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Things you can do to minimise tax in 2010/11

It's the time of the year when you should be thinking of things you could do to minimise tax in the 2010/11 tax year.

The following are just a few of the strategies that may help you achieve tax savings in the current year. But be warned: the strategies listed below require you to act before June 30.

Once we know more about your situation, we will in all likelihood be able to identify a number of others:

Superannuation

To take advantage of any superannuation concessions your contribution must be received by your superannuation fund before 30th June, 2011.

If you do not have employer support, and you are under 65 years of age, you can

make a tax deductible superannuation contribution for yourself up to the age base limit of \$25,000 if you are under 50, and \$50,000 for 50 and over.

Remember too, you could benefit by as much as \$1000 by taking advantage of the Government's co-contribution scheme.

Payments in advance

Depending on whether you're an investor, wage earner or small business (turnover of less than \$2m), you could benefit by paying in advance expenses such as lease payments, rent, advertising, cost of protective items etc.

Capital Gains

If you have a capital gain, analyse your share portfolio or any other assets for capital losses that you intend to realise soon.

Make sure each loss is realised before 30 June as it can only be offset against your capital gain if it is realised in this year.

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Ballast expands on East Coast with strategic stake in Members First

Ballast has continued building on its successful operations by taking a strategic stake in Members First Group.

Announcing the move, Ballast's General Manager, Frank Paratore said he was delighted with the outcome. "Both companies share a commitment to providing excellent service to both wholesale and retail clients; both companies have outstanding business reputations for their respective brokerage and financial advisory services. The opportunity simply made good strategic sense!

"It is extremely important to us that as

we grow we never forget the qualities and values that have made us successful in the first place. Members First Group is an extremely good 'fit' with Ballast's business ethos."

He added that both companies would work closely together to identify opportunities to add value to both Ballast and Members First businesses moving forward.

Members First CEO, Nicholas Psychogios said the relationship had tremendous appeal.

"This will allow Members First and our advisers to leverage off the

specialist expertise of Ballast including their successful SMSF and Accounting businesses. Our business models are complementary and we look forward to working together to our mutual benefit"

Members First Broker Network is primarily a mortgage aggregation group, comprising over 100 independent mortgage advisers. In addition to the extensive network, MFG, through its subsidiary Members First Wealth has 14 financial planners within its business and focuses on risk insurance as well as other financial advisory services. Find out more at www.membersfirst.com.au



Tax return deadline!

There's still time to get that return done and do some planning for the current year

It's that time of the year again. The final deadline for your 2010 tax return is fast approaching!

If you haven't completed the tax return for your business yet, give us a call.

Our accountants have a vast array of experience in the accounting industry and are able to assist you and your business in all aspects of accounting including:

- Preparation of financial reports
- Bookkeeping
- GST advice and reporting requirements
- Income tax returns for individuals, partnerships, trusts and companies
- Preparation of self managed superannuation fund financial reports and income tax returns as well as audit services
- Taxation advice
- Liaising with the ATO for tax instalment variations, applications for new tax file numbers and ABNs
- Assistance with business structuring, set-ups and advice

If you need assistance in any of the above areas, give us a call. We are available for a discussion at your convenience.

Aussies change spending habits after last year's interest rate rises



How did Australians react towards the end of last year to the spate of interest rate rises in 2010?

According to the Bankwest/Mortgage and Finance Association (MFAA) Home Finance Index, the latter part of last year saw more than 50% of respondents sacrificing a range of everyday necessities to accommodate higher interest rates.

Eating out and going out less topped the list at 50%, while other big hitting cost cutting strategies included:

- Reducing costs at home (47%)
- Taking lunch to work (47%)
- Going on cheaper holidays or not taking breaks at all (42%)

- Buying food at lower cost sources or in bulk (40%)

The Bankwest/MFAA Index also uncovered a range of other measures people are taking to either improve their finances or balance their household budgets, including buying more lotto tickets (17%), selling unused things rather than throwing the items out (20%), taking on additional work (11%) and paying less on insurance policies and superannuation contributions (15%).

The Index revealed borrowers felt their financial situation was relatively stable, but not quite as good as three years ago.

Chief Executive Officer of the Mortgage

and Finance Association of Australia (MFAA), Mr Phil Naylor said, "although some of the cost cutting strategies may seem extreme; in fact it's actually down to principles of good financial management; setting attainable financial goals, borrowing only as much as you can manage and meeting repayments.

"Understanding the structure of your mortgage is the key to paying it off sooner. Borrowers can't avoid rising interest rates but they can minimise the impact by considering making an extra mortgage repayment with extra funds that would have otherwise been used for things like holidays," he added.

Survey

Investors believe it's time to buy

Seventy seven percent of investors surveyed see it as a good time to purchase an investment property, citing steadier house prices, higher rental incomes and rental demand as key drivers for their decision, according to the Bankwest/Mortgage and Finance Association (MFAA) Home Finance index.

Commenting Phil Naylor, CEO, MFAA said, "We are seeing savvy investors come back into the market as a long term investment strategy that's underpinned by expectations of income growth."

