

# your FINANCIAL WEALTH

A regular check-up on your investments for a healthy future | ISSUE 2 JUNE 2008



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## Eligible Rollover Fund Review

In the event that you lose contact with MAP for a period of two or more years, or your account balance is less than \$1,000, you may be deemed to be a lost or inactive member and your account balance may be rolled over to an Eligible Rollover Fund (ERF).

An ERF is a special type of superannuation fund which accepts account balances from other super funds for members who have been lost by or are no longer an active member of that fund. All super funds are required by law to nominate an ERF to receive their lost member's account balances. MAP's nominated ERF, until early 2008, was SuperTrace.

At MAP, we periodically review our ERF arrangements to ensure we are using the best ERF for our lost or inactive members. The outcome of a recent review was to change our nominated ERF to the AUSfund Unclaimed Super Fund. Account balances transferred on or after 18 February 2008 have been received by AUSfund. Account balances transferred prior to this date remain with SuperTrace.

### Contact details for AUSfund are:

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Email: [admin@ausfund.net.au](mailto:admin@ausfund.net.au)



## 2008 Federal Budget

The 2008 Federal Budget delivered a number of changes to taxation and superannuation which may affect your retirement savings and investments.

### Personal Income Tax Cuts

Personal income tax cuts for the new financial year were announced (see table below).

These cuts provide an excellent opportunity for individuals to divert savings into superannuation and investments.

### Income Tests for Government Support Programs

From 1 July 2009 salary sacrificed super contributions will be assessed as income for all relevant government support programs such as the Government Co-contribution program, age pension payments, family assistance and child support.

### Terminal Medical Condition Benefits

The Government announced it will backdate, to 1 July 2007, the commencement of the previously announced measure to make superannuation lump sum benefits tax-free for individuals with a terminal medical condition.

### Tax Free Super for the Over 60s

The Government announced that superannuation payments for those over the

age of 60 will remain tax free. However, the Government recently announced a review of the state and federal taxation systems and taxes on savings and investments are among the issues the review is expected to provide recommendations on. The review is scheduled for completion late next year.

### Superannuation Clearing House

The Government has provided \$16 million of funding, over three years, to the ATO to establish an optional superannuation clearing house for employer superannuation contributions. This will allow employers to make contributions to a single location rather than distributing payments to multiple funds. The service will be provided free of charge to employers with fewer than 20 employees.

### First Home Saver Accounts (FHSA)

The Government refined plans to establish a first-home saver account scheme for eligible individuals. The Government will add a contribution of 17% to the first \$5,000 deposited, personal contributions can be added until the account reaches \$75,000 and earnings will be concessionally taxed at 15%. The schemes are due to commence on 1 October 2008. ■■■

Current Tax Rates (to 30 June 2008)	
Income (\$)	Tax Rate (%)
0 - 6,000	0
6001 - 30,000	15
30,001 - 75,000	30
75,001 - 150,000	40
150,001 +	45

Tax Rates (from 1 July 2008)	
Income (\$)	Tax Rate (%)
0 - 6,000	0
6001 - 34,000	15
34,001 - 80,000	30
80,001 - 180,000	40
180,001 +	45

# MAP Investment Update

## Volatile times – will the rebound continue?

Markets have had a strong rebound since the lows in March this year, although at the time of writing this has faltered slightly. While the market still faces many challenges, it is possible that some stability is returning. In particular, credit markets appear to be stabilising.

In the bond market, yields decreased over the March quarter in both the US and Australia reflecting expectations of slowing economic growth. Cash rates continued to move in different directions in both countries. Cash rates were lifted by a further 0.5% in Australia (to 7.25%) and reduced by a substantial 2.0% in the US (to 2.25%). In this case Australia's better economic growth (past and expected) allows it to take a stronger stance against inflation than the US can.

Our returns versus competitors (to 30 April 2008) are shown in Table 1. Our performance has generally exceeded that of our competitors except for the Diversified Property, Balanced and Growth Pools over the shorter term. Diversified Property has improved dramatically since our last newsletter but will usually have different performance to competitors due to the allocation to global property. With respect to the Balanced and Growth pools, the underperformance is due to a higher growth asset allocation (mainly shares) than our competitors. Over longer timeframes, this will (and has) lead to outperformance. ■■■■

## Market Outlook

Although credit markets appear to be stabilising they are by no means back to normal, with central banks still providing liquidity to the financial system on a global basis and significant credit market losses still expected to be disclosed. Despite the market rebound, as always, the question is: where to from here? On a global basis, Australia seems better placed than most countries, more so economically than with respect to valuations. On a valuation basis the Australian market is somewhere between cheap and fair value, depending on the accuracy of corporate earnings forecasts (under question due to input cost inflation). Economically, the Australian market will be supported by two factors:

1. The first is the resources boom. Australia is set to continue reaping the benefits of the resources boom for some time yet although there will be blips along the way – witness the current high level of inflation (particularly food) in China/India and what this might mean for economic growth in these two countries and the world generally.
2. The second factor is related to the first and it is the strong rates of wages and employment growth being experienced in Australia. At least in part this will support consumer

incomes, as well as the recently announced tax cuts, in the face of higher costs (particularly loan payments and food/fuel costs).

