
Welcome to our latest e-newsletter

For our last newsletter of the year we want to keep things pretty simple. The final report of the Financial Services Inquiry was released recently, and in it was some concerning news for those who have a Self-Managed Superannuation Fund and are thinking about borrowing to buy property.

As Christmas draws near, remember to check with us before you provide your staff with any Christmas gifts or bonuses - if you want to do it in the most tax effective manner that is. And please take note of our Christmas closing times below.

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Borrowings in superannuation may be abolished



The Financial Services Inquiry (FSI) headed by David Murray has handed down its final report. The report included a recommendation that direct borrowing by superannuation funds should be abolished.

Currently, borrowings are allowed as a part of a superannuation strategy under limited circumstances. This can be beneficial when, say, looking to buy property as a part of an overall wealth creation plan.

For those in business, there are good structural, tax and asset protection reasons for buying property in superannuation, particularly when it involves a business premises. Often, however, the balance in super alone is not sufficient to acquire a more costly asset like a property. Even if it were, having a significant proportion of member balances tied up in one asset may not be ideal, from a diversification and risk management perspective. Borrowing within super expands the investment possibilities with respect to property.

The FSI, however, is concerned that too much borrowing within the superannuation sector as a whole increases the risk to the financial system. Overall, borrowings are currently relatively low, however they are increasing, and it is suggested that this could potentially have a destabilising effect. Further, the report suggests that superannuation should first and foremost be about saving for retirement, not generating wealth more broadly.

Although by no means law yet, the Government is likely to implement some of the recommendations of the report. Those with self-managed superannuation should watch this space closely, especially those who may have intentions for using it to buy property in the future through borrowings.

Merry Christmas

Incredibly it seems that time of year is upon us again. No point denying it! We hope that you have had a good year.

We'd like to take this opportunity once again to thank you for the privilege of working with you. We hope that you and your family have a great Christmas and a safe and prosperous new year.



Office hours

We'll be closing our offices over the Christmas and New Year's break to give our team a chance to rest and prepare for the year ahead.

This year our offices will be closed from Christmas Day 25th December and will reopen on Monday 5th January 2015. We will also be closed from 1.00pm on Friday 19th December for our Christmas Lunch.

During this time you can still call the office and leave a voicemail, and we'll arrange for someone to return your call as soon as possible. Or feel free to send us an email or fax, which we'll be checking regularly. In addition, you can leave any documents for us in the locked drop box on the western wall next to reception.

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