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Hern Financial
Services

Phone:
08 8344 6011

www.hern.com.au

Office Hours:
9am – 5pm
Monday to Friday

Members of:



WELCOME

to the Hern Financial Services **Informer** as we head into
Tax Time 2009

Check out our updated website!

www.hern.com.au is full of useful information. Visit our website to find how we can help you to achieve your financial goals through taxation and financial planning strategies. You can also make appointments via our website or by email at reception@hern.com.au.

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.

Our Fees for 2009

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

- * \$187.00 paid on the day via cash, cheque or credit card
- * \$198.00 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*

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!

Your chance to WIN a \$100.00 Westfield Voucher!

Count how many times the word **TAX** is used in the 2009 Hern Financial Services **Informer** to go into the draw to **win** a \$100.00 Westfield Voucher.

Email your answer with your name and phone number to Johnny, johnny@hern.com.au to be placed into the draw.

The winner will be drawn on 30th June, 2009.

Good luck and happy counting!!

INDIVIDUALS

Top 3 Most Common Tax Return Errors

- * Omitting interest/income
- * Providing incorrect or omitting capital gains and losses
- * Omitting investment income

The ATO have a process in place which compares details provided in your income tax return to those provided to them from banks, government bodies, employers, investment companies etc. Failing to include these figures will result in an amended tax assessment and an amount payable to the ATO.

Senior Concession Allowance

As of 20 September 2009, all holders of the Commonwealth Seniors Health Care Card and Department of Veteran's Affairs Gold Card Holders receive an annual allowance of \$790.40 per year for singles and \$1,190.80 for couples. To assist those who use this for their bill paying, this allowance will be paid quarterly.

The Ins and Outs of Self Managed Super Funds Seminar

If you are interested in creating your own Self Managed Superannuation Fund, Hern Financial Services would like to invite you to a special presentation by Neil Sparks, SA Head of Distribution for the BT Financial Group.

Neil a specialist in Self Managed Super Funds will talk about the advantages and disadvantages of your own Self Managed Super Fund. To register your interest phone or email Johnny johnny@hern.com.au. Please check our website www.hern.com.au for further details.

Concessional Contributions Cap Reduced from 1 July 2009

The recent 2009 Federal Budget proposes significantly reducing the amount of tax effective, or concessional, contributions that you can make into superannuation from 1 July 2009. Concessional contributions include Super Guarantee contributions from your employer, as well as salary sacrifice contributions and any contributions made personally for which you can claim a tax deduction.

For many investors, they can provide a tax saving now and into the future.

What are the new proposed contribution caps?

Your concessional cap will depend on your age; however, caps for all ages will reduce significantly from 1 July 2009:

Financial Year	Limit if aged 50 or over	Limit if under 50
2008/09	\$100,000	\$50,000
2009/10	\$50,000	\$25,000

Action required

If you are presently contributing to super via a salary sacrifice agreement or personal tax deductible contributions, it is important to review your contribution strategy prior to 1 July 2009 to ensure that your level of contributions will not be too high. Substantial tax penalties can apply if you exceed your contribution cap.

If you have not already used your full contribution cap in this financial year, it may be worth making further contributions in the lead up to 30 June 2009 to take advantage of potentially the last year of larger contribution caps.

Hern Financial Services goes GREEN!

In our industry, we use a lot of paper. At Hern Financial Services we are trying to reduce our Carbon Footprint by moving towards a Paperless office.

Over the past 2 years we have saved **12,000** pieces of paper per year by using electronic filing systems. At tax time this year, we will be offering to email clients PDF copies of their tax returns instead of printing a copy for them to take home.

We hope to increase our email communication to decrease our use of paper, so if you have not updated or provided us with your email address, please email reception@hern.com.au to update your information.

If you would like next year's 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.



INDIVIDUALS

Do you earn under \$60,342? Let the Government top up your Super!

For each \$1 you add as a personal after-tax contribution, the Government will co-contribute \$1.50 up to a maximum of \$1,500, provided you meet the eligibility conditions. The Government co-contribution will decrease in 2009/10 Financial year to a maximum of \$1,000 as part of the Federal Budget cuts announced in May.

Are you eligible?

Since 1 July 2007, both employed and self-employed people have been eligible for a super co-contribution.

You are eligible if you:

- * Made a personal contribution to your super for which you will not claim a tax deduction
- * Earned less than \$60,342 as an individual in the 2008/2009 financial year before tax
- * Earned more than 10% of your total income from being employed or from carrying on a business
- * Are under 71 years of age
- * Lodge an income tax return
- * Are a permanent resident or citizen of Australia

If you are eligible to receive a Government co-contribution, we encourage you to take advantage of this offer. A little more in your super now could mean a lot more in the future!