The recent federal budget is unlikely to have a material impact on the economy, although it will maintain demand for infrastructure construction and will increase the amount of funds to be invested in investment markets (from early 2009). Treasury forecasts for economic growth and inflation were 2.75% and 3.25% respectively for the 2008/09 year, while unemployment is expected to increase slightly to 4.5% by 30 June 2009. These would be good outcomes, in a time of slowing world growth.

While inflation in Australia is higher than the RBA's 2 – 3% target range, wages growth still remains very controlled and is not fuelling inflation expectations at this point. Slowing consumer activity due to fuel/food price increases, recent rate rises and a slowdown in the housing market (noting that the NSW market has still not recovered) mean that the RBA can afford to remain on hold for a while. Indeed, it is possible that we have seen the top of the interest rate cycle, but only time will tell. Given this slowdown in activity, the continued strength of the employment market remains slightly puzzling although obviously the resource and infrastructure sectors are areas of strength. ■■■■



## Ned Flanders

MAP Funds Management prides itself on supporting the medical community in both a professional and personal manner. There are many ways we do this, perhaps it's as simple as providing a small giveaway for a raffle, taking up a trade display at an educational conference for doctors or donating money for a sporting team comprising of doctors and other medical professionals. It is our pleasure this year to support the Ned Flanders XI International Cricket Tour by donating \$1,500 toward the team's expenses. We wish them the very best of luck in their 2008 Season.

In late June this year, the mighty Ned Flanders XI will pack up their cricket kit bags and head off on their second international cricket tour.

**Table 1: MAP Superannuation Plan Returns to 30 April 2008**

POOLS	% PA 1 YEAR	% PA 3 YEARS	% PA 5 YEARS	POOLS	% PA 1 YEAR	% PA 3 YEARS	% PA 5 YEARS
<b>CASH</b>				<b>CAPITAL STABLE</b>			
MAP	4.8	5.3	5.1	MAP	(0.3)	6.4	6.6
MARKET	4.7	4.6	4.5	MARKET	(0.1)	5.9	6.2
VARIANCE	0.1	0.7	0.6	VARIANCE	(0.2)	0.5	0.4
<b>AUSTRALIAN EQUITIES</b>				<b>BALANCED</b>			
MAP	(5.3)	15.3	-	MAP	(5.7)	9.1	10.0
MARKET	(5.9)	14.5	-	MARKET	(4.2)	8.3	9.4
VARIANCE	0.6	0.8	-	VARIANCE	(1.5)	0.8	0.6
<b>INTERNATIONAL EQUITIES</b>				<b>GROWTH</b>			
MAP	(11.4)	5.6	-	MAP	(8.1)	11.1	12.4
MARKET	(11.6)	5.7	-	MARKET	(5.5)	10.0	10.9
VARIANCE	0.2	(0.1)	-	VARIANCE	(2.6)	1.1	1.5
<b>DIVERSIFIED PROPERTY</b>				‘Market’ is taken from the median manager performance from the Selecting Super surveys.			
MAP	(17.2)	7.1	-				
MARKET	(16.6)	6.9	-				
VARIANCE	(0.6)	0.2	-				

## XI International Cricket Tour

While once the domain of cricket’s elite, international touring is now an integral part of the Neddies’ identity.

The team is scheduled to play against three university teams before the tour climaxes with a limited overs international match against the Japan National XI. The Ned Flanders XI have played for the last 11 years in the Queensland Churches Cricket Competition, winning four of the last six A-grade premierships. In 2006, the team travelled to Vanuatu and played two matches against the Vanuatu National XI and managed to win both thrilling matches.

Although cricket results are always important (after all, if it’s worth keeping score it’s worth

winning) the Flanders pride themselves on being far more than a cricket team. The players come from a wide variety of professions and the team currently includes doctors, medical students, lawyers, bank managers, nurses, teachers and physios. Mateship is the core ideal espoused by the team and friendships extend well beyond Saturday afternoons in the summer.

