

# Hales Douglass Herald

## Common mistakes in a downturn

Being in business is hard. And a tough business environment only makes it harder. So what are the major mistakes to avoid in a downturn?

Try these for a start:

- Mistake No 1.** Making decisions without reference to your business model. You must be careful not to make rash and illogical/panic decisions;
- Mistake No 2.** Not reviewing your Model and Valueable Formula when the environment has obviously changed. The “dog chewed my homework” excuse does not work in business. You may have to revisit and rework your short and long term plans;
- Mistake No 3.** Not being disciplined, not following the plan. If you have to work on things that you dislike for a time-then do it;
- Mistake No 4.** Not facing up to and/or not implementing the hard decisions;
- Mistake No 5.** Stopping your marketing activity because “no one will buy now anyway”;
- Mistake No 6.** Treating your employees badly because “jobs are at a premium now”;
- Mistake No 7.** Failing to improve your systems continually. Efficiency and productivity improvements may be the best way to survive;
- Mistake No 8.** Not looking after cash flow. This applies right through the process from marketing through production to debtor management.

Now that we have discussed mistakes made in a downturn think about this-These are the same mistakes to avoid in a boom (with a twist for mistakes 5 & 6.)

If you would like assistance on any of these matters please call Rob Douglass on 4455 5333.

## Super - Good news for account based pensions

A condition of Accounts Based Pensions is that the member must take a minimum pension payment each year. With share & property markets down significantly, many pension members complained that the existing minimum pension would require a realisation of assets at a capital loss.

Capital preservation as opposed to forced income withdrawal was preferred. The government announced in Feb '09 the minimum pension factor for a member's Accounts Based Pension be reduced by 50% for the year ending 30 June 2009 where fund deeds permit. The government has decided to extend this measure for one more financial year.

This is particularly beneficial for super pensioners that have built up cash & asset reserves outside their super pension. It makes much more sense to draw a lower amount from your tax free pension assets and spend some of the taxable assets that are outside of your super.



## IMPORTANT DATES

### Superannuation

Super paid by 30th June 2009 for a tax deduction.

### BAS #4

Business activity Statements are due on the 12th August 2009.

### STOP PRESS

Congratulations to Andrew & Nicole Clegg on the birth of their second daughter Zara Violet Clegg.

## What you need to know about logbooks

- Your logbook is valid for five years.
- If this is the first year you are using this method, you must have kept a log book during 2008-2009.
- The logbook must cover at least twelve continuous weeks.
- If you want to use the logbook method for two or more cars, the logbook for each car must cover the same period.
- If you have not kept a logbook since 2003-04, you must have kept a new logbook for 2008-09. If you did not keep a new logbook for 2008-09, you can not use the logbook method, you must use another method.
- Where you have kept a logbook it must contain the following information:
  - When the logbook period begins and ends
  - The cars odometer readings at the start and end of logbook period
  - The total number of kilometres that the car travelled during the logbook period
  - The number of kilometres travelled for work activities based on journeys recorded in the logbook (if you made two or more journeys in a row on the same day, you can record them as a single journey) and
  - The business use percentage for the logbook period.



You need to have a record of the odometer readings at the end of each year

You can purchase a logbook from your local stationary supplier or alternatively contact us and we will send you one.

### TAX PLANNING TIPS

Go to [www.halesdouglass.com.au](http://www.halesdouglass.com.au)  
or view our April ezine for a list of pre June 30 tax tips

### ***Deductible Limit on Super Contributions reduced***

From 1 July '09 the tax deductible contributions tax cap will be reduced from \$50,000 to \$25,000. At the same time, the transitional tax deductible caps for members over age 50, prior to 1 July 2012 will be decreased from \$100,000 to \$50,000. This may well change with future governments.

The non-tax deductible contributions caps a member can make into a fund will remain at \$150,000 until 1 July 2011 when the figure will become a factor of 6 times the tax deductible cap.

## Planning for success

Planning for the year ahead is the best way to get on top of what you need to do. Here are three months of planning to help you prioritise important elements in your business.

