

### Dear Valued Client

Another Financial year is coming to an end and I hope it has been a good one for you.

I have included an article on some good ways to use the tax cuts we will see from next month.

Also there is a lot of talk in the media at present about another possible rate increase before the end of the year. There is no clear agreement (as usually!) as to if this will happen or not but for some clients this may be a good time to look at your loan again and consider fixing all or part of it. If you would like to see if this would help your situation please call me and we can go over your details to see if fixing is a good option for you.

Also a reminder that if you need any changes to your loans (increases, change of produce type etc) please contact me on 0414 695891 as I can help to make these as easy as possible with your lender.

Lastly many thanks again to all our clients who have recommended MBA to friends, workmates and family. Your kind words are much appreciated.

Very Best Regards

David Francis

Principal MBA

## Winter Public Holidays

**Queens Birthday** 12 June 2006

**RNA Show Holiday** 16 August 2006

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## Tax cuts slice debt

From: AAP May 26, 2006



**IF you're set to receive a tax cut as a result of this year's federal budget, use it to boost your finances by paying off some**

**debt or redirecting it to your superannuation.**

The \$6 billion-plus of personal income tax cuts for 2006-07 announced in the budget means many Australians will soon have some extra money to play with.

But the temptation will be to spend it, rather

than invest in the future, the Australian Securities and Investments Commission (ASIC) said.

"The easiest thing to do when you come into some extra money is to spend it," said ASIC's executive director of consumer protection, Greg Tanzer.

"You should enjoy what you've got, but you should also think about your financial future."

Those in debt should think seriously about repaying some of it, Mr Tanzer said.

"A lot of people are carrying a significant amount of credit card debt," he said.

"The first thing that you should think about doing is clearing as much of the credit card debt as you can because the interest rates are quite high on that."

Increasing your level of mortgage repayments is also a good idea, and Mr Tanzer suggests keeping half the tax cut and putting the other half into the mortgage.

"You won't even know that you're losing it because it's not money that you would have had in your hand," he said.

## ATO crackdown on DIY super

From: **Courier Mail**

May 29, 2006

**THE Australian Taxation Office is increasing its focus on self-managed or DIY superannuation funds due to increased popularity.**

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DIY funds continue to be a growth area with more and more individuals wanting to take control of their investments.

Given the complexity of superannuation legislation and the taxation impact of the fund becoming non-compliant, it is very important that DIY funds remain compliant. Non-compliant funds are taxed at a penalty rate of 47 per cent as opposed to 15 per cent on compliant funds.

Trustees of DIY funds are responsible for its compliance. Therefore the obligation to get it right falls on the individuals running the fund.

The main area of ATO focus relates to the improper use of superannuation money by members. It is important to remember that the purpose of superannuation is generally to provide an income stream in retirement. Therefore, use of funds other than for this purpose may draw the ATO's attention.

More specifically, the ATO has noted the following areas of concern:

- \* Loans to members of the fund.
- \* Related party transactions (i.e. the purchase or sale of assets to and from members).
- \* Accessing superannuation funds before a condition of release is met (generally retirement after age 55).
- \* Lodgement concerns – ensuring tax returns are up to date and lodged on time.
- \* Personal use of assets where DIY funds own assets for private use (i.e. artwork in one's home).

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**Centro on James, Unit 6 182 Robertson Street, Fortitude Valley Q 4006**  
**Tel: 07 3257 2822 Fax: 07 3252 2733**



MBA has a partnership with an excellent firm of financial planners so if you need help with DIY super, life insurance or any other financial planning needs please let me know and I can arrange a free consultation for you.

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## Lender Update



Adelaide Bank is offering a fixed rate loan with 100% offset account that works during the fixed period. Rates from 6.99%



Macquarie Mortgages still has an excellent product called Silver Living – a reverse mortgage. A traditional mortgage converts income into equity in a property. A reverse mortgage converts the equity in your home into income – either as a lump sum or a regular payment. It is used for retired people who need a lump sum or yearly income but do not want to sell their home or make any repayments like on a normal mortgage.

Features at a glance:

- You may borrow up to 40% of the value of your home, ranging from \$10,000 to \$500,000.
- Payments can be lump sum, spread out as regular payments or both.
- You can choose to have no repayments until the home is sold, or repay interest only each

month for 10 years.

- The interest maybe fixed or variable.
- On a variable rate with a Deferred Repayment Option, you can repay at any time with no break cost fees.
- If you decide to move then Silver Living can move with you.

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## Free Movie Tickets



Remember when refer any friends or family to MBA; please let us know, to ensure you receive your two free movie tickets when the loan settles.

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## Housekeeping

Have you given our office your e-mail address? If not please send it to:

[enquires@mortgagebrokersaustralia.com.au](mailto:enquires@mortgagebrokersaustralia.com.au)



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