



# Linda McGowan Pty Ltd

*'the personal touch'*

**Director: Linda McGowan CPA - B.Bus**  
Registered Tax Agent  
1st Floor, 6-8 Wilson Avenue Brunswick 3056

Phone: 03 9387 2086 | Fax: 03 9387 9473  
www.lindamcgowan.com.au



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## Where There's A Will ... There's A Relative!



No one lives forever. Although we all know this, we never seem ready for the death of a loved one, let alone our own departure from this earth. Making a Will is something we all know we should do, but like exercising daily and eating a balanced diet, it's something many of us never get around to until it's too late.

Your Will is one of the most important documents you will ever sign because you are giving away almost everything you own. It is therefore important to ensure it reflects your current wishes and distributes your estate in the most beneficial and tax effective way.

Dying without a Will can be costly and creates added stress for your family at a time that is already difficult. In addition, you risk your estate being distributed according to strict government requirements rather than your wishes. This makes your estate more difficult to administer and it will take longer to be finalised, resulting in increased costs. You may also lose the choice of who benefits from your estate.

A Will is the foundation of good estate planning. It's critical to obtain competent legal help in drafting your Will because a poorly drafted Will can be the cause of endless trouble for your surviving family and beneficiaries. You should review your Will every couple of years, or whenever your circumstances change such as divorce, having a child, acquiring or selling a large asset or even a change in the tax laws.

### Who can make a Will?

You must be 18 years of age and be of sound mind, memory and understanding.

### What is the role of a Power of Attorney?

A Power of Attorney appoints a person (or persons) to carry out financial transactions on your behalf during your lifetime should you be rendered incapable or perhaps even overseas and out of contact. The most pressing cases are in times of medical emergencies or a tragedy that leaves you unconscious. It is a safeguard against undue hardships and stress for your partner or family at a time when emotions are running high.

### What is the role of an Enduring Guardianship?

It appoints a person (or persons) to make lifestyle decisions for you if you cannot make them yourself. This includes not only financial decisions but also medical treatment and even where you live.

### What do I need to consider?

- Do you have an effective, current Will?
- Do you believe you may require the creation of more complex trusts within this Will?
- Do you have beneficiaries with special needs?
- Are you concerned there won't be enough money to satisfy your family's needs in the future?
- Do you need to consider any tax or other implications of your estate planning arrangements?
- Who is to benefit from your Life Insurance and Superannuation?
- Do you have property held as tenants in common?
- Does anyone but you know where your tax records and supporting tax documents are located?
- Does anyone know who your Accountant is? Your Lawyer? Your Broker?



**TIP:** Do not keep originals of Wills in a safe deposit box. Instead, keep them in a fireproof safe at home. Give copies to your accountant, solicitor and your executor.

If you pass away without leaving your heirs this information, it will cause a lot of headaches. Worse than that, part of your estate may have to be spent in needless taxes, claims or expenses because the information is missing.

Call our office if you would like to discuss any aspect of your Will or require a referral to a Solicitor to draft or review your Will.

## Self Managed Super Funds

Do-it-yourself superannuation via a Self Managed Superannuation Fund (SMSF) is an increasingly popular choice for investors and there are now more than 330,000 SMSF's in Australia. The three key reasons for establishing your own SMSF are control, flexibility and investment choice. There are obvious benefits in establishing a SMSF but running your own fund is complex and there are many other considerations including your investment strategy, the administration of your fund and compliance with superannuation and other laws.

A SMSF is basically a superannuation fund with one to four members who are also trustees responsible for the investment strategy and administration of the fund within strict Australian Tax Office guidelines.

### SMSF Statistics from the Australian Tax Office

- SMSF's comprise 20% of the Superannuation Industry
- Approximately \$250 Billion in Assets Under Management
- An average of 160 SMSF's close each month
- Average Account Balance is \$250,000
- 580,000 SMSF members with a typical member aged between 35 and 59
- 16,500 have applied to set up their own fund so far this financial year - approximately 4,300 more than usual.



**In assessing whether an SMSF is suitable for you we prompt the following questions:**

- Do you have a substantial amount in personal superannuation? (As a guide, a minimum of \$200,000 would be required due to establishment costs and ongoing management fees.)
- Do you enjoy learning about your investments and have the time to regularly review their performance?
- Would you like increased flexibility in estate planning, more investment options and greater responsibility for your own retirement funds?

If you answered 'yes' to these questions, you may be suited to having your own SMSF.

Whilst there are potentially great benefits, having a Self Managed Super Fund requires time, effort and discipline plus they also attract extra ongoing fees including annual audit fees. Trustees of Self Managed Super Funds can expect to see the taxman taking a closer interest in their activities. The ATO is planning to conduct more than 6,000 audits or reviews in the new financial year. Call our office to discuss your superannuation options including establishment of your own SMSF.

## What Happens If ... ?

The average Australian worker will earn over \$2 million in their 40-year working life. With these facts in mind have you ever considered what would happen to you and your family if you were injured or sick and unable to earn that money?

Whilst no one likes to think about the worst case scenario, the statistics are frightening. Every day in Australia 220 people are diagnosed with some form of cancer and over 36,000 Australians die from cancer each year.

A leading life insurance company suggests that breast cancer now accounts for 27% of all claims and heart attacks an additional 13%. Clearly serious illness does not discriminate based on gender and the harsh reality is that most Australians are under insured or not insured at all. To illustrate this point, in 2005 only 48 homes across Australia were burnt down yet most Australians do not hesitate to insure their house and contents.

