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The financial news your business needs.

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BUSINESS Bulletin

Finances - Consolidate Your Super

A recent ATO Media Release emphasises the importance of consolidating your superannuation, and the ease with which you now can.

Consolidating can save you thousands of dollars. According to new figures, 45% of working Australians have more than one superannuation account. The ATO is encouraging these people to consider consolidating their superannuation into one preferred account (this may not be your biggest account, but rather the account with the lowest fees or the better performing fund).

Doing so, may leave you with thousands of dollars more for your retirement. The Australian Prudential Regulation Authority says that the median figure for fees and charges paid by Australians for a low cost superannuation account is \$532 per year (even more for higher-end superannuation funds).

ATO Assistant Commissioner of Superannuation, John Shepherd says:

Consolidating your super into one preferred account is easier than ever and now is the perfect opportunity to make a fresh start with your finances.

*Australians are encouraged to use the improved **myGov** online portal to check their super accounts and consolidate multiple accounts.*

***myGov** has made it so much easier for people to combine their accounts in one place. Users can see all their accounts and consolidate them with a few clicks. Having one account minimises fees and can help maximise your retirement savings. If you've tried to combine your super accounts before and found it difficult to do, give it another go. We have simplified the process since our online services were first launched.*

We've recently seen a significant increase in Australians merging their super into one preferred account; with more than 265 000 accounts with balances totaling \$1.13 billion consolidated in the six months to December 2014. In one case, 17 accounts were consolidated. This is a rise of 400% from the six months to December 2013 when 52 000 accounts worth more than \$270 million were consolidated.

Reminder Dates

September **21**

Due date for August monthly Activity Statements

October **21**

Due date for September monthly Activity Statements

October **28**

Due date for Jul-Sep Superannuation Guarantee contributions

October **31**

Due date for personal income tax returns (if you are not using a tax agent)

November **21**

Due date for October monthly Activity Statements

Consolidating your superannuation is a simple two-step process:

1. Create a **myGov** account at my.gov.au and then link the ATO to your account. If you already have a **myGov** account, just log in and click on the ATO.
2. Go to the Super tab.

Having done this, you can then do any of the following:

- See details of all your super accounts, including any you have forgotten about
- See details of any super the ATO is holding on your behalf
- Transfer your super online
- Combine multiple super accounts.



Business Advice – Random Thoughts

You may find the following tips useful in your business and investment dealings:

- In the commercial world, customers judge and remember businesses by their differences not their similarities. What distinguishes one restaurant from another, for example? You need not do anything radical to make an impact, just do something different. Whatever it is, don't let your business be lost among the crowd.
- Although it caused major headlines at the time, the recent share-market volatility is only a problem if you need your money right now – it's the same if the property market crashes. While people's concerns are understandable, in the short term, sharp downturns just do not matter. The only way to suffer a real / actual loss when there is a sudden, temporary downturn is to sell out of assets that are cheaper today than they were a month ago. That is, to crystallise your losses.
- Do you know your business's break-even point? How much product/services do you need to sell just to 'break even'? It's surprising the number of businesses (and rental property owners) that have not properly sat down and worked out what is required for them to break even. If you have not already done so, consider sitting down with your advisor and determining this vital business metric. Doing so can help you determine pricing, staffing levels, and more.
- It's said that the definition of insanity is to do the same thing over and over again...but to expect a different result. Take a close look at your business and the way you do business. If you're not doing anything different from one year to the next and yet you're expecting different results...are you insane?



Tax Talk – What is Negative Gearing?

Negative gearing is an often used and sometimes misunderstood phrase in relation to property, shares and borrowings. When boiled down to its basics, negative gearing refers to the practice of accepting a short-term loss from an investment with a view to trading that loss off at a later date against a greater capital gain. Therefore, for a negative gearing exercise to work, it's important to select an asset that has potential for capital growth – otherwise all those losses you have been absorbing while holding the negatively geared investment will not have been worthwhile.

An investment is said to be negatively geared if, after taking into consideration all of the income and expenses associated with holding the asset, the investment shows a negative net return. Whilst all taxpayers can negatively gear an investment, it is typically more appealing to taxpayers with higher marginal rates of income tax. This is because the ATO allows an offset of the loss from the holding of a negatively geared investment against other income. Therefore, the higher a taxpayer's marginal tax rate, the greater the benefit from a gearing strategy. Therefore, it will be more beneficial for a higher earning spouse to hold a negatively geared asset in their name. On the other hand, where an investment is positively geared (i.e. the income outweighs the deductible expenses) it may be beneficial if the asset is held by a low earning or non-working spouse.



Human Resources - Employee Wellbeing

At a recent workplace conference in Sydney, one of Australia's largest employers AMP gave some unique insights into how they motivate and engage staff. AMP Health and Wellbeing Manager Mr. Jason Imbrahim said that there are four key factors that employers should aim to influence – mind, body, organization culture and the physical work environment. He cited movement during the day as central to wellbeing. According to Mr. Ibrahim, restricting physical movement also restricts people's emotional states.



Aside from encouraging movement, wellbeing initiatives that were recommended include:

- 'Walking meetings'
- Sponsoring events such as fun runs
- Offsite team volunteer projects
- Bring kids to work days
- Food revolutions – employees bring food to work from their own cultures
- Group huddles which highlight the successes of the past week, as well as the goals for this week
- Birthday morning teas.