The team enjoys several social events each year, such as the Ned Flanders Ladies Day, the Ned Flanders Race Day, the Christmas party and of course the infamous end of season bash. These events create a great opportunity for wives, girlfriends and families to enjoy the fun and festive atmosphere that the Flanders revel in.

The Team takes its name from their favourite religious figure, Ned Flanders from the Simpsons cartoon. The name takes on a dual role as the team is inspired by the courage, bravery and mateship shown by the ANZAC diggers in Flanders Field during WW1.

The team’s major supporter is MAP and the team sincerely thanks MAP for its outstanding support that has seen the dream of international cricket reach reality for 14 young cricketers.

**Dr Matt Young**  
**Club Captain** ■■■

# MAP Business Development Update



The MAP Business Development teams have been very busy since the beginning of May, with both the NSW and QLD teams attending a number of conferences across Australia.

## RACGP – Clinical Update

The annual RACGP Clinical Update took place on the Gold Coast at the beginning of May with over one hundred delegates attending the weekend. The MAP team had ample opportunity between sessions to chat with the delegates and address any questions they had regarding superannuation. This is always a great event for MAP to attend and support.

## GPCE Primary Care

The General Practice Conference & Exhibition in Sydney really is an event on the larger scale. With over 150 exhibitors, delegates had ample opportunity to visit the trade booths and talk with representatives from a wide variety of service and product providers. This is the second year in which MAP has taken part in the exhibition and we feel that the event is worth supporting given the extremely positive feedback from all the delegates who visited our booth.

## AAPM Staff Development Day

The AAPM staff development day in QLD was again a great success with over 340 attendees coming along for the day. MAP was the Silver Sponsor for the event and this year, Business Development Manager, Prue Carlyon presented to the audience on “Treat your savings – prescribe MAP!” The feedback we received was very positive and the attendees were extremely happy with the day’s events. The response to MAP was good with a high number of the overall delegates visiting the MAP booth on the day.

MAP is the Gold Sponsor of AAPM (NSW) this year and the NSW team has attended a number of regional workshops with the AAPM in Wollongong, the Blue Mountains, NSW Central Coast, Orange, Port Macquarie, Canberra and Wagga Wagga. Attendance has been good at all these regional workshops with MAP being well received.

## RDAQ

This year was the first time the QLD team has attended the RDAQ Annual Conference. With attendance at over one hundred the opportunity to meet and socialise with delegates was high. Our team enjoyed the weekend in Cairns and most importantly we had plenty of opportunity to promote MAP Superannuation to prospective members from rural communities. ■■■

**The end of the financial year is fast approaching and now is the time to assess whether putting more money into your super before 30 June 2008 could provide you with any tax benefits. For information on how to make a payment, contact one of our Business Development Team or visit [www.mapfunds.com.au](http://www.mapfunds.com.au)**

**QLD Team Tel 07 3838 1234 or 1800 640 055**

**NSW Team Tel 02 9959 2320**

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MAP Pooled Superannuation Plan | RSE No. R1001563

MAP Australian Equity Fund | ARSN 092 833 308

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## Beware, check your superannuation contributions

This is the first year that superannuation contribution capping applies and if you are not careful, you could find yourself paying excess contributions tax.

As from 1 July 2007, any personal contributions (non-concessional) made into superannuation in the same financial year is limited to \$150,000. If you are under 65, you have the added benefit of being able to bring forward two year's worth of contributions to a total of \$450,000. If you exceed this limit, you will pay tax and Medicare of 46.5% on the excess contributions.

If you are salary sacrificing or making tax deductible contributions into superannuation, the maximum contribution is \$50,000. However, if you are aged 50 or over, the maximum is \$100,000 until 30 June 2012. Any excess contributions will be taxed at 31.5% and counted towards the non-concessional cap. If you are salary sacrificing into superannuation, be aware of the SGC contributions your employer will be making as this also counts towards the cap. Therefore, your salary sacrifice and SGC payments must not exceed the \$50,000 (\$100,000 if over 50) or you will pay excess contributions tax. This also applies where contributions are being made by more than one employer.

## End of financial year tax planning

Time is fast running out to ensure that you have your tax affairs in order before the end of the financial year. Here are some tips that may apply to you:

- Check on tax deductible items that can be claimed as employment expenses.
- Consider additional tax deductible contributions to superannuation (if eligible).
- Pay interest on investment loans one year in advance if you have a higher than usual tax liability this year.
- Consider income protection insurance and pay annual premium before 30 June.
- Review your share portfolio and sell any shares that are not worth keeping and trading as a loss to offset any capital gains within the portfolio.
- Consider tax effective investment to offset any capital gains from property or share transactions during the year.
- Make a \$1,000 personal contribution to super if eligible for the Government co-contribution.
- If your spouse earns less than \$13,800, you can make a spouse contribution to superannuation of up to \$3,000 and receive up to \$540 tax rebate.

