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## FEATURE ARTICLE (ATTACHED):

- Optimal Structuring

## Thank you from HK!

Business Review weekly magazine (BRW) recently printed the national 'top 100 accounting firm' list for 2010. While Hoffman Kelly sat just outside this list for 2010, our growth is in the top five percent and accordingly, we anticipate being on this 'BRW top 100' list in 2011 (with a bullet!).

We are both surprised and humbled by this result which has come about as a consequence of a prolonged period of very strong growth. **As we do not advertise, this growth has been driven entirely by you, our clients.**

We have always fostered two core objectives:

1. Recruit and retain the brightest and best; and
2. Ensure we are at the absolute cutting edge in terms of business structuring and tax effective solutions.

Really we believe any success has come by understanding that these objectives are completely interrelated. We spend a huge amount of time and resources (substantially more than our peers) on professional development for all professional staff. In turn we have successfully retained the brightest graduates and have developed a fantastic young dynamic team at the absolute cutting edge of structuring and emerging issues.

In fact, over the last five years we have grown from a staff of seven to twenty seven. Again, we thank you for your support and wish you all a safe and successful 2011! ☺



## Bamford case is a big win for small business!



**The matter of 'Bamford V Federal Commissioner of Taxation' has been handed down in the High Court.**

In a unanimous judgement, the High Court has dismissed the appeal of the Commission of Taxation.

The case, which received a huge amount of financial press and interest from all the major accounting and legal bodies, is a fantastic result for small-medium business owners and investors.

While technical, this much anticipated high court decision unequivocally supports the long held legal view that the trustees of a discretionary trust have, provided their particular trust deed allows, absolute discretion in determining what is trust income and complete flexibility in distributing this income (including net capital gains) to any beneficiaries or class of beneficiaries. ☺

## Receive an HK Gift Pack worth over \$300

The attached feature article **Optimal Structuring** contains an invitation for a free, no obligation\* business structure review. If this invitation is taken up as a result of a referral from you, an existing HK client, **you** will receive an **HK Gift Pack**† valued at over \$300.

\*Includes meeting with Troy Kelly or Tony Hoffman including detailed review of existing structure and our recommendations to achieve optimal structure based on specific circumstances (absolutely no cost/no obligation).

†Includes a HK wine cooler bag, 2 bottles of wine and a \$200 Westfield Gift Card ([www.westfieldgiftcards.com.au](http://www.westfieldgiftcards.com.au)).



# Employer Super Obligations made easy

**There is good news for small businesses looking to simplify their superannuation guarantee obligations. From 1 July 2010, employers with less than 20 employees can take advantage of a free online clearing house to make their super guarantee payments.**

The clearing house is administered by Medicare Australia, offering employers the simplicity of making all of their super guarantee payments to a single location.


"The Small Business Superannuation Clearing House makes meeting superannuation guarantee obligations simple by reducing administrative burden and compliance costs. This is a fantastic initiative and all eligible small businesses should consider using this facility," said the Institute's Head of Superannuation, Liz Westover.

## Key features:

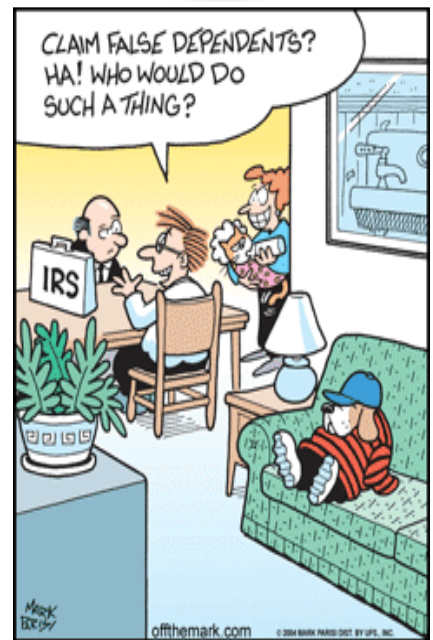
- Super contributions made to numerous super funds will be electronically paid to a single location (the clearing house) which will then process the transactions to individual super funds
- Small businesses that use the clearing house service will have their super guarantee obligation discharged when payment of the correct amount is made to the clearing house
- The clearing house facility will be offered free of charge to small businesses with less than 20 employees
- The clearing house will manage employers' choice of fund obligations.

## How to register:

Employers can register their details via the website [www.medicareaustralia.gov.au/super](http://www.medicareaustralia.gov.au/super)

Employers will only have to make one electronic payment to the clearing house. Once the payment for a superannuation contribution is accepted by the clearing house, the super guarantee obligation has been met, which means employers no longer have to wait for individual super funds to accept payments. 

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CHARTERED ACCOUNTANTS



## Financial Planning Update: Insure your most important asset – you!

One of the biggest issues facing us today is our chronic underinsurance. Australia is one of the most underinsured nations in the developed world ranking 16th for life insurance.

Research has consistently shown Australians don't take out adequate levels of insurance to protect themselves and their family. In fact, research commissioned by the Financial Services Council in 2005 showed parents with dependents were critically underinsured by \$1.37 trillion. Thinking of that another way – only 4% of the total population with dependent children have adequate levels of Life Insurance cover.

**While most people would never consider driving a car without motor insurance, less than a third of us insure our most important asset – our ability to earn an income.**

Why is this a problem? More than three in four Australians will be diagnosed with a serious illness in their working life. The majority of us will rely on savings, selling assets or government welfare. A

significant proportion of Australians, and their families, will face severe financial hardship if they have an accident, become sick or die.

Recently we have seen a trend of compensating for this chronic underinsurance dilemma by utilising superannuation to fund costs of the associated premiums. This in itself can pose quite a few serious problems for those who are to receive the benefits of the insurance.

Provided the person who has passed away had a "binding nomination," the benefits would normally be distributed to those for whom the insurance benefits were intended. In some cases however, the person who has passed away may have made a "non-binding" nomination or no nomination at all, which would mean that the trustee's of the superfund would have the discretion to distribute the funds as they deem appropriate.

Providing that the funds get to those for whom the benefits were intended, there are several tax consequences that should be considered when nominating a beneficiary.

If you would like a no obligation review of your existing insurance including recommendations with respect to appropriate levels and best structure, please contact John or Kurt on 3397 7315 or email [mail@hksfp.com.au](mailto:mail@hksfp.com.au)

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