If you currently have a superannuation account managed by Hern Financial Services and would like to make a Government co-contribution, please call Matthew on 08 83446011 or email him at mcarberr@hern.com.au for correct deposit advice for your Superannuation Account.

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 Accountants and members 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

- * **Friday 31st July**
- * **Monday 24th August**
- * **Wednesday 30th September**

Appointment Times are 10am, 11.30am, 1pm, 2.30pm and 4pm

To book your free consultation please call us on 8344 6011

Peterborough Visit

Brian will be visiting Peterborough on **Friday 24th July** and **Saturday 25th July** for the benefit of our Mid North clients.

Please call Kristy Willmott on 08 8344 6011 or email kristy@hern.com.au to book your appointment time.

BUSINESS OWNERS

Business Improvement Solution

Business Improvement Solution (BIS) service is an easy to understand financial modelling program to provide a critical financial analysis of your business.

This service allows us to provide you with a 'health check' of your current financial position. It allows us to diagnose issues within your business and offer recommendations and solutions to potential tax, cash flow and profit problems, whilst maintaining a focus on the overall improvement in financial performance.

Some of the benefits of Business Improvement Solution are:

- ★ Uncovering the possible causes of current financial difficulties.
- ★ Plotting future directions through goal seeking analysis
- ★ Creating projections, discovering solutions and averting potential disasters with "what if" graphs such as – What if sales improve by 10%? What is the financial impact on cash flow if I increase my volume? How can I improve my cash flow?
- ★ Find out if your next dollar of sales will have a positive or negative cash flow impact?

On review of your situation you will receive reports outlining and summarising both the initial analysis and subsequent goal seeking scenarios discussed during the meeting. The reports will prove invaluable when monitoring your performance improvements over the coming period.

For more information on how Business Improvement Solution can help your business, please contact Matthew on 8344 6011 or email him at mcarberry@hern.com.au.

Cashflow Manager and MYOB Updates

From time to time, you may receive, if you have not already, information on updating your Cashflow Manager to Version 7.5, and MYOB to Version 18. To assist you in keeping the best possible records, Hern Financial Services highly recommend that you upgrade as necessary to keep up with changes to the tax system and the information required of you as time progresses. If you have any queries, please contact our office.

Duplicate Financials and Tax Returns

We are regularly contacted with the request to provide financial institutions and clients with extra copies of their tax returns or financial statements. We provide all of our clients with copies of their Income Tax Returns, and financials where applicable, upon completion of their work. These should be retained in a secure place for 7 years. **Please note** that any further copies requested will incur a fee of \$55.00 inc. GST for this service.

Additional copies are often required for finance. If you are looking for a home loan or car/equipment finance please talk to us first. With access to many lenders, we are able to offer competitive rates and provide you with advice on the most tax effective products for you.

Audit Protection Service

The Australian Tax Office continues to announce significant increases in their audit activity. Individuals, Small Businesses and Self Managed Superannuation Funds are at risk of being selected for a random audit.

Random audits or investigations by the ATO will result in costs to you. Even if there are no adjustments to the return, there are costs in the preparation of the material for the ATO and the managing of the response process.

Audit Insurance covers professional fees incurred in preparing all relevant documentation and responses to the ATO, conducting an Audit, Review or Investigation. The policy, underwritten by Vero Insurance Ltd, covers these costs relating to the current year's returns and all previous years.

Please contact Brian or Matthew to discuss whether Audit Insurance is appropriate for your business.

TAX BREAKS

Take Advantage of the Federal Government's Small Business Tax Break

In the recent National Budget, the Federal Government released their Small Business and General Business Tax Break.

This temporary business tax break has been designed to help Australian businesses boost business investment, increase economic activity and support Australian jobs

What does the Small Business and General Business Tax break mean?

Small businesses can claim an additional **50% tax deduction** for eligible **NEW** assets costing \$1,000 or more, provided that they are acquired **between the 13th December 2008 and 31 December 2009** and installed by 31 December 2010.

To benefit from this tax break, a small business must have a turnover of \$2 million a year or less. Businesses with a higher turnover can receive the same deductions for eligible assets greater than \$10,000.

Examples of the tax break:

- * A small business buys and installs a **NEW** \$2,000 computer before the end of December 2009. They can claim an additional \$600 deduction in their 2008-09 tax return. This is for hardware only – not software.
- * A business buys and takes possession of a **NEW** \$60,000 backhoe by the end of June 2009. They can claim an additional \$18,000 deduction in its 2008-09 tax return.

If you have any queries about this incentive or eligible assets, please contact Brian or Matthew on 8344 6011 or email reception@hern.com.au

You can Lease assets and still take advantage of the 50% Tax Break

Did you know that Hern Financial Services can help you finance your new asset with our leasing service?

