



THE COUNT REPORT

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AUSTRALIA'S LARGEST INDEPENDENTLY OWNED NETWORK OF FINANCIAL PLANNING ACCOUNTANTS AND ADVISERS

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One for the road

If you thought you had missed out on the last big chance to improve your retirement, think again. Here we look at some current opportunities...

The next big deadline is 20 September 2007

If you are close to retirement, or already retired, talk to your adviser about starting a complying income stream, such as a Term Allocated (or Market Linked) Pension, before 20 September this year.

If you purchase a complying income stream before 20 September 2007, 50 per cent of the money in it will not be counted in the Pension Assets Test – meaning your recognised assets will be lower.

For some, this will mean the chance to receive some or all of the Age Pension, and for those who already receive the Pension, it may mean receiving a higher amount.

Even if you don't plan to start receiving the Age Pension until later, you can still set up the income stream before 20 September. This ensures you still receive the exemption from the Assets Test whenever you do start to receive Centrelink benefits.

What happens after 20 September 2007?

The 50 per cent exemption will not apply to income streams established after 20 September 2007. So those near or in retirement – who are planning to start an income stream at some point down the track – could feel the impact later if they miss out on the opportunity to have their asset situation judged more leniently now.

Age Pension Assets Test to be relaxed

If you are single and currently have assessable assets worth more than \$343,750 then you probably haven't been able to receive the Age Pension. However, from 20 September 2007, you can have assets up to \$520,750 and still receive the Pension! If you are part of a couple, the cap increases from \$531,000 to \$825,500, and non-homeowner caps will be even higher.

More people will be able to receive a part or full Age Pension, but check your eligibility with your adviser and see how this could alter your financial plans.

Putting super on the map: your guide to post 1 July changes

First job; business-owner; new family; near retirement; retired... Whatever your stage of life, super changes will affect the way you plan for your future lifestyle.

Pre-tax contribution limit of \$50,000 pa for all ages

This includes salary sacrifice arrangements, where your employer contributes pre-tax salary to your super fund on your behalf (sometimes referred to as concessional or deducted contributions).

This change means that those who start to build up their super at a younger age have more margin, as well as more time, to prepare for their future.

Close to retirement? A special transition phase means you can still increase your super balance.

To buffer the change for those approaching retirement and wanting to contribute pre-tax amounts to super, a transitional limit of \$100,000 per financial year is available for those over 50, *but only before 1 July 2012*.

Not 50 yet?

If you aren't 50 now, but turn 50 before 1 July 2012, you are eligible to contribute up to the higher limit for the time period that you are over 50, without incurring extra tax penalties.

After-tax contribution limit of \$150,000 pa

After-tax super contributions (sometimes referred to as non-concessional or undeducted contributions) are limited to \$150,000 per financial year for 65-74 year olds who satisfy the work test or \$450,000 averaged over three years for under 65s.



Tax-free benefits for over 60s

Lump sums and pensions paid from a taxed super fund are tax-free if you are over 60. This is likely to significantly change the way people treat their super and retirement saving, and could prove to see super become one of the most tax-effective investment methods for many Australians. Speak to your adviser to see if you are making the most of your own super.

On top of paying no tax and having more money in retirement, this could mean not having to submit a tax return at all if your only income is from your super.

No limits to what you can accumulate

Reasonable Benefit Limits (RBLs) have been abolished – so you can accumulate your super without having to worry about exceeding any limits for tax purposes.

However, you have to plan your super savings carefully, as new contribution limits could mean that *more frequent contributions* over a longer period of time are necessary to build up the amount you need.

You will be able to continue making super contributions up to the age of 75 if you pass a work test.

Taxing lyrical: top tips for returns

Since 1 July, earn between \$30,000 and \$40,000 and you keep up to an extra \$1100 pa than last year. If you earn closer to \$56,000 then you could find yourself with an extra \$750 pa. Extra income or a tax refund at the end of the year could change your future savings significantly. **Spend it wisely!**

Something for nothing?

