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Member of
Count 

 **IPA** INSTITUTE OF PUBLIC
ACCOUNTANTS

Welcome

to the Hern Financial Services Informer as we head into
Tax Time 2011.

This Financial Year has been a big year for Hern Financial Services! We have settled in nicely at our bigger premises on Greenhill Road. The bigger space has allowed us to hold more client events such as seminars and business breakfasts.

We also have room to grow! Since the beginning of 2011 we have welcomed 3 new staff members, Suresh and Chelsea, to the accounting team, Jade Annear as our new Director of First Impressions and in May we also welcomed back Kristy after 10 months of Maternity leave.

As of the New Financial Year, the Informer will now be issued quarterly to enable us to communicate with you on a regular basis. Please let us know if you would prefer to receive the Informer by email. We also now have Facebook, Twitter, LinkedIn and YouTube social networks to keep you up-to-date with the latest information.



Hern Financial Services makes every effort to reduce our Carbon Footprint.



Thank you to everyone who nominated to receive our Informer by email last year. We are trying to make a conscious effort to decrease our use of paper and move towards a Paperless office.

If you have not updated or provided us with your email address, please email adey@hern.com.au to update your information.

If you would like the next copy of the Informer emailed to you please register your subscription with Adrienne at adey@hern.com.au.

The Hern Financial Services Informer is printed on Monza Recycled Art Paper.

Tax Time 2011

Our Tax Checklists

Over the past few years, one of the biggest issues arising when attending to the required accounting work relates to the working papers that are needed.

We have designed an **Individual Checklist** and a **Business Checklist** listing all the paperwork required to process your tax returns. Both forms are also available online, but we must stress how important it is for our clients to use these checklists before sending or bringing in your paperwork. Having the full information right from the start, allows us to complete the job much more quickly and efficiently. The checklists are an invaluable tool for you to use.

We can email or post copies to you but they are also available online at:

www.hern.com.au/our_services/tax_and_accounting

Our Fees for 2011

Our fees for a Basic Tax Return* have changed and are now as follows:

- * **\$198.00** inc GST paid on the day via cash, cheque or credit card
- * **\$220.00** inc GST to receive a 14 day invoice or to have the fee deducted from your expected refund

**a Basic Tax Return does not include rental properties or business schedules*

Tax Rates on Hold for 2011/12

For the first time in nine years the Personal Income Tax rate and thresholds will remain the same as 2010/11.

The indexation of Family Tax Benefit A, Baby Bonus and the Paid Parental Leave Scheme will also not be increased by the inflation rate for the next 3 years.

For more information on this year's Federal Budget and how it will effect families, small business, taxation and superannuation, please visit our website

www.hern.com.au/resources/federal_budget_2011-12

Flood Levy starts 1 July 2011

As you may be aware, the Government announced that it will introduce a one-off flood levy for the 2011-12 income year to help reconstruct the flood affected areas of Queensland, New South Wales and Victoria.

How this affects the taxpayer?

Taxpayers who have a taxable income of \$50,001 to \$100,000 will be paying a levy of 0.5% on that part of their income and taxpayers with a taxable income above \$100,001 will have a levy of 1% applied on that part of their income. For example if you have a taxable income of \$60,000 you will be paying a levy of \$0.96 per week.

The Government has advised that the levy will only apply to the financial year 2011-12 and will not extend the levy past this date.

How do I pay this levy?

Employees will have the levy payments deducted as part of the tax that is deducted from their usual pay cycle. So basically that means that you will have a little more tax deducted in each pay. Businesses will need to apply a new withholding schedule to their employees to withhold levy payments. Businesses are not required to pay the levy as it is applied to individual taxpayers only.

If you have would like to read more about the Flood Levy go to www.hern.com.au/hfs_news for links to the official Government fact sheets or please contact our office.

5 Day Promise for BASIC Income Tax Returns!

Due to the success of this strategy over the past few years, Hern Financial Services will continue to offer our '5 Day Promise' for Basic Income Tax Returns. If you can't come in to see us, why not send in your paperwork? On receipt of your data at our office we can have it back to you ready to sign in 5 working days. That's our promise to you!

Tax Time 2011

What is the Medicare Levy?

During tax time our accountants are often asked many questions relating to the 'Medicare Levy'. Just what is it? And why does it matter for me?

Well, to explain simply Medicare is a scheme that provides Australian residents with access to health care and in order to fund this scheme the majority of tax payers will pay a levy on this service in the amount of 1.5% of their taxable income.

