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STRUCTURE

Superannuation funds are a form of trust structure. They operate under strict rules prescribed in legislation. Each fund has one or more trustees who are responsible for ensuring the fund is operated within legislated operating standards. These are set out in the Superannuation (Industry) Supervision Act and Regulations.

People who belong to a superannuation fund are referred to as "members". In addition to members, other people may have an interest in a person's superannuation. These are the dependants of the member. A dependant is defined in legislation and, for superannuation purposes, includes a spouse of the member, children, people with whom the member has an interdependency relationship, and others who may be financially dependant on the member. Dependency becomes an important issue when a member dies, when having funds in superannuation.

Is Super an investment?

Superannuation is often confused with other investments. It is not uncommon for people to talk about investments in property, shares, fixed interest deposits and super, as if they are all different types of investments. Superannuation is not an investment in its own right, but rather a tax structure through which other investments are held. We can invest in different assets such as shares, property and managed funds in our own name, through a family trust or a private company, or through superannuation. Super is the vehicle or structure that holds the investments. It is simply taxed on a different basis to, for example, owning assets in your own name.

Today, many superannuation funds provide extensive investment options that can be held by their members.

INVESTMENT OPTIONS:

Modern superannuation funds generally allow members a wide choice in the investment options they have available. When deciding on the most appropriate investments for your superannuation it is important firstly to assess your risk profile. This is the amount of risk you are comfortable taking. Investments should then be selected around your individual risk profile.

In certain cases, superannuation funds may offer many hundreds of separate choices from their investment menu. Many modern funds also allow members to have access to shares in major companies.

Selecting the right investments for your fund, and monitoring the investments on an ongoing basis, perhaps even over a number of decades depending on your age can be a complex task requiring specialised skills. This is where a licensed financial adviser can be of assistance.

INSURANCE:

Many superannuation funds provide life insurance for members. Cover may be for death, total and permanent disablement and/or continuation of salary in the event of becoming temporarily or permanently disabled.

Where a member has life insurance included in the superannuation membership, and they plan to move from their existing fund to another fund, it is vitally important to check that they can replace the life insurance cover if it is still needed. Unfortunately there are many stories of people who have transferred to another superannuation fund and then, because of a change in their health, have been unable to replace the insurance cover.

Insurance is an area where expert advice is vitally important before you act.

DEATH BENEFIT NOMINATIONS:

As mentioned earlier, the purpose of superannuation is to provide a benefit to a member at their retirement, or to their dependants in the event of their death.

Superannuation proceeds paid on the death of a fund member do not automatically form a part of the deceased member's estate. In fact, in most case, the superannuation benefits are dealt with quite separately to the other assets of the deceased member.

Estate planning is the process of ensuring that the right benefits get to the right person at the right time. Many superannuation funds allow members to nominate a beneficiary to receive the benefit in the event of the member's death. Nominations may be either a "binding" or a "non-binding" nomination. There are specific requirements that apply to making death benefit nominations.

Like many other aspects of superannuation, advice on the appropriate structuring on death benefit nominations, particularly where a member may have a blended family situation, should be sought from a qualified person.

THE LENDERS CORNER BY ANDREW FORSYTH

We at PRL Finance have found investing in residential property can be a useful strategy for creating wealth for the future. Leading property commentator Michael Matusik has set out below a few basic guideline to get the best returns from your investment property.

