

YOUR QUARTERLY SOURCE FOR BUSINESS ADVICE AND INFORMATION

Brought to you by GTC Financial

Q2 | October - December 2012

THE ADVISOR



A MESSAGE FROM NEVILLE HUGHES

In May of this year we engaged Lana Clarke from Elixir Consulting to help us finalise our Financial Planning business' transition to a "Fee for Service" business. During our planning sessions Lana asked how the Financial Planning and Accounting Teams worked together to help our clients.

We explained that having both sides of our business (Accounting & Financial Planning) looking after a client's financial affairs ensures that all aspects (business, taxation & personal) are taken into consideration when giving advice. This leads to a better outcome for the client and also reduces the chance of confusion or even a conflict between the different types of advice.

It was during those sessions that we came up with the philosophy of Total Financial Care, we have included a diagram that shows all the areas in which we can help you.

We have a set out 10 reasons why business owners should prepare a Business Life Plan (BLP). GTC Financial is a strong advocate of business planning. The benefit of a BLP is that it also takes into account the personal plans of business owners ensuring the goals or plans of the business are consistent with

those of the owners. This fits well with our Total Financial Care Concept.

We have included another Estate Planning article. We are also hosting an estate planning workshop in late October, Kate McQueeney of Cooper Grace Ward will be the guest speaker for the same. Details are included at the back of the newsletter.

Our client feature this quarter is Robyn and Roger Mills, who owned a transport business and were clients of GTC when I purchased the business in 1997.

Don't forget to send in your suggestions for future editions as we really appreciate your ideas and feedback. Enjoy the read.

Neville Hughes CPA
Director

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10 REASONS TO PREPARE A BUSINESS LIFE PLAN (BLP)

1. Helps develop your business goals and ensures they're in sync with your personal goals.
2. Gives you a clear sense of direction and the basis to make informed decisions about your future (business & personal).
3. Establishes the value of your business and identifies how it can be improved.
4. Identifies and analyses your Strengths, Weaknesses, Opportunities and Threats.
5. Identifies business and personal risks and ways to minimise them.
6. Ascertains if you have sufficient assets to retire comfortably to give them peace of mind.
7. Provides an exit strategy from your business.
8. Ensures no tax/legal problems are created for your family after your death.
9. Aligns your long term plans, ambitions and expectations and clearly documents actions (who, what, when).
10. Can be used to obtain business loans.



FAIR FOR ALL

The structure of a modern family often includes children from current and previous relationships. This can make preparing a Will a little complicated. However with professional advice and a little planning, it can be done simply.

When considering blended relationships, the ramifications of even a simple mistake could be great.

CHILDREN

As dependants, it's important to think about how you would want children taken care of if they lost both you and your partner. One of the best ways is to nominate a guardian.

Clearly articulate who you're nominating, and your explicit wishes for the children's future – and remember to involve your nominated guardian in these discussions.

INSURANCE

Life Insurance is often overlooked as an investment, however in the event of your death, it can ensure that all debts are cleared and provide a lump sum for your beneficiaries or the children's guardian.

If the children are older, life insurance can provide a secure inheritance and contribute to their living and education costs.

TRUSTS

Testamentary trusts are popular estate planning tools as they allow you to provide money to beneficiaries until they're considered old enough to handle their own financial affairs.

SUPER

Superannuation does not automatically form part of your estate. It is governed by both Superannuation & Tax Law and leans toward your current spouse and dependants. However, by setting up a Binding Nomination of Beneficiary, super benefits can be directed to your partner, spouse, ex-spouse or children as you choose.

Estate planning is not a set-and-forget proposition. As families and circumstances change, your plan must be reviewed and your Will updated to ensure fairness for all, and peace of mind for you.

The information contained in this article is general in nature and has been prepared without taking into account your objectives, financial situation or needs. Before making any decision, you should consider the appropriateness of the information to your individual objectives, financial situation and needs and if necessary seek advice from a suitably qualified professional.





FUN FACT CORNER

AUSTRALIA WAS THE FIRST COUNTRY IN THE WORLD TO HAVE A COMPLETE SYSTEM OF BANK NOTES MADE FROM PLASTIC. THESE NOTES PROVIDE MUCH GREATER SECURITY AGAINST COUNTERFEITING AND LAST FOUR TIMES AS LONG AS CONVENTIONAL PAPER NOTES.

CLIENT CORNER...

ROGER AND ROBYN MILLS OPERATED A BULK HAULAGE TRANSPORT BUSINESS IN AND AROUND GLADSTONE. THEY WERE CLIENTS OF GTC FINANCIAL WHEN NEVILLE BOUGHT THE BUSINESS IN 1997.



When they sold their business in September last year it could have resulted in a large tax bill with the money locked in their company, had they not sought advice.

Their goal as with most people was to legally reduce their tax and be able to use the proceeds of the sale in the company to fund their retirement and access any government benefits that might be available.

The advice we have given them over the past year is an example of our "Total Financial Care" concept.

Here's what Roger and Robyn had to say.

"It has been a great journey, GTC has been with us every step of the way helping and advising us in everything we had to do.

Haley and Emma worked with us to ensure that we maximised our superannuation and could access money from our company without creating a tax problem. Emma then developed a financial plan to deliver a consistent income stream for us."

Their plan covered personal finances, superannuation and how to maximise Centrelink entitlements.

"Emma has been amazing in helping us sort out our superannuation. We would never have been able to handle things without her help."

Roger and Robyn will continue as clients of GTC Financial in the next phase of their life.