Intoxication (n) – The euphoria of receiving a tax return, moments before realising that it was yours to start with. Washington Post

You worked for your tax refund, but why stay content with just receiving back what was yours in the first place? Speak with your adviser about just how much the ‘free’ money could really be worth.

Start with your bad debt

Paying off any ‘bad debt’ – including credit card debt or a mortgage – may not sound exciting, but it can be a good step toward both short and long-term financial benefits.

For example:

If you have a \$5000 credit card debt at 15.75% pa and only pay off the minimum (\$150 per month), it will take you 3 years and 9 months to completely repay the debt. Of course this is only if no other charges are made in that time.

However, if you repay an additional \$750 pa off your credit debt using your extra tax refund money (approx \$62.50 extra per month), the debt would be gone in 2 years and 4 months – saving \$601 in interest costs.

Pay off your mortgage: Alternatively, just \$15 extra a week off a \$222,000 mortgage (the national average) at 8% pa could mean saving \$60,000 and shaving three years off the term of the debt.

Invest for success

Even with a small amount, diversifying surplus income might be a profitable option.

For example: Investing in a managed fund with a small initial amount of \$1000 at an interest rate of 7.7%, and adding a tax savings of \$100 each month could see your wealth grow to over \$20,000 in just ten years.*

Don't assume that you always need a large

amount of extra money to invest successfully. Your tax return could work harder in an investment than you think. Compounding is the force that creates your wealth, which means

consistently adding even small amounts over time (like a tax return) to your investment so that interest is earned on the interest, on the interest...

Turn a refund into a super investment

Investing your tax refund into your super savings could see a reward via the Government Co-contribution, where your after-tax contribution may be matched by up to 150 per cent, and up to \$1500, if your salary is less than \$58,980 pa. Ask your adviser about how regular contributions to super could become something much bigger.

Changes to personal income tax

The Government has announced the following changes to tax rates from 1 July 2007:

| Tax Rate | Current Tax Thresholds | New Tax Thresholds from 1/7/2007 | New Tax Thresholds from 1/7/2008 |
|----------|------------------------|----------------------------------|----------------------------------|
| 0% | \$0 - \$6,000 | \$0 - \$6,000 | \$0 - \$6,000 |
| 15% | \$6,001 - \$25,000 | \$6,001 - \$30,000 | \$6,001 - \$30,000 |
| 30% | \$25,001 - \$75,000 | \$30,001 - \$75,000 | \$30,001 - \$80,000 |
| 40% | \$75,001 - \$150,000 | \$75,001 - \$150,000 | \$80,001 - \$180,000 |
| 45% | \$150,001 + | \$150,001 + | \$180,001 + |

* Assuming distributions have been reinvested and no tax has been taken out.



Chairman's Report: Direct share investments

Welcome to another financial year.

According to the economists, we have seldom had it better and this is reflected in the share market. August is when most companies with a 30 June year-end release their results, and Count's results were announced on 14 August 2007 – profits up 25 per cent on an earnings per share (EPS) basis.

Measuring success

EPS and growth in dividends are the best measures of a company's past performance, and if good performance has been maintained over many years it may be a good indicator of future success.

