Client Newsletter - Summer 2011 - 12

INCLUDED TOPICS:

PRACTICE NEWS – *Nash Solutions*

Clients should be aware that Grahame and Michael have dissolved the Nash & Roohan practice with Michael moving into Taree in mid October.

Grahame has confirmed his 16 year long commitment to supporting the Wingham community and continues to be based in the Bent St practice.

Grahame is supported by full-time staff Dan Oxford, Chris Slattery, Suzanne McCarthy and Janelle Keilthy. Natalie Burton has returned on a casual basis and Vivienne Wilson continues to provide Superfund and audit support. So the practice is well placed to continue its full service offering to clients.

Staff contact details are the same except for new emails, so please change your address book to, for example, **grahame@nashsolutions.com.au**

You will have noticed that the practice has been rebranded with new signage and stationery. The website should be back up and running with our new branding, photos and profiles shortly. We remind clients that there is a wealth of technical assistance, research and calculators on the site for client use.

This issue of our Client Newsletter is issued by email and is also to remind you to **advise us of your email address** if you received it by snailmail or referral.

Our office is now ‘paperless’. Clients will not see a great deal of change as we can still print when required and will be replacing photocopying with a scanning function so that the records can be retained in electronic file formats. Clients are reminded to retain their original records for future reference.

We have also tagged a Nash Solutions facebook page onto Grahame’s personal page. **Become a friend and link so that you receive our regular tax, business, financial and lifestyle planning tips.**

CLIENT PROCESSING – *2011 Accounting and Taxation Compliance*

We request that all business clients forward their records to us immediately so that we can plan for processing and on time lodgment.

TAX OFFICE WATCH – *Benchmarking Cars and Dual Cabs*

We are continuing to Benchmark as the Tax Office is becoming more active this year and has expanded the Benchmarking audits into Motor Vehicles in order to clamp down on exempt commercial vehicles such as tradie's dual cabs with no private use component.

It is timely to remind clients of the need to take up our offer of **tax audit insurance.**

TECHNICAL ISSUES - *Flood Grants*

We remind clients that the flood grants are still available for farmers and businesses affected by 2011 floods. If you require assistance with the application, then please contact us.

Client Processing - Tax Office Watch – Technical Issues – Business & Commercial News - 2011 Tax Lodgment due Dates – Financial Planning – Finance – Special Topic

BUSINESS AND COMMERCIAL NEWS – *Nash Office Solutions*

Nash Solutions is launching a new service to assist start-up and small businesses, including trades persons.

Services include any or all of the following:

- Professional office space as a CBD base for your business
- Client meeting rooms
- Administrative assistance for mail, creditor control and payment, invoicing, debtors control and collection, filing
- Secretarial and typing services
- Small business start-up assistance with registrations and record keeping
- Financial records and regular processing
- Book-keeping to a standard that your accountant would accept
- Full business advisory services

Services are available by the hour and at competitive rates.

If your home office is not working out and you are always neglecting your paperwork, or you have considered opening an office but can't afford the rent and a full-time assistant, then **contact Grahame to tailor a cost effective solution for your business.**

2011 Tax Lodgement Due Dates

Sept BAS lodged through us	25/11/11
Dec BAS lodged through us	28/02/12
First year Super	28/02/12
Coy, Super > 2m taxable income	31/03/12
Taxable Indiv, Coy and Super	15/05/12#
Mar BAS lodged through us	26/05/12
Fringe Benefits	28/05/12
Non-Tax/Refund Indiv, Coy Super	5/06/12
Monthly BAS / IAS	21^{st} next month

Further extension may be available to 5/06/12 where tax payment is made by that date.

Client Processing - Tax Office Watch – Technical Issues – Business & Commercial News - 2011 Tax Lodgment due Dates – Financial Planning – Finance – Special Topic

Financial Planning

We remind clients that we provide a full range of financial planning services including investments, savings and retirement plans, life and income protection insurance, superannuation, super pension and Centrelink age pension analysis using our **'Wealthvue goal based planning system'**

Investment Outlook by Asset Class

Australian Equities – Valuations have become more compelling as the negative environment impacts the equities market. The strong state of the large corporates should be supportive for the coming year. Investors should continue to focus on quality in this environment. Managers with strong stock picking skills are expected to out-perform.

International Equities – A high $Aus v $US provides opportunities for international shares and a benchmark weighting is appropriate for the sector. Asia and emerging markets remain long term growth regions. Stock and country selection is going to be much more important over the coming year as volatility remains high.