1. Renew a lease at peak times. Up to 15% more in rent can be achieved in late January and again in June, in sync with the school year, company transfers and the influx of overseas students. The worst time to renew (for the landlord that is) is in December.
2. Look for overseas students, as they will, and particularly when secured at the optimum time, pay a handsome premium. A general rule of thumb is about 10% more than the local market.
3. Consider furnishing the product, especially an apartment. A 25% premium (and sometimes more) can be achieved for a well furnished rental property.
4. Keep a good tenant, and maybe at today's rent, rather than risk losing them.
5. Present your rental property at the highest standard possible. This might mean a bit more than the usual TLC.
6. Renovate, especially the bathrooms and kitchen. Painting and fencing a detached dwelling is also smart, as is offering off-street parking. In Queensland, a decent outdoor living area is also important.
7. Check that your tenants are not paying more than a third of their disposal income in rent, otherwise problems regarding late or non-payment might occur.
8. Advertise on the internet and not in the newspaper only. The net works best.
9. Reduce your risk and take out landlord insurance. This is a wise decision, especially for cheaper rental properties.
10. Make sure your property is "share" friendly. The key here is to provide separate ensuites and bedrooms of equal size, positioned some distance away from each other. Adequate storage and off street parking also helps renters share in relative peace. Research shows that when choosing a property to rent, tenants look at the size and number of bedrooms first, followed by car accommodation and then the indoor/outdoor living space/s.

If you would like to discuss your options in relation to purchasing property please give Andrew Forsyth a call and I would be happy to discuss your plans and lending options.

Autumn 2010

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Welcome to our autumn newsletter and our first for the New Year. This year will mark an important milestone for Perrier Ryan as we will be celebrating the 10th anniversary since we set up the accounting practice now known as Perrier Ryan. Back in August 2000 we started off with Dan, Paul and 5 staff and are proud to have grown in the last 10 years to introduce 2 new partners, Ben and Rob, and we now employ 17 staff.

Whether you have been with us since the beginning, or have recently joined us, we would not have been able to grow the business and improve the services we provide without the continued support and trust of our clients. We would like to thank you all for your support over the last 10 years and we look forward to continuing our relationship long into the future.

Finally, here is something for you to consider as we approach tax lodgement and payment dates...

The difference between death and taxes is death cannot get worse.

Will Rogers (1879 – 1935)

WHY MARKETING IS IMPORTANT

The saying goes: The difference between small business and big business is simply marketing. Marketing is really something that we need to lock in like concrete, and requires weekly effort. In these challenging times, when the pie is growing at a lower rate, we need to work harder at getting a bigger share of that pie.

It does not matter whether your business is service or product based, you need to have a clear view of :

- Who your current customers are.
- Who your potential customers could be.
- The reasons anyone would want to buy your product or services and why they would pay the price you are asking.
- How you should communicate those benefits to effectively keep your customers engaged.
- The best mix of marketing activity to keep your service or product animated.
- How you can most effectively spend your marketing dollar by segment.
- How you can best monitor your marketing spend.

We have heard our clients as well as the larger business community saying the downturn has thrown the sales and marketing strategies of business into disarray. Customers have become more hesitant to buy, sales teams are struggling to get deals over the line, and the marketing budget isn't looking as healthy as it used to, in fact there is one.

Along with everything else, you can Google marketing, which is what we have done, to come up with some tips to solve some problems that are confronting business owners.

Most of the advice won't cost you a cent to implement, and you will also be able to create more robust sales systems and processes that will last you long into the recovery.

Problem: Customers are crying out for discounts.

Solution: Don't drop your prices - find another way to get them over the line.

Marketing guru and SmartCompany blogger Colin Benjamin says there is a big problem with discounting - once your drop your prices, it is nearly impossible to raise them again.

Luke Bayliss, co-founder of Sumo Salad, agrees. "We are preferably not discounting because that has a negative impact on the business as a whole. Particularly during the global financial crisis, people may respond well to those in the short term, but they cause long-term damage."

Benjamin says companies must find other ways to persuade customers to buy, mainly through offering improved service. Offer customers better terms of trade (by giving them longer to pay), offer priority delivery or think about giving them a little gift with every purchase.

"The key is to try and get more revenue out of each customer," Benjamin says.

Problem: Two of our sales people are doing well, but the other eight are struggling.

Solution: Get the stars to teach the laggards.

