

The Financial Lifecycle

Once we leave school and enter adulthood, our financial lifecycle can be broken down into three very basic and distinct categories – we work; we retire; we die. That's it – sound simple? Well in a way it is, yet many of us do not give these three aspects of our lives the consideration they deserve when making our financial plans (if indeed we plan at all).

This article is intended to be the first in a series of articles exploring each of the above stages in more detail by linking the necessity for financial planning with our basic needs, wants and desires as humans.



So what are these needs, wants and desires? Ignoring those that can't be satisfied by financial means (such as the need to belong and to be loved) our basic needs include sustenance, shelter and clothing for ourselves and our family. Our wants include to what level or standard, we as individuals seek to satisfy these needs. Our desires include such things as the lifestyle we wish to lead during work and retirement and being in a position to help nurture, protect and assist our family during our lifetime and maybe leaving them something when we are gone.

Everyone needs financial security for their continued well being, however what is considered to be "financially secure" varies tremendously between individuals, and is entirely dependent upon that individual's outlook on what they want out of life.

It is when our finances are not able to meet our needs, wants and desires that financial stress occurs. This can occur at any stage throughout our lives, which is why it is necessary to take our entire life cycle into account when planning how we treat our finances.

In our next article we will examine why we work and what we need to do during our working lifetime to meet our current and future needs.

Remember, financial planning is about compromise and taking a long term, structured approach. It covers such matters as asset protection, taxation, insurance, cash flows, debt structuring, superannuation, business structuring and

estate planning. Ultimately it's about working out what you have, what you need and how to make sure you end up with the best outcome for you and your family.

Super Fund Investments – Beware

To ensure Self Managed Super Fund (SMSF) investments are made for genuine retirement purposes the ATO has recently implemented new regulations for investments in collectables and personal use assets. These regulations apply to all collectables acquired by SMSFs from 1 July 2011. The definition of collectables extends to investments such as cars, artwork, jewellery, antiques, wine, coins and bank notes.

While the regulations have not prohibited the investment in these types of assets, they have tightened the rules on where the collectables and personal use assets can be stored and who can access them. These include:

- A SMSF must not lease a collectable to or allow the collectable to be used in any way by a member of the fund or a related party.
- The SMSF cannot store the collectable in a private residence of a member or a related party.
- The SMSF must make a written record of the decision on where the collectable is to be stored.
- The SMSF must insure the collectable within 7 days of acquiring it.
- If the collectable is sold or transferred to a member or a related party it must be sold/transferred at market value as determined by a qualified independent valuer.

For those SMSFs that already hold these types of investments, they have until 1 July 2016 to ensure that the new guidelines are adhered to or the asset is sold.

Traditionally, these investments are held for their capital appreciation and offer little if any regular income. Many also have a very limited secondary market and so may be difficult to realise. These two issues alone often make such investments unsuitable for a SMSF, and when combined with the additional costs of storage, insurance and valuation under the new regulations, any such investment should be considered very carefully by the SMSF trustees before proceeding.

Not adhering to these new regulations could result in your SMSF being considered 'Non Complying' by the ATO with hefty penalties being imposed. Please contact us before your SMSF chooses to invest in any of these types of assets and if your SMSF already holds these types of investments please contact us to discuss what options are available to you.

ATO Possible Refund Delays

We have recently been informed by the ATO that they will be delaying some selected returns by a minimum of 12 weeks, prior to releasing any refunds.

We are advised this is to enable them to conduct reviews of the returns where the ATO deem the following matters could apply;

- a suspected fraudulent or incorrect payment summary (particularly where the amount of tax withheld is high when compared to the gross salary);
- problems with the amount of franking credits claimed;
- overstatement or ineligibility to claim the education tax refund;
- overstatement or ineligibility to claim a spouse rebate;
- overstatement of work related expenses; and
- unexplained large variances as compared to prior year returns.

The accounting industry bodies have been in consultation with the ATO regarding the need to provide more detail to practitioners, as the ATO currently does not provide precise information as to why a particular return is subject to further inspection.

Our industry bodies have also made recommendations to the ATO to ensure the impact on our clients is not onerous, and to ensure that accountants and their clients are treated fairly when they have completed their returns in a correct manner.

Local Firm Scoops Awards

We would like to extend our congratulations to Wayne and Jacque Houlden, whose software development firm Janison Solutions recently won a number of prestigious and hotly contested awards.

Firstly, at the recent Telstra NSW Business Awards, Janison won the NSW Medium Business of the Year, NSW Regional Business of the Year and the overall NSW Business of the Year. They then followed this up by being named the Australian



Regional Business of the Year at the National Finals. A truly amazing result.

In July Janison also took out the NSW State and National iAwards for their cloud based assessment system. The iAwards are specifically directed at businesses that operate within the communication and information technology industry throughout Australia.

Finally to top it all off Janison were finalists in the 2011 Microsoft Global Education Partner of the Year award.

Winning the above awards against such competition is an incredible achievement and we wish Wayne and Jacque further success for the future.

Masters of Taxation

BBV are proud to congratulate David Brett and Michelle Geddes who after four years of juggling work, family and study commitments, have both successfully been awarded their Masters Degrees in Taxation from the University of New South Wales.



The Masters Degree in Taxation is a challenging course designed for the taxation specialist and provides a highly practical and detailed analysis of the more complex issues and aspects of the Australian Taxation System.

Baby News



And for the second time in as many newsletters, we have more baby news. Racquel and her husband Luke welcomed their new baby boy, Kalani, on the 3rd September. Both mum and bub are doing great!

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