

CAPITAL COMMUNICATOR

VOLUME 16, MAY 2011

THE QUARTERLY NEWSLETTER OF CENTRECAPITAL



Welcome to the sixteenth edition of the *Capital Communicator*, the quarterly newsletter of Centre Capital.

We've developed this communication tool to keep our valued clients informed of the most up to date financial advice and investment opportunities, provide you with tips and strategies for managing your budgets and consolidating your wealth, and update you on changes in the law that may be relevant to your finances.

Capital Communicator is available for download on our website. Let us know if you can not access a computer and we can arrange for newsletter to be mailed out to you. Please feel free to forward Capital Communicator to any family, friends or colleagues who may find its content of interest.

We'd like to know what you think...

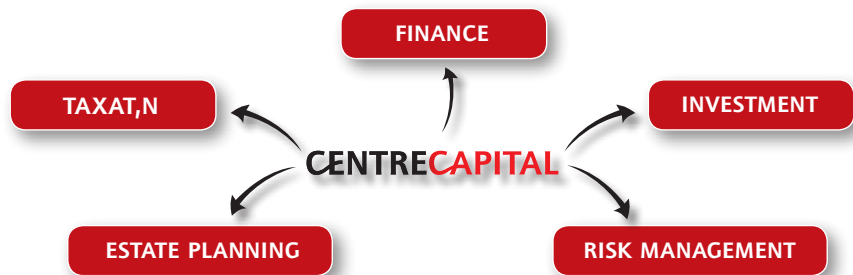
We would welcome your feedback on what you think of this edition of Capital Communicator and would also like to hear from you about the types of information and articles you want to read about. Please email advice@centrecapital.com.au with any feedback and suggestions and we'll do our best to include these in future editions.

Interesting Fact

The population of Detroit, Michigan as released in this year's census was 25% less than the one taken in 1990. In fact, the last time the population of Detroit was at this level was in 1910.

This is a massive shift in population and the question needs to be asked what does the future hold for the former industrial giant?

The advice provided in this newsletter is General Advice only and we have not considered your personal circumstances. Before making any decision on the basis of this advice you should consider if the advice is appropriate for you based on your particular personal circumstances.



Centre Capital offers a range of services. We tailor our advice in each of these areas to meet the individual needs and objectives of every client. In future editions of Capital Communicator we'll provide a detailed analysis of how each of these services might help you. In the meantime, here's a brief overview of what they all mean:

Tax optimisation

Are you aware of the latest strategies to reduce the tax you pay? By constantly being aware of your ongoing situation we can become more proactive in managing your tax burden.

Investment advice

Are you aware of the range of investment opportunities that could increase your wealth while managing your risk? We can introduce you to a range of these options and recommend those of greatest benefit to your individual situation.

Retirement Planning

Will your current retirement plan allow you to retire with the lifestyle you enjoy now? Would you like to explore ways to maximise your retirement income and protect your wealth?

Finance

Would you like to learn about the latest approaches to structuring loans, including how to minimise expenses and maximise benefits? In addition we have access to a wide range of home loans, investment loans, special purpose lending and business finance. We will find the loan that best meets your requirements but more importantly advise you on a strategy that will focus on increasing your overall wealth.

Risk Management

What protection do you currently have in place to cover your family or business from unforeseen loss? In the event of death, injury or illness you need to adequately provide for mortgage costs and other living expenses. We can assist you to protect your most valuable asset... you.

Estate Planning

Wealth can easily be lost across generations if the right decisions are not made to properly transfer and protect wealth. Business succession is often overlooked. How will your business survive if you are not there? What tax consequences will you be faced with if you sell your business?

Economic Update



by **ROB COYTE**

GFC Recovery Strategy – The Big Picture

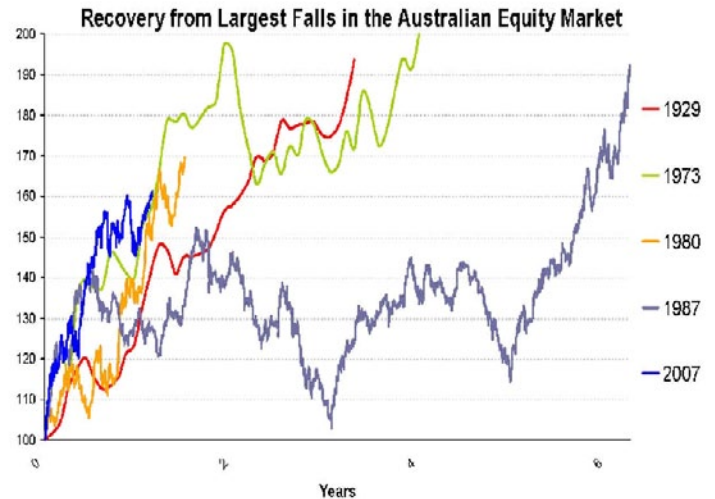
Are you Interested in the following?

- Exposure to rising share markets in Australia or US over next 3-5 years.
- Taking advantage of the strong Australian dollar for a once in generation opportunity to make shrewd overseas investments.
- Protected exposure where your worst case scenario is known in advance.
- Tax deduction for this year's tax return.
- Don't want to commit any of your own capital but can afford monthly commitment starting as low as \$30 per month.

Who Does this strategy suit?

- People who can commit to a monthly commitment from as low as \$30 can participate. The strategy is ideal for wealth accumulators of all ages or those currently paying off mortgages or putting money into superannuation.
- Those that have a Self Managed Superannuation Fund.