When it comes to determining where an individual sits on the Medicare levy slide, one big factor is considered, this being your income. For example, if your income is below a certain threshold (in 09 -10 this figure was \$21,750 or less) your Medicare levy will be reduced. With a taxable income of \$18,488 or less, you will generally have no levy at all to pay.

However, at the opposite end of the scale if your income is above a certain threshold then you may be required to pay the Medicare levy surcharge (MLS). Unlike those below the income threshold, there are many factors that affect the MLS, including private health cover as well as your personal situation. For example, if you have a taxable income of over \$73,000 and are a single person with no dependants then you may be required to pay the MLS.

When it comes to the Medicare levy there are a variety of factors that can affect how much or little you pay. When you have your tax return completed be sure to give your accountant a detailed overview of your personal situation so that they can make the necessary decisions in relation to the Medicare levy and you.



Take advantage of
tax-effective opportunities
before 30 June

- ★ Consider salary sacrificing
- ★ Consider concessional contributions
- ★ Can you take advantage of the Government Co-contribution?
- ★ Consider a Transition to Retirement
- ★ Pre-pay deductible interest
- ★ Consider income protection

For more information on tax-effective opportunities, have a look at our website www.hern.com.au or give us a call on 8373 1702

Peterborough Visit

Brian will be visiting Peterborough on Friday 29th July for the benefit of our Mid North Clients.

Please call Kristy on 08 8373 1702 or email kristy@hern.com.au to make an appointment.

Business

Paid Parental Leave - How it effects employers

As you may be aware Australia's first national, Government-funded, Paid Parental Leave scheme is now law. The scheme provides the primary carer (mum or dad) with 18 weeks of pay



at minimum wage. Although the funding is from the Family Assistance Office, employers are responsible for making the Paid Parental leave payments to their employees.

When do employers start participating in the Paid Parental Leave scheme?

As of the 1st July 2011, employers must start providing Paid Parental Leave. This means employers will have time to make necessary adjustments to their payroll system at the beginning of the new financial year.

From the 1st July 2011 the employer is responsible for providing Parental Leave Pay to eligible employees who have or adopt a child. It is not the employer's responsibility to contact the Family Assistance Office. The employee is to contact the FAO and lodge a claim for Parental Leave Pay.

MYOB Software & Paid Parental Leave Scheme

The Paid Parental Leave scheme has now been active as of the 1st January 2011. For employers of eligible working parents, the government is paying the money directly to them to pass on to the employee.

MYOB have released a step-by-step guide to set up the Paid Parental Leave scheme in your current MYOB software. This is available on our website:

http://www.hern.com.au/resources/myob_paid_parental_leave_scheme

Employer Obligations

To make sure you meet your obligations to provide Parental Leave Pay to your eligible employees, follow these simple rules:

1. Provide your bank account details, employee's usual pay cycle and pay cut off details to us to ensure you receive Paid Parental Leave funds.
2. Provide Parental Leave Pay to your employee for their Paid Parental Leave period.
3. Provide Parental Leave Pay as part of your employee's usual pay cycle.
4. Withhold tax from Parental Leave Pay under the usual PAYG withholding arrangements. You will need to include Parental Leave Pay in the total amounts on the employee's annual or part-year payment summary (statements given to the employee for tax purposes).
5. Provide a record of Parental Leave Pay for your employee (usually a pay slip).
6. Keep written financial records of receipt of Paid Parental Leave funds received from the Family Assistance Office and of the Parental Leave Pay provided to your employee.
7. Notify the Family Assistance office:
 - if and when your employee returns to work before or during their Paid Parental Leave period
 - if and when your employee resigns from your business
 - if you change your bank account details or your employee's pay cycle, **or**
 - if you receive an incorrect amount of Paid Parental Leave funds from the Family Assistance Office or if you are unable to provide Parental Leave Pay to your employee.
8. Return any unpaid Paid Parental Leave funds to the Family Assistance Office.
9. Notify the Family Assistance Office in advance if you are:
 - ceasing to trade
 - selling your business, **or**
 - transferring ownership or merging with another business.

For more information about the Paid Parental Leave Scheme please visit the Family Assistance Office webpage.

<http://www.familyassist.gov.au>

Silver Surfers

The term Baby- Boomers is a thing of the past and they have now earned the nickname Silver Surfer (for their quick adoption of the digital age). We are able to help Silver Surfers and their families with Superannuation and Retirement strategies, Investment, Wealth Protection, Government Support and Estate Planning.

Help your children and protect your retirement

With your retirement plans to look forward to, we are also mindful that being a parent is a life-time proposition.

