

MUIRFIELD FINANCIAL SERVICES NEWSLETTER 20th Anniversary Edition



Suite 2,17-19 Fenwick St
GEELONG VIC 3220
Ph: (03) 5224 2700
mfs@muirfieldfs.com.au
www.muirfieldfs.com.au



In this issue ...

Plenty of news at Muirfield for this quarter and all of it on the back of an economic recovery -Yippee!! OK; it is hardly a technical description. However, we do not want our newsletter to be a heavy read.

We use our website and our emails to you for timely technical and legislative updates. You can get more than enough technical and day to day doomsayer commentary on financial markets via the media without this newsletter labouring the same. We want the newsletter to keep you in touch with the world of financial planning and what is happening at Muirfield Financial Services. So at the risk of sounding a bit light or too down to earth - here is our latest edition.

Let's start with the arrival of Ngan's second child: a girl, Thanh, on October 5th. Ngan will be away from the office for the next six months but fortunately, for you and for us, she will continue to work from home as circumstances allow. You've got to love the role of technology in enabling work to be completed away from the office. Similarly the commitment of Ngan! Emails, websites and remote access to your work computer are positive developments, providing they don't control your life. As I write, I'm sitting at home, logged in to my work computer, listening to the birds and looking out over the garden. (The lawns need mowing. There goes the afternoon!)

We are also excited to announce the arrival of a new addition to the Muirfield team. Tamara Carman joins us as a Planning Assistant, to support Ngan and our other advisers. Tamara graduated from Deakin after completing her Commerce degree in 2007 and has worked for the past 18 months at WHK / Day Neilson here in Geelong. Tamara has a passion for horses and keeps fit with her daily run or gym session. We interviewed nearly 20 candidates before appointing Tamara to her role. We feel it's vital that our staff blend in with our team, the Muirfield culture and display commitment in working to meet your needs. We can teach the rest.

As to our other staff, Melinda, Carl, Joanne and I have just returned from a conference that refreshed, refocused and rearmed us for the work ahead. Jane and Marita held the fort; Jane, with very young children, between disturbed nights of sleep and Marita, between school holiday commitments with her son.

All staff have been exceedingly busy over the past few months and I thank them very much for their efforts. We now look forward to a period of consolidation, development and growth.

Australian Sharemarket 2008/09:

The July to September 30 quarter has seen the largest quarterly rise in the sharemarket ASX since 1987!



What is dividend franking?

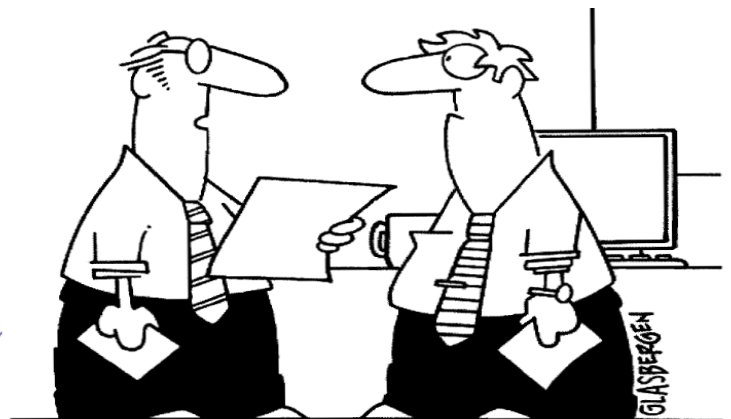
It was introduced to prevent double taxing of company profits. A company can declare that up to 100% of a dividend is franked depending on the amount of tax the company has already paid. If a company pays the full company tax rate, the dividends are fully franked.

If you hold shares or managed funds paying a dividend this is an important taxation matter for you. If you do a tax return it will be addressed by your accountant. If you have low taxable income and may not otherwise do a tax return it is important to get a refund of this tax.

We have assisted clients in this process by putting the tax office form on our website to print and complete. You can even go back a few years if you need. Go to www.muirfieldfs.com.au and then 'client login/forms'.

