



REFERRAL ADVANTAGE

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Dear Reader,

Welcome to the first edition of REFERRAL ADVANTAGE. You are receiving this newsletter because you are a valued client of AD Hamilton & Associates, Price Bookkeeping Solutions, Your Finance Guy, My Finance Boutique, and AMS Insurance Brokers.

We have joined forces so that YOU can achieve the best possible outcome for your business. Many small business owners kept asking us the next relevant question involving a different expertise. Since we have developed strong relationships that are based on integrity and honesty, we could make a referral to another member of the Referral Advantage Team knowing that our clients would be well looked after and receive the service they needed to succeed.



Now we've taken this team work to another level. As business people we set the ethical standards that we want to live and work by. So we agreed on the guiding principles of our collaboration, which is about giving advice to clients and referring them without charge. The best possible outcome for our clients is paramount in our thinking! With that in mind, we are excited to share our first joint newsletter with you all and hope that you'll find the information useful.

The Referral Advantage Team

Special Points of Interest:

- [Top 12 Finance Tips](#)
- [The Right Business Structure is Key](#)
- [Cloud Accounting, by Sandra Price](#)
- [A guide to using a car allowance](#)
- [Cheap premiums mean Cheap insurance cover!](#)

TOP 12 FINANCE TIPS

1. Set up an off-set account against your home loan account. That way you'll see your savings grow and save interest on your loan at the same time.
2. Set aside 10% of all income into a separate off-set account as soon as it comes in. Then when GST is due, you'll have the money ready, and you will have saved interest on your loan in the meantime.
3. Review your loan structure at least every 12 months. A lot can happen in that time, and you may be losing money if you don't keep abreast of the market.
4. Know your limit – knowing your borrowing capacity may open up new opportunities for you.
5. Release equity whenever you can. Opportunities can only become reality when you have the power to act on them.
6. Seek professional advice on how to structure your finances before making purchases. It's the things that you are not aware of that can bite you later on.
7. Maintain separate business and personal bank accounts. It keeps

“Review your loan structure at least every 12 months. A lot can happen in that time...”

your transactions transparent and your accountant will love you at tax time.

8. Build your round table – seek out a team of trusted advisers and use them!
9. Seek professional advice before fixing your rate. The rate may look great, but there can be heavy penalties if you break it.
10. Write a budget and keep it real. A budget is a tool to help you see where your money actually comes from and actually goes to, not a wish list of where you think it 'should' go.
11. Keep money in a separate 'buffer account' for emergencies. Don't touch it.
12. Review your loan structure before you get a car loan. The monthly repayments on a car loan can dramatically reduce your borrowing capacity for other things.

By Kelly O'Brien, My Finance Boutique

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THE RIGHT BUSINESS STRUCTURE IS KEY

As a Small Business Owner you always need to find ways to pay less tax, because what you don't give to the taxman will boost YOUR profits and create YOUR wealth, not that of the Commonwealth.

"It seems incredible that some small business owners pay more tax than others although they produce the same income, yet it's true."

It seems incredible that some small business owners pay more tax than others although they produce the same income, yet it's true.

You may think that your accountant's only job is knowing how to reduce your tax bill, and that's true to a point. Tax knowledge and advice is important, but I also think that your accountant's job is to get to know your business, understand why you're in business, where you want to go with it and what kind of wealth aspirations you are aiming for with your business profits. You see, when you take a holistic approach to look at your business venture and engage in year round tax planning, the tax saving opportunities just pop up and are easy to implement and identify.



Your accountant should also be able to advise you on another crucial questions that arises when you first start out and as your business grows: "What structure should my business have?" If you've been in business for a few years you may have outgrown your current business structure and could benefit hugely by setting up a company for your business. So let's find out about the pros and cons of a company structure.

A company is a separate legal entity altogether from its members and its directors. Therefore, in a legal sense, you are not your company and your company is not you. A company will have its own assets and pay its own tax.

A company should also have its own bank accounts separate to the accounts of the owner(s).

The company tax rate is 30% which is more attractive than the 46.5% (including the Medicare levy) which is paid by individuals in the top marginal tax bracket. The 30% tax rate makes setting up a company a potentially important tax planning strategy. The core roles in a company are the director, secretary and

shareholders. In small companies these roles can be performed by the same person.

A director is an office holder that runs a company.

A secretary is appointed by the directors and is responsible for administering and maintaining the records and correspondence of the company.

Shareholders each own a portion or share of a company.

A company structure can provide many beneficial tax deductions but it is not always the optimal structure. A good tax plan will weigh up the options effectively. There is often a loss of tax benefits under a company structure, in particular when your company disposes of an asset such as goodwill, shares or business premises. Even if a company holds an asset for more than 12 months, it is not entitled to the 50% discount on capital gains which is available to individuals and trusts.

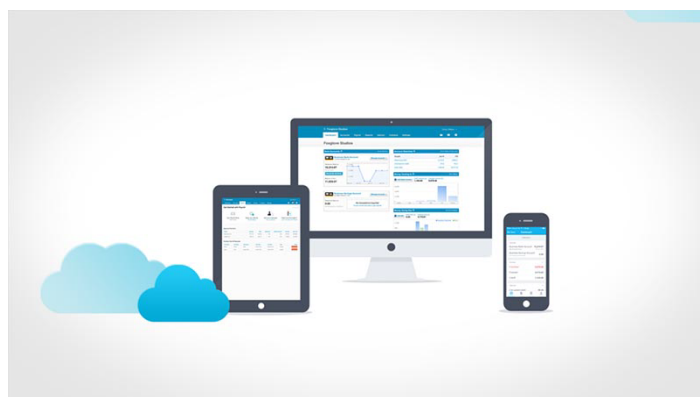
Please Note: Many of the comments in this article are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

By Robert Bauman, AD Hamilton & Associates

CLOUD ACCOUNTING

Cloud accounting is increasingly being embraced by business owners as an innovative method of data storage and record keeping. You are almost certainly already making use of other cloud computing software such as email, internet banking and document storage like Dropbox, Apple iCloud or Google Drive. Cloud accounting has the potential to provide equal benefit to your overall business output.