Your children may be planning families of their own, with the significant financial responsibilities that follow. Who would they turn to if there was a serious disruption to their ability to attend to these responsibilities?

In a recent study, the Australian Institute of Health & Welfare found that 1 in 3 working age Australians (aged 25 – 64) are managing some form of chronic disease, and that individuals within this group are **60% more likely to not be in the labour force**, when compared to people without chronic disease¹.

If your son or daughter were to experience a significant illness or disability, how would they cope without a wealth protection strategy in place?

Who would look after your grandchildren? Would you be able to cope financially, physically and mentally?

1. Australian Institute of Health and Welfare (2009). Chronic disease and participation in work. <http://www.aihw.gov.au/>

The benefits of a wealth protection strategy

As life experience shows, putting together a wealth protection strategy after the event is usually too late to achieve much at all.

We can help your children devise a wealth protection strategy that meets their individual needs and that is within their budget so that if a significant health event were to occur:

- Their income is protected;
- Any mortgages and living expenses are provided for;
- A lump-sum amount for medical expenses or childcare assistance is also provided for.

In fact, we have found that by making a small contribution towards their children's' wealth protection, parents are not only helping their children but also making a prudent investment into their own retirement.

Should you agree that this is an important area to address for you and your family, please do not hesitate to contact us on 8373 1702 so that we may discuss any questions you might have.

Estate Planning

A simple Do-It-Yourself Will may be enough, though if your assets are more complex and you would like to share your wealth with loved ones, businesses or charities, an Estate Plan is essential.

As your Accountant and member of Count Financial, Hern Financial Services is ideally placed to offer financial strategies to make the most of your estate plan. We are able to offer you a free consultation with Lester Jarmyn, Senior Estate planner from Australian Executor Trustees.

Lester has over 30 years experience in Estate planning and Wills preparation. He will be able to help implement strategies to maximize the benefits of your assets to pass on to beneficiaries (such as reducing tax). He can also help in Trust Services and Attorney Services. Using this service **does not** commit your Trustees to using Australian Executor Trustees to wind up your Estate.

Senior Estate Planner, Lester Jarmyn from Australian Executor Trustees will be in our office on

Wed 20 July & Mon 22 August 2011 - Appointment Times are 10am, 11.30am, 1pm, 2.30pm and 4pm

To book your free consultation please call us on 8373 1702 or email Stacey, stacey@hern.com.au

Office News

A lot has happened at Hern Financial Services in the last few months. We have welcomed 2 new Accountants, Kristy is back and another baby is on the way!

New Staff



From the left: Chelsea, Suresh, Kristy and Jade

This year we have welcomed 2 new Accountants and a new Director of First Impressions to the Hern Financial Services Team, Suresh Rajani, Chelsea Song and Jade Annear.

Suresh comes to us with six years experience in the accounting industry. He has a Master of Commerce (Accounting) Degree from the University of Adelaide, is a member of the National Institute of Accountants and a registered Tax Agent. Suresh is available for appointments during the busy tax season and looks forward to meeting our clients and helping them with their accounting needs.

Chelsea joins the team as a Junior Accountant. She has a Bachelor of Commerce (Accounting) with Honours from the University of Adelaide and is currently studying in the CPA program. Chelsea is working enthusiastically and proactively with the senior accountants to help clients with their accounting and taxation issues.

In May we welcomed Jade as our New Director of First Impressions. Jade comes to us with 2 years experience in the accounting industry and she will be your first point of contact in our office or on the phone.

We also welcome back Kristy, who has returned part-time after 9 months maternity leave. Kristy will be in a Client Services role and she is working Mondays and Fridays.

New Baby

We are excited about Maria's new arrival due in July. Watch our website for the big news! We wish Maria and Rob all the best and look forward to lots of visits to the

office. Maria will be returning to the office in the new year.

Count National 2011 Support Specialist of the Year

Congratulations to Renee who won the 2011 Count National Support Specialist of the Year Award. Renee won the award for her diligence and hard work. Renee is very deserving of this award and we are all proud of her!



Renee pictured with Barry Lambert, Founder of Count Financial

Finalist for Volunteer of the Year

Brian was very humbled to be nominated for the Walkerville Council "Volunteer of the Year" in May. Brian was one of the 4 finalists to be honoured at the Volunteers lunch. He was nominated for his involvement in the Walkerville community, his work with Brougham Place Uniting Church and providing pro-bono accounting and auditing services to Walkerville community groups. Congratulations Brian!