Trent Leyshan, managing director of sales consultancy Boom Sales, admits the sales environment can be cut-throat and sales people can be very protective of their intellectual property - that is, their sales methods. But he says that good companies need to break down these barriers and forces top sales people to share ideas.

"A lot of sales models can be very competitive, and sales people can operate in their own silos. To me that's counter-intuitive to a business that is genuine about doing the best by its customers."

He suggests getting all sales people together for a brainstorming session to create a sales process that everyone can do. Naturally, this should be led by your sales stars, who will hopefully pass on tips and advice to help other members of their group start climbing towards their level. (Cont'd on page 2)

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Problem: I don't know what my sales process should look like.

Solution: Develop strategies to win, keep and grow accounts.

Rob Hartnett, sales coach and founder of consultancy Selling Strategies, says that the sales cycle (from lead generation through to client management) generally stretches out when the economy slows as customers guard their cash, and it is during these times that a robust sales process becomes crucial.

He says a sales process really needs to have three phases - a sales process for creating an opportunity; a sales process for managing opportunities; and a sales process for retaining and growing accounts won.

"A down economy is a good time to review your sales process to improve its effectiveness," Hartnett says.

Problem: We haven't really had to sell for five years.

Solution: Make every employee part of the selling process.

Trent Leyshan was recently approached by an engineering firm that had a big problem - no-one in the organisation actually knew how to sell. They could work on tenders, they could manage projects, but the business just hadn't needed to be sales focused in the past. Now they needed help.

Leyshan concentrated on getting the firm's top management to understand the importance of putting sales at the centre of the firm's strategy and to demonstrate that everyone in the firm had a role in selling, from the admin staff to the accountants to the project managers. *"It's about getting everybody and the same page and getting everyone to understand how they engage customers."*

Problem: Where do I start with sales and marketing planning?

Solution: Get your sales targets clear.

Barrett says that companies cannot afford to be complacent in a downturn and must figure out a plan to survive, and part of that strategy involves setting clear sales targets.

"Look at the numbers to decide what you have to do. If you need X amount of revenue, then look at what your average sale is, and out of that ask how many sales you need to make each year, how many prospects do you need to talk to for sales and ask how many people you need to contact," she says.

"A lot of people rely on websites and such, which is nice but they in themselves do not make you a sale. They keep your brand out there, but you have to pro-actively put yourself out in the market."

"You need to look at details. Know what markets you need to be targeting. Who do you need to be in front of, and how often do you need to do that?"

Problem: I've got no money for sales staff incentives.

Solution: Find other ways to reward your top performers.

Structuring incentives for your sales people is not easy, particularly in difficult economic times when the bonus pool is looking decidedly shallow. Colin Benjamin says that the obvious strategy is to move towards short-term sales commissions, but he says this can create a competitive and poisonous environment among your sales team and can lead businesses to focus too much on the short term.

His solution is to use non-financial rewards in the short term, such as flexible working arrangements or time off for a special occasion. Then, depending on whether sales targets have been made, sales staff should get financial bonuses at the end of the year.

Problem: How do I make sure my marketing gets people buying?

Solution: Call your customers to action.

Luke Bayliss from Sumo Salad says that companies need to focus on

marketing that will deliver them a solid return on investment.

"In these times you've got be careful where you spend your money. It's easy to not get a return on your investment and effectively waste your money, which is what you don't want to do right now when you're trying to stockpile cash," Bayliss says.

"We're focused on return-on-investment type marketing, call-to-action type marketing messages that drive the revenue of the business."

"Call-to-action is something that gives consumers a specific reason to buy. Not necessarily a discount, but points of differentiation like a special flavour for the month, or a new product. Simply from a marketing perspective, it's just about being pro-active and getting out there."

Problem: How will I know if my marketing campaign is getting a good result?

Solution: Measure, measure, measure.

Researching your customers may seem boring, but Debra Templar says it is the only way you'll start making progress in the downturn.

