



Issue # 1

February 2008

Welcome to our new look...

You may have noticed our new look over the past few months. After more than 20 years of operation we felt it was time to create a fresh feel.

One characteristic that hasn't changed, however, is our aim to provide you with the best advice when you need it – not just when you ask for it.

Below is the list of **core services** we continue to offer our clients:

- Accounting
- Tax Structures & Planning
- Financial Planning
- Business Services
- Self Managed Superannuation Funds
- Risk Insurance
- Estate Planning
- Residential and Commercial Lending



Are **you** utilising our services to **your** full potential? If not, visit www.sheridans.net.au for more information on how we can help you.

www.sheridans.net.au

Have you visited our new website? At Sheridans our view is to provide you with a website that is user friendly, dynamic in content and easy to navigate. Key features of www.sheridans.net.au include:

- Our Services - A detailed description of our services.
- Portfolio Login – You can view and keep up-to-date with your total investment portfolio at all times.
- Marketing Help Online – Business Management Service clients have unlimited access to one of the most practical online business development resources ever devised.

Another new feature is the ability to pay your account online. Simply click on the tab 'Pay Account' and input your account details.

On the inside....

- Do you have a business strategy?
- Insuring the breadwinner is essential - but what about the homemaker
- Are you over age 55 and still working?

593 Anzac Highway Glenelg SA
PO Box 110 Glenelg SA 5045

Phone (08) 8376 0455

Fax (08) 8376 0108

www.sheridans.net.au

"Helping you become financially well organised"



Do you have a business strategy?

As a business owner you are responsible for the direction your business takes. Just because you are a small business doesn't mean having a strategy does not apply to you – it's just as important to your small business as it is to a big business. Remember, all big businesses were small once.

Your strategy should be concerned with the position that your business chooses to occupy within the industry you are in. The factors that determine your strategy are, therefore, your industry structure and the competitive position your business adopts.

Your industry structure will reflect concerns such as competitors, product offerings, customer bargaining power, suppliers terms etc. Understanding these competitive forces at work in your industry is the first stage in developing a competitive strategy.

The second stage is to decide on a way to position your business to your best advantage within your industry and the only way to do this is to make the most of your strengths relative to your competitors.

There are only two ways to achieve a competitive advantage over your competitors, by having a low cost strategy **or** a product/service differentiation. You have to choose which path your business will take and implement the structural changes to accommodate your chosen path.

These topics are too big and too important to discuss fully in a newsletter.

If you wish to discuss how Sheridans can work with you to define your business strategy and assist you make the necessary structural changes please contact Greg Sheridan a director of Sheridans on 83760455 or greg.sheridan@sheridans.net.au.

Insuring the breadwinner is essential - but what about the homemaker?

The homemaker spouse is as equally important to the family, in both an economic and emotional sense, as the principal breadwinner.

The role of the homemaker spouse when considering Life & Critical Conditions Insurance should never be underestimated. A study by the Australian Bureau of Statistics titled "Measuring the Value of Unpaid Household, Caring and Voluntary Work of Older Australians" found that the value of a person, aged 25 – 44 years, managing housework, shopping and looking after children was \$45,617 per annum.

The role of the Homemaker spouse towards raising children is another important consideration that should not be overlooked. A recent study found that from birth to the age of 21, a typical middle income Australian family spends \$537,000 with the biggest costs being education, food and childcare.

Family debts should also be considered when insuring the homemaker spouse. The largest debt most families have is the mortgage on the family home.

There is an inherent non cash value in the non working homemaker spouse's contribution towards home loan repayments.

Often overlooked is if the homemaker spouse were to die, the principal breadwinner would need to modify or reduce the number of hours worked in order to provide appropriate emotional support and care for the family. This reduction in hours worked may then adversely affect the breadwinners ability to meet mortgage repayments.

It is important to place a value on the contribution made to family life by both partners and therefore imperative that adequate insurance cover is in place to protect the lifestyle of family members should one or both parents die or become incapacitated.