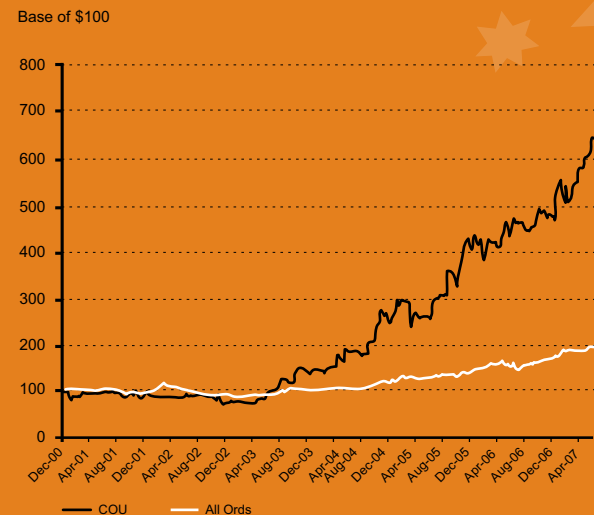
If you are a direct share investor, there are many factors you should take into consideration. Unfortunately, I don't have space to go into them here. But at least when measuring a company's success, always consider the overall quality of the company rather than just their short-term results. Recent good performance may not be a good indicator of future success – you must know how it was achieved and, most importantly, whether it can be repeated. Future profit growth, not past performance, is the only thing that will create future share price increases.

Whilst Count's historical share market performance greatly exceeds that of the stock market, (see graph) it generally goes without saying that many companies must underperform to create an (average) index. It is not always easy to have a portfolio that outperforms the index.

Count Advisers are there to help you

Your Count Adviser can assist you with research as well as the buying and selling of shares, but always remember direct share ownership involves a significant amount of activity and paperwork. You may elect for the average and acquire an index fund; however, most investors are always looking for a 'Count' and want someone to help them to try and outperform the index – which is possible, but certainly not guaranteed. Count has a very thorough research process, involving external independent consultants to help you achieve your above-index goal.

DECEMBER 2000 TO JUNE 2007 (WEEKLY)



NOTE: GRAPH DOES NOT INCLUDE DIVIDENDS PAID, SEE TABLE FOR DETAILS.

| Per Share | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|------------------|------|------|------|------|------|------|------|------|------|
| Dividend (cents) | 1.14 | 1.45 | 2.00 | 2.20 | 2.42 | 3.50 | 4.50 | 6.00 | 8.0 |
| Growth % | 68% | 27% | 38% | 10% | 10% | 45% | 28% | 33% | 33% |

AVERAGE INCREASE LAST 7 YEARS (SINCE LISTING) 28% PA

A warning: direct investing for the inexperienced

If investing directly yourself, understand the risks and any biases that may be in your information sources. Your Count adviser is a great place to start. Whatever your choice, remember:

- 1 Do your homework and understand the risks, potential returns, conflicts and costs;
- 2 If you don't understand the business and are not comfortable with its future prospects then don't invest in it;
- 3 Diversify across a range of investments;
- 4 If you have real doubts – don't invest, and if you are an investor – get advice or get out!

**Barry Lambert,
Founder and Chairman,
Count Financial Limited**

P.S. Count's success is partly attributable to it being in a growth industry (wealth management and advice). It is a franchise model and Head Office staff and franchisees are shareholders, and are rewarded only for keeping their clients.

Investing in a perfectly rational market

Join us for an inspiring evening with Peter Thornhill, to hear his renowned insights into wealth creation – for anyone who has ever wanted to take control of their financial future.

Don't miss this opportunity to hear Peter speak about all you *don't* know about wealth creation (and what you think you do) –

- Which shares should I buy? Overseas? Managed funds? Local?
- Making money out of property.
- High yield vs. high income – why one of these is just a number.
- The share market – friend or foe?
- Understand how investment works to take control of your future.

About Peter Thornhill:



Businessman, investor, financial commentator, and author of *"Motivated Money"* – Peter has over 35 years of experience in the financial services industry and is a highly sought after presenter and

recognised financial commentator in both print and electronic media.

Whether you are interested in building your personal wealth or simply looking for inspiration, this seminar is not to be missed. Seats are limited – contact your Count adviser to check their attendance at this event during September and October 2007 around Australia.

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Don't forget to tell your family members and friends that we offer a no obligation and cost-free, initial introduction to our financial planning services. This free introduction will not include specific financial planning advice or a Statement of Advice, but will help them decide whether the services we offer can be of assistance.

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CONTACT YOUR COUNT ADVISER AT:

Looking after your financial life