

your FINANCIAL WEALTH

A regular monthly check-up on your investments for a healthy future | ISSUE 3 DEC 2007



This Issue

Proof of identity

Welcome New MAP Staff

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Proof of identity needed...

One of the sad facts of today's world is that identity crime and money laundering is on the increase.

MAP maintains the highest standards of security over our member's money. The last thing we want to do is pay out a benefit or provide personal information to the wrong person by mistake. That's why, on the principle that prevention is better than cure, we ask people seeking information from our customer service representatives to answer two simple questions to help with identity. Similarly we also require proof of identity for people seeking benefits to be paid out of their MAP fund i.e. Certified copy of drivers' licence or passport.

We know this can be inconvenient at times, but we believe most members will agree that it's a small price to pay for added security.

You also may experience this from other financial institutions as a consequence of the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML/CTF Act). The Act requires financial entities to develop "risk-based" systems and controls. MAP of course is committed to establishing these controls in line with the federal government's stated goal: to combat money laundering and the financing of terrorism, without imposing unreasonable regulatory requirements on industry and its legitimate customers.

If you've not been asked to provide answers to your two personal questions please contact either Rikki or Suzanne and have your details updated today - 1800 640 055. ■■■

Have you got 3 minutes?

Logon to the MAP website today, complete our Customer Satisfaction Survey and you'll go into the draw for your chance to win a Portable DVD Player valued at over \$200!

www.mapfunds.com.au



Welcome

MAP would like to welcome two of our newest members to the group.



**QLD Business Development Team
- Prue Carlyon.**

Prue is our newest Business Development Manager in Queensland and as such her role will be to not only service our existing members but to promote the MAP product to the wider medical community as well as conducting training and education for individuals and employer groups.

Prue has come to us from a background in Financial Planning and as such she has been in the financial services industry for around six years. ■■■



**NSW Business Development Team
- Alan Poswell.**

Alan began working in the financial services industry as an investment adviser for St. George bank. The majority of Alan's experience over the last seven years has included developing financial strategies for members of the Medical profession.

If you would like the opportunity for Prue or Alan to come out and give you an update on MAP or answer some of those niggly questions you've always had about superannuation please contact our office on 1800 640 055 and we'll arrange an appointment for you! ■■■

MAP Investment Outlook

World stock markets continue to grapple with the fallout from the sub-prime mortgage crisis and the potential effect on US/world economic growth. Bouts of enthusiasm (when no new credit related news appears and markets appear to have escaped unscathed) are mixed with fear as further losses are revealed or comments are made about the extent to which the US economy could be affected (in particular the housing and consumer markets). Meanwhile commodity prices, and oil in particular continue to hit new highs, although it must be pointed out that part of this is due to the weakness of the US dollar against virtually all other currencies.

We remain cautious on the outlook for most markets. In equity markets we are concerned about the potential for further

sub-prime related losses as well as the lack of value in the market while in fixed interest markets most yields are less than that on cash. Having said that it would not in any way surprise us if low economic growth or further sub-prime shocks caused a flow of money from stocks to the 'safe haven' of bonds, giving rise to strong fixed interest returns over the short term.

Note also that while we are cautious on share markets, this does not mean they will not continue to perform well. We have had a cautious stance since July, which in hindsight was not necessarily the wrong thing to do, but the positioning has not yet paid off. Correct medium/long term decisions can cause underperformance over the shorter term. However recent market falls (in early November) suggest that our positioning may be beginning to pay off.

In relation to underlying economies, Australia is expected to continue to perform well; although the RBA's concerns in relation to inflation will mean that the economy may be subjected to one or two more rate rises following the November rate increase. The world economy continues to perform well at the overall level although concerns exist with respect to Chinese inflation rates and the outlook for economic growth in America. While recent US growth has been acceptable, this is not expected to continue as the price of consumer debt adjusts to reflect its quality. In addition the potential for this to cause a housing market downturn combined with the falling US dollar could lead to higher inflation and lower consumer spending. ■■■

MAP Returns to 30 September 2007

POOLS	% PA 1 YEAR	% PA 3 YEARS	% PA 5 YEARS	POOLS	% PA 1 YEAR	% PA 3 YEARS	% PA 5 YEARS
CASH				CAPITAL STABLE			
MAP	5.7	5.4	5.0	MAP	8.0	8.5	7.7
MARKET	5.1	4.8	4.5	MARKET	7.5	8.1	7.4
VARIANCE	0.6	0.6	0.5	VARIANCE	0.5	0.4	0.3
AUSTRALIAN EQUITIES				BALANCED			
MAP	25.5	22.7	-	MAP	13.3	14.1	12.3
MARKET	28.6	23.1	-	MARKET	12.4	13.2	11.6
VARIANCE	(3.1)	(0.4)	-	VARIANCE	0.9	0.9	0.7
INTERNATIONAL EQUITIES				GROWTH			
MAP	6.0	10.6	-	MAP	16.9	17.7	15.2
MARKET	3.0	9.7	-	MARKET	15.6	15.8	13.4
VARIANCE	3.0	0.9	-	VARIANCE	1.3	1.9	1.8
DIVERSIFIED PROPERTY				'Market' is taken from the median manager performance from the Selecting Super surveys.			
MAP	10.0	15.7	-				
MARKET	16.0	16.1	-				
VARIANCE	(6.0)	(0.4)	-				



MAP Financial Planning

Superannuation

Over 70?