"Everyone working at GTC is just the best at what they do, they are always friendly and we are always treated as though there is no one more important than us."

Roger and Robyn Mills



THE BUSINESS SIDE OF SMSFs

Self-managed Superannuation Funds (SMSFs) offer a significant level of freedom in choice of investment options especially if you are a small business owner.

One type of investment that is especially relevant for small business owners is commercial property. None of the publicly available super funds—corporate, retail or industry—will allow you to buy direct property.

However, business owners can hold the premises from which they operate in a SMSF. In fact, SMSFs are increasingly being used as an alternative to traditional ownership structures, such as family trusts and self-ownership.

HOW THIS WORKS

Gary and Susan Anderson own a successful computer repair business which operates from a leased building that they now would like to buy.

They have considered buying the premises directly in joint names. While

that structure has its advantages, there are two key considerations. Firstly the rent will be paid directly to them, adding to their taxable income. This reduces the opportunity for them to receive salary or profits in a tax-effective manner.

Secondly Gary and Susan also need to think about retirement and whether their children will be ready to take over the business ownership, or will they have to rely on continuing rental income to meet their living expenses in retirement.

An SMSF could instead be used in this arrangement:

The SMSF owns the business premises and receives rent from it. Super funds pay tax at a flat rate of 15%, so this is likely to be an improved outcome.

It also means that Gary and Susan may be able to receive more salary and profit from the business without pushing their tax rate too high.

In retirement, super funds pay no tax on income or on other gains on assets used to pay pensions to their members. This may be extremely valuable whether the Andersons retain the property or sell it.

WHAT ABOUT RISKS?

While there are several benefits there are also a few traps to be careful of.

Rent that is paid to the SMSF might not be accessible until Gary and Susan retire. Unlike the direct ownership structure, these monies can't be used to repay personal debts or be reinvested in the business to assist any growth plans.

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SEMINAR SUCCESS

GTC hosted two successful seminars on 21st and 22nd August for the Pharmacy and Engineering Industries respectively.



These seminars discussed the ongoing staffing issues faced by these types of businesses in and around Gladstone.

Ian Mortley from Bstar highlighted the reason these industries face this issue and ways to resolve them. He suggested ways of businesses could engage their staff to increase their profit margins and retain them, which creates a win/win situation for both the employer and the employee.

Neville Hughes, Managing director GTC Financial, proudly shared the news of GTC being accredited with Bstar to provide advisory services to the Legal, Pharmacy and Engineering industries. Neville also explained the way GTC continues to help businesses create and implement a successful staff value program.



GTC TIP:

GTC tips to help your work/life balance:

1. A balanced diet, regular exercise and enough sleep
2. Manage your time. Prioritise your tasks. Make deadlines and reward yourself when achieved.
3. Learn to say 'NO': and delegate to other people where needed.
4. Look at flexible working hours and the option to work from home.
5. Take time out for yourself. Sufficient "Me" time can improve your wellbeing, your relationship and your career.
6. If you're feeling run-down, don't hesitate to use any leave entitlements owing to you.
7. Technology can help you to become more efficient, for example, by paying bills or ordering groceries online, freeing up valuable time.

SEMINARS

What would happen to your assets or your business if you were to suddenly pass away?

Estate Planning is more than just having a Will!

GTC Financial is hosting two workshops for both individuals and business owners:

Date: Tues Oct 30th 2012

Time: 6:00pm for 6:30pm start

Date: Wed Oct 31st 2012

Time: 12 midday

Location: GTC Financial
29 Roseberry St
Gladstone

Speaker: Kate McQueeny
Senior Associate
Cooper Grace Ward
Brisbane

(Specialist in Estate Planning and Succession Law)

Both seminars also include:

- Complementary Refreshments
- Chances to win Door prizes

RSVP:
marketing@gtcfin.com.au
or 07 4972 5177

KEY DATES FOR OCT-DEC 2012

21 OCT	Final date to lodge and pay September 2012 monthly activity statements
28 OCT	Final date to lodge and pay quarter 1 (1 July – 30 September) activity statement
	Check with GTC if you believe your Q4 tax instalment needs varying
28 OCT	Superannuation guarantee contribution for quarter 1(1 July – 30 September) must be received by the super fund by this date
30 & 31 OCT	Free Estate Planning Seminars
21 NOV	Final date to lodge and pay October 2012 monthly activity statement
21 DEC	Final date to lodge and pay November 2012 monthly activity statement
21 DEC	GTC close for 2 weeks (re-open 7th January 2013))
31 DEC	Essential Bookkeeping. Ensure your data entries are complete and reconciliations finalised in preparation for the December BAS

The above dates are a summary only, for the full list of deadlines and other important dates please refer to our website under Resources Tab or use the following link - www.gtcfinancial.com.au/resources/key_dates

About GTC Financial

GTC Financial is a Gladstone based firm of Certified Practising Accountants and Certified Financial Planners that provide a comprehensive range of accounting, taxation, business advisory services and financial planning services to private businesses and their owners having clientele base in Central Queensland. We also provide a wide range of financial advice to individuals and families.

Whatever level of service you require, GTC Financial is well equipped to offer a solution from start up phase, planning for growth through to exiting the business and planning for retirement. We can tailor our services to suit your needs and are proactive as well as being easy to deal with. Our clients tell us that they appreciate how accessible we are and the level of face to face contact they enjoy with us.

We have also developed close associations with a range of specialist advisors who can give timely advice to achieve the best possible outcomes for clients when dealing with large or complex transactions.

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07 4972 5177 | gtcfin@gtcfin.com.au | www.gtcfinancial.com.au