The index is based on the polling of more than 1,100 people across Australia.

For astute investors today's stable post-boom market is a time to be patient, strengthen their equity and look at broadening their portfolios while awaiting the next upturn.



In the early 1990s – a period of very low growth – people disappointed with the poor capital appreciation of their properties bailed out of the market.

A few years later, when the market resumed a strong upward trend, they lived to regret that decision. Property owners who held on for those few years were well rewarded for their patience.

Importantly, those who bought during the slow three year period also reaped the benefits of the next upward phase in the property cycle.

It's been some time since the market has been this favourable for investors who have the financial means to add to their portfolios. Prices are subdued, there's a lot of choice and vacancies are sharply down.

A bit lethargic and out of condition?



Well, the weekly Ballast Boot Camp could help you sharpen up.

The Boot Camp is held each Tuesday at 4.45pm near Ballast's head office in Jandakot and all readers are welcome.

Don't feel concerned if you're a bit rusty. The classes are designed for all fitness levels and age groups, whether your goal is to improve your fitness levels or lose extra kilos.

Ballast opens Adelaide office



Ballast's new office in Adelaide is headed by Bazpac Pty Ltd Directors, Peter Chigwidden and Barry Greenham who have a total of over 40 years experience in the financial services industry.

Peter Chigwidden has been working in Financial Services since 1992. He has completed three years of a four year B.A. Honours (Econ) specialising in Economics,

Financial Services and Superannuation.

His studies are currently on hold as Peter updates his knowledge, expertise and studies in relation to his authorised areas of advice through his association with various professional Superannuation and Finance associations.

Peter and Michele, once childhood sweethearts, have a blended family of 6

adult children and 3 grandchildren. Michele is Practice Manager of Bazpac Pty Ltd and is a part time Drama teacher.

Barry Greenham has been involved in the Life Insurance/Financial Planning industry for 24 years, initially starting with AMP Society in 1977 and after a ten year break, returning with Prudential in 1993. He achieved accreditation in the mortgage

industry in 1999 with Colonial Bank and successfully gained his Australian Credit Licence early this year.

Barry and his wife, Monica, have 6 children between them and seven grandchildren to date.

Peter and Barry are authorised and licensed to assist with financial planning, and all other mortgage and finance needs including:

- Wealth Creation
- Managed Investments
- Superannuation
- Personal Insurance – Risk, Trauma, Life, TPD & Business
- Shares
- Finance Broking – Purchases, Refinances etc
- Strategies into Retirement
- Self Managed Superannuation Funds

Call Peter at 0418 815 323 or Barry at 0411 508 914.

Ballast Finance a finalist in MFAA Excellence Awards



Proud 2011 Award Finalist

Ballast Finance was one of the finalists for the eighth annual MFAA Excellence Awards held by the Mortgage and Finance Association of Australia recently.

This was Ballast's first year as an MFAA finalist. It was nominated in the highly competitive 2011 MFAA Excellence Award category - Wholesale / Retail Aggregator / Originator of the Year.

"We are honoured to have been recognised by our industry peers and to have been selected from all the nominees across the country and named as a finalist for this Award," said Frank Paratore, General Manager of Ballast.

"At Ballast, we value being professional, innovative and responsible which we believe has enabled us to grow and prosper during challenging economic times."

The MFAA Excellence Awards are the most rigorous in the Australian mortgage and finance industry and are judged by an independent panel of business professionals and experts.

Said Phil Naylor, CEO, MFAA, "The MFAA has acknowledged forty-four 2011 MFAA Excellence Awards finalists who have been judged on and rewarded for consistently demonstrating their professionalism, integrity, ethical conduct, innovation and role-model value.

"Ballast Finance's continued innovation, growth and success in the industry is to be commended. To be recognised as a finalist speaks volumes for their exceptional practice and professionalism in the mortgage and finance industry," he added.

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Property investors

If you are considering doing repairs to your rental property before the end of the financial year, take care to make sure they will qualify for a full tax deduction as repairs, not improvements. As a general rule a repair will not qualify if you're replacing something in its entirety. For example, replace a worn fence a bit at a time over a few years rather than all at once.

Similarly, if the house needed painting when you bought it then painting it would be an improvement. On the other hand, if during the time of your ownership the paint starts to peel and you repaint, these expenses would be a deduction.

In addition to repairs, you can also consider prepaying the interest on your rental property loan up to 12 months in advance and get a tax deduction in the year that it is paid.

To find out exactly what you can do to minimise your tax call Ballast now.

Are you aware of the rule of 72?

How can you determine at a quick glance how many years it takes for a sum of money to double up at any given compound interest (or compound growth) rate?

Whether you are looking at median house price rises, or a fixed deposit, just remember the number 72.

Say your suburb has achieved a median house price growth rate of 12%. You can easily determine how long it would take for the median price

to double at this particular growth rate, merely by dividing 72 into 12. In other words it would take six years for the median price to double at a 12% compounded growth rate.

Similarly, if you put your money in a term deposit at a fixed compound interest rate of 6%; it would take 12 years to double your money. Of course here we are not taking into account bank charges etc.



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