If you are between 70 and 75 years of age and still meet the work test (40 hours over a 30 consecutive day period in the financial year) you can now make tax deductible contributions to superannuation. This change was effective on 01 July 2007.

Many of our clients in this age bracket can now benefit from the \$100,000 per annum taxable contribution limit up to 30 June 2012 or age 75 (whichever occurs first).

We have already assisted some of our clients to implement strategies that save over \$20,000 per annum in tax as a result of these superannuation changes.

Rules apply to the eligibility for tax deductible contributions and you should speak with your MAP Financial Planner for more information.

New superannuation capping rules

As a result of the new capping limits for concessional (taxable) and non-concessional (personal) contributions from 01 July 2007, it is more important than ever that you seek advice on planning for your retirement.

Your MAP Financial Planner can assist you with a plan to maximise the amount you can contribute to superannuation and early planning is a must. Do not leave it to the year before you retire or you may have left it a bit late as many strategies can be worked over a number of years!

Small Business

On 10 May 2007, the Tax Law Amendment (Small Business) Bill 2007 was introduced to Parliament. This Bill contains the final measures announced in the 2006 Budget for changes to small business capital gains tax (CGT) concessions as well as incorporating a new turnover qualification.

For the purpose of the small business CGT concessions, the Bill makes two changes which apply from the 2007/8 financial year:

1. The net asset value threshold to qualify for the concessions will be raised from \$5m to \$6m.
2. As an alternative to the new \$6m threshold, if the taxpayer qualifies as a 'small business entity' the concessions will be available.

The definition of a small business entity will expand who can potentially access the small business CGT concessions. To qualify as a small business entity, the entity (which could be an individual) must:

- a) Carry on a business, and
- b) Satisfy the \$2m aggregated turnover test.

The entity's aggregate turnover must be less than \$2million and there are three ways this calculation can be worked, depending on the timing of the calculation. As an example, if the entity's aggregate turnover was less than \$2m in the previous year, then the entity is classified as a small business for the current year, irrespective of the actual aggregated turnover for the current year.

Aggregated turnover is the aggregation of annual turnover where there is more than one entity that is required to be aggregated for the purpose of this test.

The small business concession rules mean that you can contribute up to another \$1million into super.

If you are intending to sell a small business in the future then forward planning is essential to ensure that you both qualify and maximise your opportunities.

Small Business concession planning is a complex issue and you should seek advice from a tax professional.

Centrelink

Changes to the asset test tapering rate from 20 September 2007 means that many people who may have been on the borderline to receive a part age pension previously may now have become eligible.

For a home-owner couple, the new maximum is \$839,500. Your own home is not included under the asset test but all other financial assets such as superannuation pensions, bank accounts, investments etc are counted. (The only exemption for superannuation pensions are complying pensions that were purchased prior to 20 September 2007 where either a 50% or 100% exemption applies).

As an example, if your total combined assets as a couple are \$500,000 excluding your home, you would qualify under the assets test to receive a part age pension. However, Centrelink also apply an incomes test and your combined income must be less than \$64,792 to be eligible for a part age pension. Concessions are available for superannuation pension income.

Centrelink will always apply the test that produces the lower pension result when determining your eligibility.

SMSF Interesting Facts

Did you know that the ATO *SMSF News* provides regular information for trustees of self managed super funds around key regulatory and administrative topics, as well as any significant developments of interest to the industry. The information will also include updates and alerts on publications the ATO are developing and any upcoming events. Information in the *SMSF News* is from the Tax Office and the Australian Securities and Investments Commission.

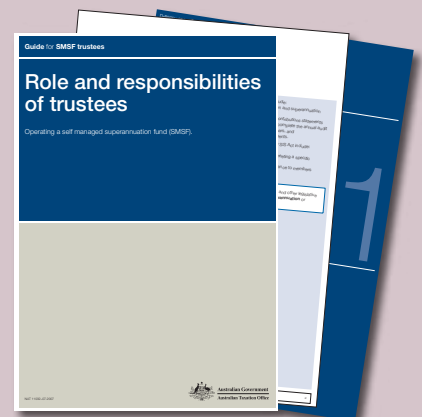
To subscribe for your copy today type in:

https://eci.ato.gov.au/eciscripts/smsf_subscription.asp in the address line of your Internet explorer.

Guide for SMSF Trustees

The ATO has also put out a Guide for SMSF Trustees if you would like a copy of the guide go to the MAP website at www.mapfunds.com.au under MAP Services/Self Managed Fund Service

It is recommend that you read this guide and familiarise yourself with the administrative responsibilities and the legislative compliance requirements of running a self managed superannuation fund before setting up a fund. It is also a good idea to consult a qualified professional such as a financial adviser to discuss whether a self managed superannuation fund is the best retirement saving option for you.



