



Quote of the Day

*'Twas the night before Christmas,
when all through the house,
Not a creature was stirring,
not even a mouse.
The stockings were hung by the
chimney with care,
In hopes that St. Nicholas soon
would be there.*



Christmas Office Closure

Our office will be closing on Friday 23rd December and will re-open on Tuesday 3rd January 2012. *If you have an urgent query, please leave a message on the voice mail.*

Michael & Jenny are taking an extra week to spend time with the kids and will not be returning to the office until Monday 9th January 2012.

Roslyn will be on annual leave over the Christmas break from Thursday 22nd December and returning on Monday 9th January 2012. *Roz needs the extra week to recover from her birthday celebrations!!*

Tony (TJ) will be heading to Cairns for annual leave from Monday 16th till Friday 20th January 2012.



Tony's (TJ) uni results are in and he got a credit in Corporate Tax in his second last semester of his degree - Bachelor of Commerce.



Roslyn is proud to announce that her beautiful step-daughter was married a few weeks ago, with a ceremony at a school Chapel in Manly, followed by a lavish reception in the Tea Rooms at the Queen Victoria Building.



The Wild Ride of 2011

For investors, the best thing that can be said about this year is that it is almost over. It has been a year that seemingly lurched from one bad-news story to the next.

First came the devastating Queensland floods, which had the potential to deliver a significant hit to the Australian economy, and Cyclone Yasi, which also pounded Queensland. These events were followed in February by the Christchurch earthquake. Then in early March came the awful triple-whammy disaster that hit north-east Japan: earthquake; followed by tsunami; followed by a nuclear radiation crisis emanating from the damaged Fukushima nuclear power plant. Aside from the awful loss of life and property, virtually overnight, the number-three global economy was effectively frozen.

Meanwhile, anti-government riots in Tunisia, soon spread into civil unrest in Egypt, and then into Libya and Bahrain, even into the secretive kingdom of Saudi Arabia. The demonstrations quickly claimed the ruling regimes of Tunisia and Egypt (and subsequently Libya, with Syrian leader Assad looking increasingly shaky, too, at time of writing.)

As is usual with unrest in the Arab countries, oil prices rose sharply, surging through \$US110 a barrel in May. With the investment markets already weak on the back of the European debt crisis, that was the last thing the world economy needed.

The geo-political turmoil and natural disasters that grabbed the headlines were at least some relief from gloomy news of the sovereign debt positions of Greece, Portugal, Ireland, Italy and Spain, which had pre-occupied markets for most. Those worries had not gone away; nor had the concerns over the patchy US recovery; nor had the knowledge that China was trying to slow its economy in a controlled fashion.

As the first quarter gave way to the second, the European sovereign debt crisis returned to centre stage, as Greece faced the painful fiscal restructuring forced on it by the European Union and the International Monetary Fund. In May, Portugal became the third Eurozone economy to seek a bailout from the same authorities: hardly anyone noticed, as ratings agency Standard and Poor's in June lowered the Greek sovereign debt to a CCC rating – the lowest rating in the world – following the findings of a EU-IMF audit which called for further austerity measures.

But even the European debt crisis paled into significance when the extent of the United States of America's fiscal problems became starkly apparent over the June quarter. In mid-May, the US government hit its debt ceiling, and Treasury Secretary Geithner told Congress that unless it raised the debt ceiling, Uncle Sam would reach a point on August 2 at which it would no longer be able to pay its debts in full.

Hardly anyone was surprised when, amid 11th-hour theatrics, the US Congress voted in early August to extend its debt ceiling, reassuring investors that a coupon payment on its debt would be paid. But shortly after, Standard & Poor's cut its US rating by one notch to AA from AAA, sending markets around the world into turmoil: the Dow Jones Industrial Average fell 5.6% the next trading day.

In contrast, the relatively strong Australian economy was able to afford an interest rate cut in November; company profits are healthy, and economic growth remains the most buoyant in the developed world. But in terms of the macro-economic headlines that rule global investment sentiment, even Australian investors simply want to write off 2011 and hope that 2012 can't be any worse.

Source: Vanguard Investments Australia "News & Commentary"



Mini-Budget

At the end of November, the Treasurer released what was effectively a mini-Budget which included the following:

- The 25% reduction in minimum pension draw downs to continue to 2012/13
- The government Co-contribution will reduce by 50% from 1 July 2012
- The Superannuation Guarantee limit of age 70 will be removed
- The \$25,000 concessional contributions cap indexation will be delayed until 2014/15. It has been \$25,000 since 2009/10 when the original cap of \$50,000 was halved. Still no word on the \$50,000 cap for over 50's.



"The 25% reduction in minimum pension draw downs to continue to 2012/13"

Other recent developments include the following:

- Changes to the personal marginal tax rates and thresholds from 1 July 2012 were passed through parliament. Key changes are:
 - The tax free threshold will increase from 1 July 2012 from \$6,000 to \$18,200.
 - The second tier marginal rate will increase from 15% to 19% and the third tier to 32.5%.
 - The Low Income Tax Offset will reduce from \$1,500 to \$445 (as it will be largely incorporated into the new tax free threshold).
- Increasing the Superannuation Guarantee from 9% to 12% has also been passed commencing 1 July 2013.

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Consolidating Super Funds

How many super statements did you receive this year? Do you find it hard to keep track of your super accounts? Have you lost some of your super over the years? You're not alone.

The benefits of putting several small super fund accounts into one account are:

- To save costs by paying only one set of fees
- To reduce your paperwork
- To make it easier to keep track of your super

If you're in a defined benefit fund, think very carefully and get advice before leaving.

To manage your super more easily and save costs, consider combining small accounts into a single fund. Before you consolidate your super funds, check:

- If you will have to pay any termination fees
- If you lose any insurance benefits
- That the fund you are consolidating into has all the services you want
- That your employer can contribute to your chosen fund

If you wish to consolidate, please contact our office today for help.