We at Centre Capital believe this strategy is ideal for the current investment environment with the share market still some 45% off the highs reached in 2007. As economies around the world recover from the Global Financial Crisis, especially the United States, investment markets will rise.



Source: IRESS, Wren Research, ASX, Deutsche Bank

The strength in the Australian dollar relative to the US dollar has provided local investors with an opportunity to use this greater purchasing power to accumulate assets, which are at depressed prices, within the US. The long term average for the Australian dollar has been around 80 cents and is currently approaching \$1.10.



With the GFC Recovery Strategy you can now access exposure to the recovery whilst knowing the exact amount of downside in regards to the strategy. You also have the flexibility to 'walk away' from the investment without incurring break costs at anytime.

The amount of your commitment is variable and for as little as \$350 per annum you can participate. So don't be a victim of the Global Financial Crisis, benefit from it.

If you would like to find out more about this strategy please contact our office on 1300 132 214 as this opportunity closes in next few weeks.



2009 as indicated by the diagram at the top of the next column, previous recoveries indicate that the recovery has a fair way to go yet. Furthermore the recent pull back in equity markets over last few months provides a good entry point as the market stops for a breather.

End of Financial Year Strategies



The end of financial year is approaching rapidly once again meaning its time to look at a few strategies to increase your wealth and/or reduce your taxable income.

Don't hesitate to contact our office for assistance in implementing any of these initiatives.

Government Co-Contribution the maximum co-contribution remains at \$1,000 this year.

You need to earn less than \$61,920 (of which at least 10% is from eligible employment income or carrying on a business) and you would need to make a personal after-tax contribution to super.

- The maximum co-contribution of \$1,000 is available if you contribute \$1,000 and earn less than \$31,920
- You will receive a reduced amount of co-contribution if you earn between \$31,920 and \$61,919

The ATO determines whether you qualify based on data received by them from your superfund and from information in your tax return, and as a result there is a significant delay from when you make your personal contribution and when you actually receive the co-contribution from the government.

If you are on a Transition to Retirement pension (see previous issues of the Capital Communicator) and you meet the above criteria it may be possible to simply pull the required funds from your superfund and contribute them directly back into the fund thereby gaining access to the co-contribution.

Pre-Pay Investment Loan Interest involves pre-paying the following twelve months (or part thereof) interest on a investment loan in advance prior to the end of the financial year allowing you to claim a deduction against the current years income.

An additional benefit to consider in regard to pre-paying interest this year is that locking rates away at present will give you certainty about your interest rate position for the next 12 months.

Per recent email there is an investment available at present allowing you to pre-pay interest while protecting your initial investment from falls in the market. This is a great way for people with savings capacity in cash flow and looking to create wealth through exposure to growing assets in a tax effective manner.

Spouse Rebate if one member of a couple earns less than \$13,800 p.a. the higher earning spouse may be able to contribute up to \$3,000 to the lower earners superannuation fund and be eligible for a rebate on their own tax of up to \$540

Personal Deductible Contributions, self employed clients are able to make concessional contributions direct to super reducing their taxable income for the year.

If the client was in the position that they needed these funds and they also met the conditions to take advantage of a transition to retirement pension they may be able to pull these funds straight back out of the fund tax free.

The limits on making concessional contributions to super this year are \$50,000 for those aged over 50 and \$25,000 for those aged under 50.

Salary Sacrifice you are able to salary sacrifice a portion of your wage to superannuation thereby reducing taxable income in your hands, this may be especially prudent for those that may receive year end bonuses for example where they can contribute this to superannuation thereby reducing taxable income in their own hands.

If you would like further information on any of the above strategies please call our office to discuss to make sure you don't miss out.



Orchard and Commercial Property Update



Orchard recently announced that the Barwon Group was rejected by shareholders as the preferred bidder for the Orchard Management Company. We did not support the Barwon proposal as that could not articulate a plan as to how they would look after the unit holders in DPF.

This was following a vote a couple

of week before where the chairman of Orchard, Charles Macek was voted out. It was evident that shareholders had become continually frustrated by the inability of his leadership to effect positive change at Orchard. Several directors also resigned as a result of the vote including Chris Thiris, David Sprulle and Helen Argiris. We support

these changes and the new board is currently attempting to secure a bank loan until June 2013.

We will keep you updated with any progress through our website and our dedicated "Orchard Section" in the client's area located http://centrecapital.com.au/clients_area.htm

Centre Capital Website and Blog

Join Rob Coyte for his weekly blog on financial matters that effect you on www.centrecapital.com.au/_blog/Rob_Coyte's_Blog. He will in turn answer any questions that you may have in regards to the topics addressed in the blog. *If there is a topic you want Rob to explore please let him know.*

The client section of the website http://centrecapital.com.au/clients_area.html is designed to be an educational tool for clients. There are articles that explain current strategies plus it also provides a concise take on the current news events in the financial world.



Centre Capital Referral Program

Client Rewards is to say thank you to our existing clients for referring your family, friends and work colleagues to Centre Capital.

Go to our website, www.centrecapital.com.au/referral_program.htm complete your name and the name of the person

you referred and you will be in the draw to win an ultimate experience from **Red Balloon** valued at \$300.

You may enter multiple times – each entry must be unique. Winners will be announced via Capital Communicator.



Congrats to this quarter winner **Anthony B**, we hope you enjoyed your experience. Draw will be held quarterly.