Centrelink have offered a transition period where applications received up to 20 December 2007 will be backdated to 20 September 2007.

MAP Financial Planners are skilled to assist you with advice on Centrelink issues.

Self Managed Super Funds

Did you know.....

For new SMSF's established after 01 July 2007, the Trustees must sign a declaration confirming acknowledgement of their responsibilities as Trustees for a Self Managed Super Fund. This declaration is required to be held on file and can be obtained from the Australian Tax Office.

Due to the abolition of Reasonable Benefit Limits (RBL) from July 1 2007, and the Australian Tax Office's (ATO) release of Taxation Determination TD 2007/3 SMSF's are allowed a deduction for temporary disability (income protection) insurance premiums for benefit payment periods greater than two years. Therefore, SMSF's can now hold income protection insurance payable up to age 65 for members of the Fund. Previously this was limited to a benefit period of 2 years.

From July 1 2007, superannuation will be one of the most tax effective wealth accumulation vehicles that may also be used effectively for personal insurance. The inclusion of life, total and permanent disability (TPD) and income protection insurance in a self managed superannuation fund (SMSF) will provide various taxation concessions that in most instances are not available for insurance policies held outside of superannuation.

In addition, the SMSF provides the flexibility of how to disperse the insurance proceeds on receipt.

MAP Financial Planning can assist you with investment advice for your SMSF and advice to ensure that your SMSF is compliant. We also have arrangements with ProSuper for the referral of administration services at very competitive rates. If you do not have a SMSF and are interested in obtaining one, we can assist you with the establishment of your own SMSF.

Trust Structures

Many of our clients have a Family Trust but how often is the Trust Deed reviewed and has thought been given to the succession of the family trust?

Important considerations are:

- who controls the trust
- who are the beneficiaries of the trust
- when does the trust come to an end (vesting day)

The Trustee holds the legal ownership of the assets and manages the trust assets. The trustee is also given the discretion to determine who, within a defined class of people, may benefit from the trust assets. Most modern trusts also provide for the role of an 'appointer'. The appointer has the power to remove and appoint the trustee.

The ability to pass control of the trust to a preferred successor is crucial but more importantly, the successor must be capable of benefiting from the trust. Therefore, identifying and confirming the class of beneficiaries is relevant to ensure the benefits are distributed to the preferred successors and does not include beneficiaries to whom benefits are not to be paid. There can be second and third generation successors to a trust.

The vesting day is the day the trust comes to an end ie is terminated. When a trust comes to an end, all assets of the trust, at the time, must vest in the beneficiaries or such entities according to the terms of the trust.

A trust does not form part of your Will and therefore consideration should be made to the succession of the trust and how this can be managed in conjunction with a Will.

This is a specialised topic and whilst MAP Financial Planners are not authorised to provide advice in this area, they can assist you to identify issues and refer you to an appropriate specialist.

Business Partnerships

Have you ever thought of how you would manage your business if your partner suddenly had a heart attack and is off work for six months? How can you manage the loss of income or more seriously, manage the exit of your partner from the business?

How well have you structured your partnership agreement and does it allow for contingency planning? When was the last time you reviewed your partnership agreement?

MAP Financial Planning can put you in touch with specialists in this field. Future Life is a specialist insurance practice focused on personal risk management, business succession and estate planning. Their purpose is to address the financial risks to which owners of businesses, private individuals and families inadvertently expose themselves.

MAP Financial Planning

MAP Financial Planning is evolving to become a holistic financial planning practice that provides our clients with advice on all aspects of financial planning. We now have a team of four financial planners, Sue Winsor, Lylia Taylor, Paul Canham and Tom Glynn.

We look forward to assisting MAP clients achieve their financial goals. For a free initial consultation with one of our financial planners, please contact Leanne on 07 3838 1234. ■■■■

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MAP Business Development Update

Both the NSW and QLD business development teams have been kept busy of late with a lot of representation at various conferences. MAP's continued support of groups such as RACGP, ADAQ, ANZ Met and Rural Doctors Network provides us with access to the wider medical community in an effort to educate on superannuation as well as promote the services MAP provides to our members.

Keep your eye out for the MAP booth at your next conference. ■■■■



HOW TO CONTACT US

HEAD OFFICE

Level 9, 87 Wickham Terrace Brisbane Qld 4000
GPO Box 1130 Brisbane Qld 4001
Telephone: 07 3838 1234
Toll Free: 1800 640 055
Facsimile: 07 3838 1235

NSW OFFICE

Level 17, 201 Miller Street North Sydney NSW 2060
GPO Box 1130 Brisbane Q 4001
Telephone: 02 9959 2320
Facsimile: 02 8923 2525

Email: enquiries@mapfunds.com.au
Website: www.mapfunds.com.au

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MAP Australian Equity Fund | ARSN 092 833 308

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