Hern Financial Services can recommend the most tax effective structure for your leasing and asset purchase requirements for any business purpose such as:

- * Cars
- * Commercial Trailers
- * Vans
- * Earthmoving
- * Trucks
- * Medical Equipment
- * Manufacturing Equipment

We have access to a range of financiers and are able to find the best tax effective package for you.

We specialise in:

- * Fast Approvals
- * Tailored recommendations to suit your business needs
- * Preparation of the final application and financial statements
- * Preapproved finance so you can have peace of mind.

If you are interested in leasing an asset and taking advantage of the Government's 50% tax break, please contact Matthew on 8344 6011 or by email on mcarberr@hern.com.au.

Please note that assets must be purchased by 31st December, 2009 to take advantage of this offer, so act now so you don't miss out!

Our lending services are provided by Count's subsidiary finconnect (australia) Pty Ltd, ABN 45 122 896 477. Head Office: Level 19, 1 Alfred St, Sydney 2000. Registered Finance Broker (ACT) #173 106 45.

STOP PRESS

Education Tax Refund

The Australian Government's Education Tax Refund means you could get 50% back on a range of your children's education expenses.

You could be eligible to receive a refund up to \$375 for each Primary school child and \$750 for each secondary school child. You can claim expenses like textbooks, stationery, educational Software and even computers, printers and the internet.



Am I Eligible to Claim?

If you are eligible, from 1 July 2009 you can claim the Education Tax Refund for eligible education spending from 1 July 2008 to 30 June 2009. You can claim an education tax refund of up to 50% of those expenses if any of the following circumstances apply:

- * You received family tax benefit (FTB) Part A for the child
- * A payment was made for the child that stopped you from receiving FTB Part A

Are you an Independent Student?

If you are an independent student you may also be eligible to claim education expenses. You may be eligible if:

- * You received a social security pension or benefit ie: Youth Allowance, ABStudy, Veterans Education Scheme or Disability Support Pension
- * You are under 25 years of age
- * You were an independent person for the purpose of the payment
- * You attended secondary school
- * You are an Australian Resident

Education Expenses you can Claim

You can claim the cost of buying, establishing, repairing and maintaining any of the following items:

- * Laptops and home computers
- * Computer-related equipment such as printers, USB flash drives, disability computer equipment aids for students with special needs
- * Home internet connections
- * Computer software for educational use, including word processing, spreadsheet, database and presentation software, internet filters and antivirus software.
- * School textbooks and other paper based school learning material, including prescribed text books, associated learning materials, study guides and stationery
- * Prescribed trade tools

Please remember to bring your receipts from 1 July 2008, when you come in to complete your 2008/09 Income Tax Return to claim your Education Tax Refund.

To find out more about the Education Tax Refund, eligibility and claims,
please visit our website

www.hern.com.au

FINANCIAL PLANNING

As a Member of Count Financial Limited for over 10 years, Hern Financial Services is your one stop financial shop. We are able to provide you with a complete financial solution – offering you tax effective investment advice for your personal or business needs and saving you time. Please make us your first point of contact in regards to your financial planning.

Our Financial Planning Services:

- * Superannuation & Retirement Advice
- * Investment Advice & Reviews
- * Leasing
- * Margin Lending
- * Home Loans
- * Stock Broking
- * Risk Insurance

The Value of Advice

With recent share market downturn and collapses of companies such as Storm and Westpoint, it can be a concern that your invested monies are not being cared for properly.

As members of Count Financial Limited, we are part of Australia's largest independently-owned financial planning network. We are not owned by a financial institution, insurance company or Fund Manager. Each fund that we recommend to you has passed a stringent research process starting with an independent assessment undertaken by van Eyk Research.

With more and more high risk and unstable opportunities to invest surfacing in today's ever-changing and fluctuating market, it is becoming more important to seek professional advice before making important financial decisions.

Please feel free to speak to us about your financial planning affairs.



Hern Financial Services is part of Count Financial, Australia's largest independently-owned network of financial planning accountants and advisers.

Our Offer to You

Over the past few years, we have offered all of our clients the opportunity to come in for a **free** initial financial planning appointment. In this appointment, you can sit down with Matthew and have a discussion about how we can help you achieve your financial planning goals. We encourage all to take us up on this opportunity; however, no advice is given during this 'getting to know you' stage. If you like what you hear and would like to follow it up, please make another appointment to go further and begin your journey to achieving financial freedom.

Truths of investing for long term growth!

Re-assuring nervous investors Thursday September 24th

All clients of Hern Financial Services are invited to attend a special presentation by Michael Bailey, Investment Specialist for BT Financial Group.