### July

Be on top of the new financial year!

- Have the year mapped out. Plan how you will cover the slow times.
- Prepare your budgets and cash flow projections for the coming year so you don't have any financial surprises.
- Think about your business...where do you want it to head this year?
- Check that your super is reconciled and up to date (see pg 1 reminder for dates).
- Get your policies and procedures manual in place to save yourself time and heartache.

### August

- Your financial statements should be starting to come together.
- Reconcile your accounts to the BAS you have lodged for the past financial year.
- Complete a 4 week diary to substantiate home office expenses in readiness for next year's tax time.
- Review your salaries and take advantage of the better income tax thresholds.

### September

Time to review your finances.

Do you have borrowings structured the right way? Consider:

- The stage your business life is at;
- Use your money, or borrow?
- Only borrow what you have the capacity to repay;
- Match your type of borrowing to the purpose the funds are to be used for.

If you would like further details on these planning tips, please call our Ulladulla office on 4455 5333 or our Batemans Bay office on 4472 4089.

# Imagine what you can do with your retirement with the right advice.



## Gain insights into strategies for retirement at our free retirement seminar

The right planning and advice can make all the difference in achieving your retirement goals. That's why we'd like to share with you important tax and super information that can help keep you on track with your retirement plans, especially in uncertain times. We will provide you with tips on how to increase your retirement savings and show you many other aspects which need to be considered, including retirement income streams, boosting your super and taxation strategies.

Seats are limited and bookings essential, so register now at [www.halesdouglass.com.au](http://www.halesdouglass.com.au) or call 4455 5333. Be quick, the first 40 to register are free. Nibbles & drinks provided.

**Ulladulla:** Tues 18th August 2009.

Venue: Hales Douglass Ulladulla.

**Batemans Bay:** Wed 19th August 2009.

Venue: Catalina Club, 154 Beach Road, Batemans Bay

**Time:** 5.30 for 5.45pm start - 7.30pm

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## Did you miss it?

**The recovery, that is.** March and April represented two of the biggest monthly gains for many years in a number of developed and developing markets.

While this may provide only modest comfort after the carnage that went before, it does serve to highlight, once again, the difficulty of timing the market successfully - because the truth is that those who bailed out of equity markets in January and February have missed out on a significant rebound.

For those that are still waiting with cash to invest, how much more will you let the market go up before you invest again?

With cash rates now so low and the share market still well down from its November 2007 peak, best to get in sooner rather than later!



## Change in Income Test

The Government recently announced that income tests used to determine eligibility for a range of government financial assistance programs will be changed. From 1 July 2009, the Government proposes that salary sacrifice contributions to superannuation will be assessed as income for a range of tax and transfer programs.

The programs include income support payments, family assistance, child support, eligibility for the superannuation co-contribution and a range of government assistance delivered through the tax system.

Individuals that make super contributions under an effective salary sacrifice arrangement may be able to benefit before June 2009, before the proposed 1 July 2009 changes. Below are discussion points that you may wish to review further (detailed presentations are available from our office)

- Government's aim = rationalise the definition of "Income" and reduce "middle class welfare"
- How the new income tests work = please ask personally for more details, as each case is different
- Super contributions + Investment losses = now added back to count as income for benefits like the co-contribution, spouse contribution tax offset, SATO, MAWTO, etc.
- Which super contributions count = salary sacrifice & other employer contributions above 9% SG
- Effect on strategies = Post-1 July 2009 strategies need to consider these changes.

**If you are concerned about any of these changes please call Adam Passwell**



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To:

## Congratulations Chris and Sophie Warren

We would like to congratulate valued clients Chris and Sophie Warren on their most recent achievement of winning the Australian Tourism Awards, "hosted accommodation" category, on February 27. Chris and Sophie are the owners of "Crystal Creek Meadows Luxury Cottages and Spa Retreat" in the Kangaroo Valley.

This is the first time anyone in NSW has won the award. In 2006 and 2007 the couple won the "Highly Commended" award in the 'hosted accommodation' category and have also won numerous National, State and Regional awards.



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