If you need assistance with any strategies to help manage your taxation, please contact one of the financial planners at MAP Financial Planning.

## Tax effective investments

At MAP Financial Planning we are experienced in the area of tax effective investments involving agribusiness. With the volatility of the share market over the past year and greater demand for agricultural products, an investment into agribusiness provides an alternative asset class for your investment portfolio.

If you:

- would like to find ways to reduce the tax you pay;
- have sold an investment property or shares during the financial year;
- want to supplement your superannuation; or
- want to increase your cash flow and establish a tax-efficient portfolio.

then we are happy to discuss how a tax-efficient agribusiness investment can be utilised to provide you with a range of benefits.



## Turned 60 recently and still working?

If you have recently turned 60 and have at least \$300,000 in your superannuation fund, you may find it worthwhile investigating the Transition to Retirement strategy. This enables you to draw a tax free pension from your superannuation and increase your tax deductible contributions to super, thus saving on your personal tax, while you are still working.

If you have not already considered this strategy, we urge you to speak to a MAP Financial Planner as soon as possible to ensure you maximise this strategy from 1 July 2008.



MAP Financial Planning has been growing over the past year and we would like to introduce you to our financial planners who have a range of experiences that equips the team to assist you with your financial planning strategies.

**1. Sue Winsor Dip FP, MFP  
Manager and Senior Financial Planner**

Sue joined MAP in 2005 and has extensive experience in the financial services industry as a Financial Planner. She has completed the Diploma of Financial Planning through Deakin University and a Masters of Financial Planning through the University of the Sunshine Coast. Sue has previously specialised in Self Managed Super Funds and has extensive knowledge of investments, insurance and estate planning matters. She is a member of the Financial Planning Association of Australia.

**3. Paul Canham CFP® Dip FP  
Senior Financial Planner**

Paul joined MAP in October 2007 and has been a Financial Planner since 2000. Paul has completed the Diploma of Financial Planning through Deakin University and has attained the internationally recognised designation of Certified Financial Planner. Paul is also a member of the Financial Planning Association of Australia. Paul is focused on providing tailored and innovative strategies to help clients reach their lifestyle goals and financial potential. Paul has extensive experience in direct equities, margin lending, superannuation and retirement planning advice.

**5. Ian Archibald CFP®, MCom, Dip FP  
Authorised Representative**

Ian Archibald commenced in the Australian financial services industry in 1993 and has thirteen years of experience working with clients in the areas of General Financial Planning, Retirement Planning, Superannuation Planning for both individuals and corporations, Personal and Business Insurance Planning and Estate Planning. After successfully completing the Diploma of Financial Planning and a Master of Commerce (Financial Planning) degree, Ian attained the internationally recognised designation of Certified Financial Planner (CFP®).

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**2. Lylia Taylor CFP®, Dip FP  
Senior Financial Planner**

Lylia joined MAP in 2006 and she has over 30 years experience in the financial services industry including banking, insurance, superannuation and financial planning. Lylia has completed the Diploma of Financial Planning through Deakin University and holds the internationally recognised designation of Certified Financial Planner (CFP®).

Lylia is able to assist clients with investment selection, taxation strategies, superannuation and retirement planning advice. She also has extensive knowledge in self managed super funds, insurance and estate planning.

**4. Thomas Glynn B.Bus(FP)  
Financial Planner**

Thomas joined MAP in July 2006 after having previous roles as a Research Analyst with Sunnycove Management and an Insurance Consultant with Insurers Hotline.

Thomas has recently completed a Bachelor of Business majoring in Financial Planning and is currently studying for the Graduate Diploma in Applied Finance and Investment with Finsia.

Thomas's role is to provide financial advice in the areas of wealth accumulation, superannuation, salary packaging and also assists the senior financial advisers in all areas of financial advice.

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**NSW Office**

**6. Alan Poswell Dip FP  
Authorised Representative**

Alan began working in the financial services industry as a financial adviser in 2000. He began his career with St. George bank and then moved to a company that focussed primarily on developing financial strategies for members of the medical profession. His experience lies with the wealth accumulators and retiree markets. He has completed his DFP and is currently studying to complete the Certified Financial Planner qualification.

Alan is located in Sydney and able to assist our clients with all aspects of financial planning.

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