Australian Listed Property Trusts – Property securities are likely to under-perform equities on a three year outlook and suggest under weighting the sector. Quality direct property valuations are starting to show signs of recovery although likely to be slow as access to funding remains difficult. The listed property sector remains subdued and opportunities are likely to be limited.

Cash – The risk return profile of cash and Term Deposits are attractive when compared to cash based funds and those fixed interest funds with an allocation to sovereign debt.

Fixed Interest – With interest rates on hold globally and in Australia, opportunities for fixed interest are likely to be limited over the coming year. An underweight for the sector is appropriate. A cautious approach to sovereign debt is required with opportunities for corporate bonds preferred.

Economic Update Summary

Australian economic growth – Resources and energy remain key to the strength of the economy and should continue to play a leading role in the market direction over the coming year. Opportunities should continue as China and India evolve into stronger economies over the coming decade and demand for resources continues longer term.

Global growth – The Asian region continues to generate satisfactory GDP growth and should continue to be a major driver of world growth, although inflation is having a negative effect in the short term. Asia should continue to create opportunities for Australian investors although with periods of volatility like we are currently experiencing.

Finance

We can source competitive finance for your business and personal needs, for anything from a new motor vehicle to plant & equipment, commercial property and home or investment loans. We also remind you of the importance of correctly structuring your loans, both from a GST, security, asset protection and equity perspective.

Thinking of buying a new vehicle?
We remind clients that car dealers play many tricks with new car prices, trade values and in-house finance in order to spruik up their ‘deal’. We are in a position to advise you on how to get the best actual deal when trading.

Find your new car and then contact Grahame or Suzanne for advice <u>before</u> you commence negotiations with the dealer.

Special Topic – *Investors should keep long term asset allocation strategies in uncertain times*

As the world faces a high level of uncertainty due to financial instability in Europe, Mercer recommends investors keep to long-term asset allocation benchmarks for riskier growth assets.

David Stuart, head of Mercer’s Dynamic Asset Allocation team in Australia and New Zealand, said despite the recent turmoil and market volatility, it was too early to determine whether the debt crisis in Europe and the USA could plunge the global economy back into recession.

“Unfortunately, 2011 has been a year of disappointment. We started the year with a strong recovery and the expectation this would continue. However, as the year draws to a close recovery has weakened and markets are uncertain,” said Mr Stuart.

“The risks are elevated and the pivotal role politics is playing makes predictions difficult,” he said.

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“Although investors might be tempted to trade the peaks and troughs, this is a risky approach. In the current environment, we believe investors need to focus on their long-term investment targets”.

“Now is not the time to be a hero – investors need to tread carefully and focus on the bigger picture,” said Mr Stuart.

“Portfolios should be sitting in the middle at the moment – if investors choose to either underweight or overweight their asset allocations they are making a bet on which way the European debit crisis will develop, when we just can’t be certain yet,” he said.

Special Topic Continued...

Mercer's report, which provides a perspective on relative market valuation and a quarterly market analysis for institutional investors, found one slightly brighter spot: "Emerging market equities have a positive, longer-term structural story, and recent underperformance has restored valuation opportunities," said Mr Stuart.

Both global and Australian small caps retain an "unattractive" rating, consistent with Mercer's previous Quarterly Market Valuation and Review.

"We have warned for some time that small caps were overvalued and investors needed to be careful, which has proved to be the case," said Mr Stuart.

Mercer believes current low yields for global government bonds are unsustainable over the medium term.

"Cash is the preferred defensive asset, with investment grade credit and Australian government bonds also having stretched valuations," said Mr Stuart.

"Our view that the Australian dollar was vulnerable to a correction proved correct in the third quarter of this year, however, following it's bounce back above parity with the US dollar, we continue to maintain a cautious view," he said.

Clients are reminded of the need to holistically plan for their wealth accumulation and retirement and this **merits in having Grahame and Suzanne prepare a financial plan.**

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ACKNOWLEDGEMENT: WE WISH TO ACKNOWLEDGE MERCER RESEARCH AS THE SOURCE OF THE INFORMATION USED IN THE PREPARATION OF THIS NEWSLETTER. MERCER IS AN INTERNATIONAL RESEARCH HOUSE WHICH PROVIDES RESEARCH INFORMATION TO LIFESPAN FINANCIAL PLANNING PTY LTD ON ECONOMIC CONDITIONS, INVESTMENT AND ASSET RETURNS AND MANAGED INVESTMENT ANALYSIS. THE ECONOMIC AND INVESTMENT ANALYSIS CONTENT OF THIS NEWSLETTER IS BASED ON THEIR LATEST PUBLISHED MONTHLY MARKET REVIEW FOR OCTOBER 2011.