We recently assisted a client get > \$6,000 in franking credit rebates back from the ATO.

A different view on climate change!



"Is there any chance that our frozen credit will thaw sooner due to global warming?"

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Housing Affordability Report:

The most reliable and consistent source of information we have found in relation to housing affordability is the quarterly "Housing Affordability Report". The following table has been constructed to summarise their information.

Home Loan Affordability Table			
State or Territory	Median weekly family income (March 2009)	Proportion of family income required to pay loan (March 2009)	Proportion of family income required to pay loan (March 2008)
ACT	\$2,378	17.30%	23.20%
NT	\$1,842	22.20%	25.20%
WA	\$1,646	25.90%	34.80%
VIC	\$1,369	27.30%	38.30%
QLD	\$1,321	29.80%	40.80%
NSW	\$1,316	31.10%	42.60%
SA	\$1,127	28.00%	38.40%
TAS	\$1,044	27.20%	36.70%

Clearly the drop in interest rates from 9% to 5% has had a big impact on housing affordability. Conversely, if interest rates rise there could be a return to mortgage stress for home buyers or those with investment loans.

Footy Tipping:

Thank you to all who entered the 2009 Muirfield Financial Services Footy Tipping Competition.

The winners at the end of the Home and Away season are:

- 1st Miss Ruby
- 2nd ColStug
- 3rd Poss

Congratulations to all who participated. We can now look forward to the start of season 2010 and another year of Footy Tipping!

The Ten Commandments of Wealth Creation:

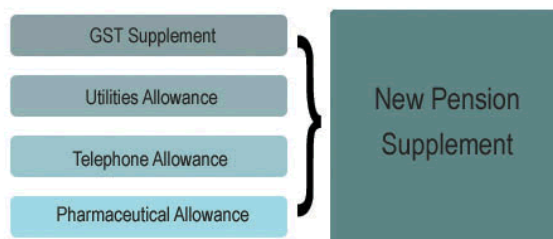
- Pay yourself first.** So many people receive their pay packet, then hand a portion of their money to the supermarket, the garage, etc.
- Apply the power of compound interest.** The idea behind compound interest is that each year you earn interest on the previous year's interest. Compound interest works, but it takes a little time to get started. The secret is, start now.
- Don't put all your eggs in the one basket.** A diversified portfolio with a balance of shares, property, cash and fixed interest investments.
- Understand the risk/return trade-off.** A general rule of investment is, the greater the risk, the greater the potential return.
- Keep money aside for emergencies.**
- Don't invest solely for tax benefits.**
- Don't try to time the market.** If you are going to try and time the market (getting in and out at precisely the right moment), you are not investing – you are speculating. Serious investors understand the secret is time, not timing.
- Beware of guarantees.**
- Ensure you are insured.**
- Pay off non-deductible debt first** – such as home loans, car loans and credit card debts.

Source: Whittaker Macnaught

Centrelink Changes:

The Government is introducing the following changes as part of [Secure and Sustainable Pension reforms](#).

Pension Supplement Table:



From 20 September 2009, the following payments will be rolled into the new Pension Supplement which will be **automatically paid to pensioners** and other [eligible income support payment recipients](#) with their regular fortnightly payment:

- Pharmaceutical Allowance (PA)
- Utilities Allowance (UA)
- GST Supplement
- Telephone Allowance (TAL)

The separate payments listed above will no longer be paid to recipients of the Pension Supplement. However their value will be maintained in the Pension Supplement.

Work bonus:

There will be a Work Bonus for pensioners over age pension age. Under the new Work Bonus, half of the first \$500 of fortnightly employment income will be disregarded for the Income Test for pensioners over Age Pension age. The maximum disregarded is \$250. This is in addition to the normal allowable income free area. Once the employment income has received the 50% discount, it is added to the rest of the income and the normal allowable income threshold applies. Any employment earnings over \$500 gross a fortnight and any other income will be counted as usual.