Michael, who has been in financial services for more than 40 years, will highlight many of the truths of investing for long-term growth whilst discussing the myths associated with term deposits. His presentation will inspire confidence, particularly in those who have been worried by recent share market volatility.

Tickets are \$30.00 a head (value is \$100.00 per head, partially subsidized by Hern Financial Services). Time and venue are to be announced.

Please register your interest with Johnny on 8344 6011 or via email on johnny@hern.com.au. Further details will be issued in August.

FINANCIAL PLANNING

First Home Owners Grant Boost extended!

In the recent Federal Budget, the Government has announced that the First Home Owners Boost (FHOB) will be extended for a further 6 months for both the housing market and first home buyers.

For eligible first home buyers who enter into contracts between 1 July 2009 and 30 September 2009, the First Home Owners Boost will continue to provide \$7,000 for the purchase of established homes and \$14,000 for the purchase of new homes. Combined with the first home owners grant, eligible persons who purchase an existing home will receive \$14,000 and eligible persons who purchase a new dwelling will receive \$21,000 of assistance.

The First Home Owners Boost will be halved for first home buyers who enter into contracts between 1 October 2009 and 31 December 2009. Where an existing home is purchased, the eligible first home buyer will receive \$3,500, whereas persons buying a new dwelling will receive \$7,000. Combined with the first homeowners grant, eligible persons purchasing an established home will receive \$10,500 and persons purchasing a new home will receive \$14,000.



The Importance of Insurance in Volatile Times.

At the moment, Australia is in a recession. The lending crisis, falling stock market and increased unemployment are some issues that affect everyone. This is a time when people look at their expenses and start to cut back.

The first thing they cut back on is personal insurance. If they have not made a claim they start to think, "Is it a necessary expense?" However, this is the most important time to continue paying your insurance premiums.

Few Australians consider the financial ramifications of being out of work for an extended period of time – until it happens to them.

Surviving without an income for a few weeks may be manageable; however, if this continues for an extended period, paying a mortgage and hospital bills (let alone day-to-day expenses) becomes increasingly difficult. In these cases, having a Wealth Protection plan in place can be a life saver, especially if you have a family to look after.

Basic Wealth Protection starts with Income Protection Insurance, which provides up to 75% of gross income in the event that you are unable to work due to accident or illness, with some plans also covering unemployment. This cover can last up to the age of 65.

Income Protection costs around 1-2% of your gross income. It is also **tax deductible** and can be claimed in the current financial year if paid in advance.

Having an accident, illness or being unemployed is stressful enough, without having to worry about finances.

Talk to Matthew about the best Income Protection strategies for your personal situation.

Home Loan Services

If you are looking at taking up the First Home Owner's Grant Boost or just refinancing your loan, Hern Financial Services has access to most of the major banks and lending institutions approved by Count's research team.

We would like to introduce Paul Fitzgerald of Finconnect (a subsidiary of Count). Paul has had many years in the mortgage industry and is now our new lending manager. If you are interested in a home loan or refinancing, please speak to Matthew on 8344 6011 to arrange a time for Paul to visit you at home or in our office.

Our lending services are provided by Count's subsidiary finconnect (australia) pty ltd, ABN 45 122 896 477. Head Office: Level 19, 1 Alfred St, Sydney 2000. Registered Finance Broker (ACT) #173 106 45.



OFFICE UPDATES

New Staff

Over the past 12 months, Hern Financial Services has welcomed three new faces to join our team of friendly and enthusiastic staff; Johnny, Maria and Stacey. Each has joined the Hern Financial Services team at various stages over the past year, but have already begun working with our clients and helping us better serve their interests.

Some of you may have met or spoken to Johnny, our new Business Manager. A recent arrival to Adelaide from San Diego, Johnny may call you regarding appointments, outstanding tax information and invoices.

Maria, a qualified accountant, has joined the tax and accounting arm of our business to help all of us provide better support for our ever-expanding client base.

Stacey has taken up the position of our Client Services Assistant to assist the Financial Planning side of the business, replacing Adrienne who will be on Maternity Leave until early 2010.

Each looks forward to getting to know you and forming friendly and supportive relationships over the years to come.



New Staff members from the left: Stacey, Johnny and Maria



The Herns Welcome a New Family Member

As many of you may know, Brian and Bronwyn welcomed their first grandchild, Annie Joan (on 16 August 2008) to the family. Annie is first born to Richard and his wife Kylie. Brian and Bronwyn look forward to their second grandchild expected in August, first born to Adrienne and her husband Craig. Are there some future Hern Financial Services staff members?

Please remember that appointments at Tax Time fill up quickly. To avoid disappointment please call us on 8344 6011 or after hours email reception@hern.com.au to book your Tax Appointment.

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