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The financial news your business needs.

Autumn 2015

BUSINESS Bulletin

2015 Business Conditions

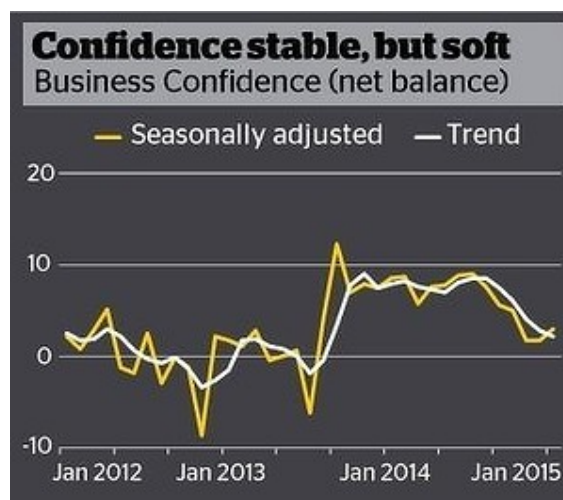
National Australia Bank found in its latest monthly survey that while its sample of 400 company executives was slightly more optimistic than in December – business confidence remains somewhat soft.

Despite this, there is reason to be optimistic about the economy in the year ahead. In the Federal Government's recently released Mid-Year Economic and Fiscal Outlook (MYEFO), the outlook for economic growth is unchanged since the May 2014 Budget with the economy forecast to grow at 2.5% in 2014/2015, before increasing to a very healthy 3% in 2015/2016 (the average annual growth rate for the past 25 years is 3.1%). Treasury states that this reflects the expectation of solid growth of real activity in the economy continuing. This is good news for business owners who can now plan ahead in the knowledge that broader economic conditions are unlikely to deteriorate in the medium term.

Other key indicators that may have a bearing on business throughout the coming year include:

Interest Rates

In its February monthly meeting, the Reserve Bank Board cut interest rates by 0.25% down to 2.25%. With economists predicting at least one more cut in the coming year, whether you're a homeowner, business owner, or investor, there has



Reminder Dates

March

21

Due date for February monthly Activity Statements

April

21

Due date for March monthly Activity Statements

April

28

Due date for Superannuation Guarantee contributions

April

28

Due date for 3rd Quarter Activity Statements (if lodging by paper)

May

21

Due date for April monthly Activity Statements

cont.
Pg 2

rarely been a better time to borrow. Existing borrowers may also consider fixing their rates. Of course, the choice of whether to fix your rates is not necessarily either or - many choose to fix just a portion of their loan, and on the remaining balance enjoy the flexibility and benefits of a variable product. In deciding which option is best for you, consult with your financial advisor.



Australian Dollar

In good news for exporters and export-exposed industries (such as mining and manufacturing) the Australian dollar recently hit a five and a half year low of 77 US cents. Currency analysts at Australia's biggest bank, the Commonwealth Bank, expect the dollar to bottom out at 73 US cents by the end of June, before edging back to 78 US cents by year's end. The lower dollar is of course not such good news for importers, online shoppers of overseas goods/services or those planning to travel abroad.

Petrol Prices

Whether it be for travel or equipment usage etc. many businesses have high fuel costs. The good news is that the current low fuel prices (the lowest since 2009) are forecast to continue throughout 2015. Indeed AMP's chief economist predicts oil prices will fall a further 20% to \$US40 a barrel during 2015.

Ending Employment

With unemployment recently hitting a 12-year high and forecast to slightly increase, it may be the case over the coming months that you are forced to terminate the employment of one of your workers. When doing so, there a variety of payments and entitlements that may be due as well as procedures that may need to be followed. To ensure you meet your obligations, we recommend referring to the Ending Employment page on the Fair Work Australia website (<http://www.fairwork.gov.au/ending-employment>)



From an employee's perspective, there's no doubt that termination of employment, for whatever reason, can be a stressful time. To soften the financial blow, employers may wish to consider the following:

- 1** Where an employee is nearing 55, if the Employment Termination Payment (ETP) is large consider making the payment after they turn 55 (putting back the termination if possible). Doing so can save up to 15% tax for the employee.
- 2** Always make the ETP within 12 months of termination, otherwise the payment is taxed at the employee's marginal tax rate and does not receive concessional tax treatment.

- 3** Consider delaying the termination until early in the following financial year (if possible) if the employee's taxable income is likely to be less in that following year.
- 4** Consider setting up an early retirement scheme plan – payments made under these plans attract concessional tax treatment! These plans offer incentives to retire early or resign, usually as a result of restructuring an employer's business operations. These schemes must be approved by the Tax Office in the form of a Class Ruling. Contact the Tax Office for more details about the conditions of such schemes.



Estate Planning

There are few more important things in life than having your financial affairs in order. Death can strike at any time. Why is it then that so few of us have this stuff sorted? Perhaps it's because the subject matter is so depressing or because we think "it will never happen to me". Take a different view! Peace of mind comes from knowing that your estate planning is in proper order, and that your wealth will be passed on in the manner that you intended.

Contrary to widespread belief, Estate Planning is far more than just making a simple Will. It can involve a range of issues such as:

- The succession of other entities (such as companies or trusts) that you may control
- How best to handle your superannuation entitlements upon death
- Calamity provisions to deal with the simultaneous death of multiple family members
- Powers of Attorney, should you lack capacity to make your own decisions
- Testamentary Trusts to provide certainty and tax-effectiveness for minor children
- Asset protection strategies to guard against challenges to your Estate
- Strategies to minimise the risks faced by a surviving spouse re-partnering in the future and losing control of the wealth
- Guardianship decisions over minor children
- Careful consideration of who your executors should be in the event of your death, and
- Ensuring that any business succession planning objectives are congruent with your estate planning objectives.

If you have not addressed these issues, take control of your affairs and speak with your advisors. There's no time like the present!

