Christmas Party
- WEA Hunter

VIC

- World Men's & Mixed Netball Championships

QLD

- Queensland Leukaemia Foundation
- The Stunned Mullets

ACT

- Fiducian Lions Futsal Team

TAS

- South Burnie Bowls Club
- St. Helens Bowls Club

National

- Vision Beyond AUS
- Palm Beach Surf Life Saving Club

Vision Beyond AUS

Maltese Welfare (NSW) Incorporated

ROTARY INTERNATIONAL

Fiducian Accountants & Business Advisers
is a division of Fiducian Business Services Pty Ltd
ABN 16 063 433 367
Tax Agents Registration 3993 5004

Sydney Office
Level 14, 1 York Street
Sydney NSW 2000

Mailing address: GPO Box 1559, Sydney NSW 2001
Telephone: (02) 9289 4300
info@fiducianaba.com.au

Sunshine Coast Office
Shop 9, Turner Park Shopping Centre
21 Peachester Rd, Beerwah QLD 4519

Mailing address: PO Box 589, Beerwah QLD 4519
Telephone: (07) 5494 0566
info.sunshinecoast@fiducianaba.com.au