Shortlist for 2011 Telstra Business Awards

Hern Financial Services is delighted to announce that we have been shortlisted for the South Australian MYOB Small Business Award Category in the 2011 Telstra Business Awards. It is an honour to be part of the shortlist and it has been a great experience so far. Thank you to all our clients who voted for us in the Blackberry People's Choice Award. We thank you for your support and look forward to continually improving our level of service to you.

Our Clients

At Hern Financial Services we are lucky to have a diverse and interesting community of clients. From time to time we will be featuring our clients in the Informer. Some clients have amazing jobs and business interests, while others are involved in great community projects.

Register4

Yvonne Jex has been a client of Hern Financial Services for many years and she is an Ambassador for Register4. Register4 is



a new initiative of the National Breast Cancer Foundation and we spoke to Yvonne about what is Register4 and her involvement with this project.

What is Register4?

Register4, an initiative of the National Breast Cancer Foundation (NBCF), is Australia's first online community for volunteer breast cancer research participants that brings you together with breast cancer researchers for the joint purpose of finding answers faster. Ultimately, we believe Register4 can significantly change the course of breast cancer research in Australia. It may also answer questions about other diseases too. We help researchers spend less time and money recruiting volunteers, so they can spend more time finding better preventative measures and a cure.

How did you become an Ambassador for Register4?

8 years ago I was diagnosed with Breast Cancer. Since that time I have become actively involved in several aspects of helping to promote research into finding a cure for Breast Cancer. For the last 7 plus years I have been volunteering as a Speakers Ambassador for the National Breast Cancer Foundation, speaking to both very large and smaller groups about the research and working to finding a cure, along with 'telling my story and journey' through the whole process of diagnosis, treatment, recovery and beyond. Register4, an initiative of the NBCF, was launched in October 2011 and aims to have 1 Million participants registered online.

Since retiring and wanting to continue my volunteering work with the NBCF, I became involved in Register4 to inform and promote to people around Australia, the importance of research into Breast Cancer, thus as we travel, I talk to various community, sporting and other groups/organisations and encourage their participation

and support by signing up to Register4 and supporting the NBCF.

Can anyone be involved?

Register4 members don't knock on doors. or donate money. They don't fold envelopes either. As a Register4 member you can volunteer your time on approved research projects of the highest standard and help the National Breast Cancer Foundation find a cure for breast cancer.

We're looking for all kinds of individuals from all different walks of life (you don't have to have had breast cancer). Members of our breast cancer community are aged 18 or over, come from right around Australia, and are predominantly women – though men can join too.

By joining Register4 you could help someone's favourite person in the world have a better chance of living a longer, happier life.

How can we join?

There are a lot of ways you can get involved with the work we're doing here at Register4. Every person who joins takes us one step closer to finding a cure, every person who spreads the word helps us reach our goal of one million women.

Signing up is easy. All it takes is a couple of minutes online. to register your details. All you need to do is go online to <http://www.register4.org.au>

The staff at Hern Financial Services have registered with Register4 and if you would like to join please visit our webpage or Facebook page for the links to Register4.



Upcoming Events

Young Business Leaders Breakfast

We have had some great sessions so far this year with our Young Business Leaders Breakfast and there is still more to come!



In August we have guest speaker, David Maerschel, talking about HR – Recruitment, Staff Retention and Interview Tips.

David is the Director of Maerschel Consulting, a specialist practice dedicated to providing management consulting services within the recruitment and human resources field.

Join us for breakfast and the opportunity to network with like-minded young business leaders.

Date: Thursday 11th August

Time: 7.15 for 7.30am start

Venue: Hern Financial Services Boardroom
Level 2, 208 Greenhill Road, Eastwood

RSVP: by Monday 8th August to Adrienne
adey@hern.com.au or RSVP by our events page on Facebook

Cost: \$50.00 or FREE if you bring a friend or business colleague.

Cancellation fee – if you cancel less than 48 hours before the event a \$50.00 cancellation fee will be charged

Build Your Wealth Property Seminar

Hern Financial Services together with First National Riggall invite you to our Build Your Wealth Seminar.



Enjoy a cost free night of property investment insights from an accounting, property, tax and financial point of view.

Presenting on the night will be:

Matthew Carberry – Partner of Hern Financial Services

John Riggall – Principal of First National Riggall

Matthew White – Mortgage Broker

Date: Thursday 25th August

Time: 6pm for 6.15pm start

Venue: Hern Financial Services Boardroom
Level 2, 208 Greenhill Road, Eastwood

RSVP: by Monday 22nd August to Margie on 8342 3399 or email margie@riggall.com.au



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