An immediate and obvious convenience is that you are able to access real time data from any device that is internet enabled, meaning your accounting information is always current and up to date. You control who has access to your cloud accounting data so team sharing becomes simple and providing records to your accountant or book keeper a dream!



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Data integrity and security is increased with cloud accounting as records don't need to be transported via external drives or physical copies. In fact, records don't need to be transported at all. Simply log in on any device, at any location, and your most up to date business accounting data will be at your fingertips.

Cloud accounting software companies use online security similar to online banking so should your laptop or other device be stolen or lost, your accounting information remains protected and backed up.

“Many businesses are realising the positive impact cloud computing can have on their bottom line...”

Many businesses are realising the positive impact cloud computing can have on their bottom line and cloud accounting software is yet another way to streamline your business practices, saving both time and money.

By: Sandra Price, Price Bookkeeping Solutions

A GUIDE TO USING A CAR ALLOWANCE

In order to divest themselves of the administration and costs involved in supplying employees with a motor vehicle for use in work related activities, many employers provide their employees with a car allowance as a component of their total annual remuneration package. Used correctly, this can be an attractive benefit and will generally provide for the following:

- Sourcing the vehicle of your choice
- Financing the vehicle by way of a Secured Loan Agreement in your personal name
- Lodging an income variation with the ATO through your employer's payroll officer, that will enable the allowance to be paid to you "free of tax"
- Completing a Log Book for a period of 12 weeks showing your use of the vehicle and the percentage split between business & personal
- Taking the vehicle and the finance commitment with you, if you leave your current employer.

THE BENEFITS TO YOU ARE:

- Able to choose the vehicle you want.
- Retaining ownership of the vehicle, even if you decide to move to another employer.
- The motor vehicle may be used for your private use.

SECURED LOAN AGREEMENTS:

This loan agreement is similar to a personal loan with the financier securing their advanced funds by way of a registered charge over the vehicle. When all payments have been made to the financier and all outstanding amounts cleared in full, the financier releases their charge.

The loan contract may be terminated at any time, simply by paying the financier all amounts outstanding on the contract plus any termination fees.

“The maximum term available for a new car is 84 months. However, for a used vehicle, the term may be reduced...”

EXPENDITURE:

As a general rule, the intent is to maximise the expense of all funds received by way of the car allowance against the running costs of the car for business purposes, in accordance with the declaration submitted to the ATO via your employer's payroll officer.



FINANCE TERM:

The maximum term available for a new car is 84 months. However, for a used vehicle, the term may be reduced to ensure it is no more than 12 years old from Compliance Plate date, at loan term end.

As intended by your employer, all ongoing costs associated with the operation of your vehicle are to be met from the provided car allowance. With this in mind, consideration will need to be given towards the type of vehicle selected and its ongoing operating costs including:

- Finance charges applicable for the vehicle
- Service & maintenance
- Replacement tyres
- Fuel usage
- Comprehensive Insurance
- Future re-sale value

SUMMARY:

Once all these costs have been established, their sum may be used to determine the estimated "Total Cost" per annum for the vehicle. It is this figure that is used as the basis for determining the percentage allocation of your car allowance use for business (or personal) according to your logbook.

By Peter Bailey, Your Finance Guy

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IT'S NOT WHAT YOU KNOW BUT WHO YOU KNOW...



CHEAP PREMIUMS MEAN CHEAP INSURANCE COVER!

At times like these when much of the economy is hurting, where household budgets are stretched and where everyone is trying to save money, it is very tempting to look to save money on your insurance renewal.

The TV is flooded with ad campaigns promising "cheap" insurance. But insurance is one of those products where you truly do get what you pay for. Cheap premiums from insurance companies that focus only on price, generally mean there are large gaps in the cover they provide and those gaps often mean that you end up "out of pocket" in a claim.

Its amazing how often people spend hours of their own time ring around insurers to save a few dollars. AMS Insurance Brokers does the "shopping around" for you - your time is far too valuable to do this. And, we ensure you get the cover you need with no gaps. Our prices are competitive and the cover is very broad.

Trust AMS Insurance Brokers for all your general insurance needs don't take the risk with "cheap" insurance.

By Anna Sayers, AMS Insurance Brokers



REFERRAL ADVANTAGE TEAM

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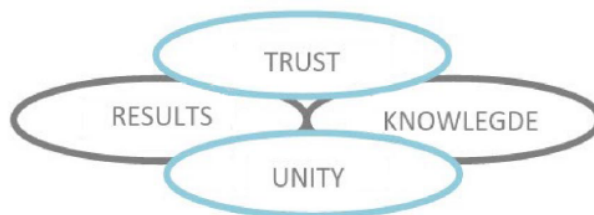
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OUR VALUES & PRINCIPLES



TRUST

The vital ingredient to allow us to work together at full capacity.

KNOWLEDGE

The specialized skillset and education we share between us and you.

UNITY

The effect produced when we have the same intent and purpose.

RESULTS

The outcome when we all work together on the common goal.