If you wish to review your families insurance requirements and determine the sum insured for a homemaker spouse please contact Shane Holmes a director of Sheridans on 83760455 or shane.holmes@sheridans.net.au.



Are you over age 55 and still working?

Would you like to save a significant amount of tax? Would you like to work less for the same income? If so, read on...

Did you know there is now a strategy that allows mature age (55+) workers to access their superannuation benefits as an income stream while continuing to work full or part time?

This means mature age workers have the opportunity to:

1. cut back their working hours to enjoy more leisure time, or
2. continue to work full time and tax effectively increase their superannuation savings

This strategy is known as 'Transition to Retirement'.

Case Study

John is 55 and works full time earning \$70,000 per annum. He has \$300,000 saved in his superannuation fund. He plans to continue to work full time until he is 65.

If John rolls over his superannuation to an account based pension, draws the maximum pension of \$30,000 p.a. and salary sacrifices \$36,570 p.a. of his salary to super, he will have the same amount of income to spend each year. The pension income comes with a 15% tax offset attached, so he will be paying less tax overall on his income. This means he can salary sacrifice more into his superannuation account (\$36,570) than what he is drawing out of his pension account (\$30,000).

In five years' time when John turns 60, his pension income will become totally tax free making for an even more tax effective strategy. As a result of the new 'Better Super' rules, all income and lump sums received from superannuation or pension accounts once you turn 60 are tax free and not included in your taxable income (if it is from a taxed super fund).

In ten years time, it is estimated John will have accumulated more than an **additional \$100,000*** towards his retirement savings nest egg.

The savings from this strategy occur in two ways: firstly the tax effectiveness of the pension income received as outlined above. Secondly, the existing \$300,000 superannuation savings which is currently subject to a 15% tax environment will enjoy a 0% tax environment following transfer of the \$300,000 to an account based pension.

A 'Transition to Retirement' strategy can benefit the majority of people over age 55 who are still working.

If you wish discuss how a 'Transition to Retirement' strategy can benefit you please contact Troy Gallasch on 83760455 or troy.gallasch@sheridans.net.au.

** Assumptions: salary indexed by 3% p.a., net earnings on super 8%, 9.4% on account based pension, 15% contributions tax, income from account based pension \$30,000 indexed by 2.5% p.a., super guarantee contributions not reduced by salary sacrifice, AWOTE 5%.*



Did you know.....

Sheridans offer a mortgage broking service.

- Are you buying a home?
- Are you unhappy with your current loan provider?
- Would you like to know how to cost effectively structure your debt?

If you wish to discuss your options please contact Ben Dixon (ben.dixon@sheridans.net.au) or Troy Gallasch (troy.gallasch@sheridans.net.au)



Team member news

Congratulations to Shane and Karen Holmes on the arrival of a baby boy, Alec Riley Holmes. Alec arrived on the 18th of January 2008. Mother, father and son are all doing well.

We wish Ben Dixon and his fiancé Simone all the best for their upcoming wedding in April 2008 to be held in Mt Gambier.

Congratulations to Dana Sheridan who hit a birthday milestone in late January.

Tour down under

Sheridans hosted a tour down under function on Sunday 21 January for a number of clients, staff and their partners.

With the fourth turn directly in front of the Sheridans office, there was plenty of action to keep everyone interested.

Staff profile

Name:
Melanie Coulter

Role:
Accounting Administrator

Worked at Sheridans since:
March 2006



Melanie is the first face people see when they walk in to Sheridans. She plays a vital role in greeting clients with a friendly smile when they arrive at the office and works closely with the Accountants providing them with valuable support. Melanie enjoys socialising with friends in her spare time and loves to travel.

Do you have an email address?? If so, we would like to know it. At Sheridans we are doing our bit for the environment and would like to reduce the amount of paper we send you. Please email melanie.coulter@sheridans.net.au if you would like us to email you future correspondence including our newsletter.



Left: The view from the top of the Sheridans grand stand over looking the tour down under track.



Right: Sheridans book keeper Roy Seccafien cooking up a storm on the bbq.

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