When considering the pros and cons associated with life insurance the most important question is, can you afford to live without it? Most people have financial commitments no matter what stage of life and the statistics support the fact that the young are not immune from major health issues. Life protection insurance in many cases costs no more than

a cup of coffee per day and comes in three forms insuring you against death, injury or illness:

- Death cover (term life) pays a lump sum to your dependants if you die unexpectedly (cover often ceases once you turn 65)
- Total & Permanent Disablement (TPD) pays a lump sum if you suffer an illness or injury that permanently prevents you from working (e.g. Losing both hands)
- Trauma cover pays a lump sum if you suffer any range of specified illnesses such as heart attack, stroke or cancer.

You can generally have any combination of these insurances, although if you want TPD many insurers require you take out death cover as well.

Speak to us today on how we can assist you with your life insurance needs.



**IMPORTANT DISCLAIMER: This newsletter is issued as a guide to clients and for their private information. This newsletter does not constitute advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of these areas.**

# LOOKING TO MINIMISE YOUR TAX?

## TAX EFFECTIVE INVESTMENTS

As your accountant one of our key objectives is to minimise your tax and grow your clients' wealth.

Each year in June, tax planning and minimisation becomes our primary focus. Tax effective investments are an excellent vehicle that provides the opportunity to invest in forestry, horticulture and livestock projects that generally provide the following benefits:

- **Tax Effective** - your investment is 100% tax deductible (over different periods depending on the project)
- **100% Finance** - finance is available on the investments and flexible finance options allow you to spread the cost of your investment over a term that suits you including 12 months interest free.
- **Diversification** - investments are negatively correlated to other asset classes and therefore as part of a diversified portfolio can increase returns while reducing overall risk.
- **Income Stream** - potential income streams associated with harvest proceeds.

Tax Effective Investments are commonly used to offset a capital gains tax liability, defer a current tax liability, increase the value of superannuation, reduce or eliminate personal debt and diversify and enhance an investment portfolio.

**Great Southern Limited** are a top 200 S&P/ASX Company that specialise in tax effective agribusiness products. Over the past decade 35,000 growers have invested more than \$1.5 billion in their projects. In 2007 they have four projects available that are all supported by ATO Product Rulings:

**The Great Southern Plantations 2007 Project** - (\$3000 + GST) Closes June 30 and offers the opportunity to invest in the eucalypt plantation pulpwood industry, producing woodchip for fine paper products particularly in the expanding Asian market. It offers an immediate 100% tax deduction and lump sum harvest proceeds between year 8 and 12.

**The Great Southern 2007 High Value Timber Project** - (\$12,500 + GST) closes June 30, 2007 and the project offers the opportunity to grow African mahogany and teak plantations for the production of saw logs suitable for furniture and appearance grade timber. An immediate 100% tax deduction is available and thinnings and timber produce sales are expected twice between years 8 and 14 with the final harvest approximately 17-19 years after planting.

**The Great Southern 2007 Diversified Olives Income Project** - (\$5,750 + GST) closes June 15 and offers the opportunity to invest in an olive grove, being 50% conventional and 50% organic olive trees, feeding the growing global demand for organic foods. The conventional portion will be processed and sold as extra virgin olive oil and the organic olives will be sold as fruit to producers who will produce organic extra virgin olive oil. The project provides a 100% tax deduction over the first three years (80%/10%/10%) and annual income from harvest proceeds for 16 years starting in year 5.

**The Great Southern 2007 Wine Grape Income Project** - (\$3900 + GST) closes June 15 and the project produces grapes for the production of quality wines for domestic and overseas consumption. The project provides an immediate 100% tax deduction if you purchase a single vinelot this year and

income will commence after one year and continue for 20 years. The deductibility is over 3 years (80%/10%/10%) for two or more vinelots.

**If you are interested in obtaining more information regarding any of the projects please call our office and note three of the remaining projects close on June 15, 2007 unless fully subscribed prior to that date.**



**Linda McGowan is an Authorised Representative of Great Southern Securities Pty Ltd (ARN: 299590 )**

**IMPORTANT:** The information contained in this article is by way of general summary only and has been prepared without taking into account any person's individual objectives, financial situation or needs. Before making any decision to acquire an interest in the Great Southern Plantations 2007 Project ARSN 124 053 390, the Great Southern 2007 Diversified Olives Income Project ARSN 124 197 771, the Great Southern 2007 Wine Grape Income Project ARSN 117 119 507, or the Great Southern 2007 High Value Timber Project ARSN 123 528 950 (the "Projects") a person should consider the appropriateness of the information to their individual objectives, financial situation and needs and if necessary seek advice from a suitably qualified professional. Great Southern Managers Australia Limited AFSL 240 787 is the issuer of the Projects and has issued a Product Disclosure Statement ("PDS") for each Project which details the terms of the particular Project. Anyone wishing to invest should consider the contents of the applicable PDS and complete the attached application. For a copy of a current PDS please contact Great Southern Securities Pty Limited at 16 Parliament Place, West Perth WA 6005, telephone (08) 9320 9700 or 1800 258 348. The information is provided in good faith and believed by Great Southern Securities Pty Limited AFSL 240 788 to be accurate at the date of issue. However, no representation or warranty is made as to the accuracy, reliability or completeness of this information. Except to the extent that statutory liability cannot be excluded, Great Southern Securities Pty Limited and its related entities, directors, employees, and agents accept no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from, or for any omissions from, the information contained herein. \*The Product Rulings are only a ruling on the application of the taxation law and is in no way expressly or impliedly a guarantee or endorsement of the commercial viability of the relevant Project, of the soundness or otherwise of the relevant Project as an investment, or of the reasonableness or commerciality of any fees charged in connection with the relevant Project. Each Product Ruling is only binding on the Commissioner of Taxation if the relevant Project is implemented in the specific manner provided in the Product Ruling.