"You've just run an ad and an additional 100 people have come through the door on day 1 of the ad. Your marketing has worked - irrespective as to whether or not they have bought your product/service. You could easily have 100 people through the door and sell to one of them," she says.

"You don't have a marketing problem, you have a selling problem. Before you run the ad again, you'd better get up to speed with sales techniques, otherwise you're going to get the same results again and again. The marketing worked, you and/or staff didn't."

"The flip side of this is when you have 10 people come through the door and you sell to eight of them. There's nothing wrong with your sales and service skills - but the marketing wasn't the most successful. Measure, measure, measure - so you know where to put your future marketing spend."

Problem: We're only attracting rats and mice, not big customers.

Solution: Identify your most profitable customers.

During a downturn, business owners may become so desperate for sales that they throw themselves at anyone who comes along. But Adrian McFedries says this isn't the right approach.

"Clearly at the moment the key topic for businesses is cashflow. Businesses in this environment have a set cost base, so they have to do what they can with sales. What they need to do is look at their existing customer base."

"So don't spend too much time on customers that aren't profitable," he says.

"Identify the most profitable customers and remember that not all customers are created equal. A lot of customers are unprofitable, and others are a pain in the arse, but you need to spend time on the painful ones and not ignore them because they may be the most profitable."

Problem: Should I start selling in a new area?

Solution: No. This is not the time to experiment.

Many businesses see expanding their product range as way to survive the downturn, but some experts are saying now isn't the right time to be experimenting with your core business.

Chad Polley at GameTraders says that businesses should have a clear focus and shouldn't divert from a business plan.

"It all comes down to strategy and what you achieve. We focus on the most profitable areas of our business. Continue working on areas of profitability, focus on your core business, and don't focus on anything new and experimental."

"There's always going to be times to take risks, and we do, but we're focusing on the fundamentals at the moment, and that's where we stand."

FINANCIAL PLANNING BASICS

What is financial planning?

Financial planning is the process of identifying both your financial (income, assets, liabilities) and lifestyle goals (values, dreams, wants, needs, time horizon).

The role of a qualified financial adviser is to evaluate all aspects of your financial goals and lifestyle requirements and develop a strategy suited to help you build wealth, enjoy life and achieve financial security.

Why is financial planning important?

The following is an example of how professional advice can benefit any person during any stage of life. It is essential that you maintain regular interaction with your financial adviser throughout each stage of life to ensure that your strategy is tailored specifically to suit your current circumstances.

Life stage	How a financial adviser can help
1 Young adulthood	<ul style="list-style-type: none"> Establishing life goals and strategies to achieve them
2 First home buyers and Newlyweds	<ul style="list-style-type: none"> Developing budgeting skills. Devising a savings/borrowing strategy to achieve home ownership. Ensuring all assets are adequately protected
3 Thirty - something	<ul style="list-style-type: none"> Developing a savings and investment plan to build long-term wealth. Advice on preparing for the cost of raising children. Ensuring all assets are adequately protected.
4 Forties & fifties	<ul style="list-style-type: none"> Tailored strategies to build a retirement nest egg. Building other assets outside the family home and superannuation, protection against life risk.
5 Pre-retirement	<ul style="list-style-type: none"> Asset management and strategies to minimise tax while maximising government entitlements. Recommending investment strategies to maximise capital growth and regular income from retirement assets.
6 Retirement	<ul style="list-style-type: none"> Fine-tuning investment strategies throughout retirement Estate planning. Advice on tapping into non-financial assets like the family home.

What can a financial adviser do for me?

Plan your financial life

As the average household income rises, so to does the cost of living. This means that now more than ever, Australians need good financial advice to help make the appropriate financial decisions for a comfortable future. We all have short and long term life goals, whether these include buying a home, saving for your children's education, managing debt or planning for retirement the financial planning process can help you achieve your goals. After considering your resources, risk profile and current lifestyle, a financial adviser will detail a balanced and realistic plan to meet those goals. Your individual goals are used as guideposts to map a course of action on 'what needs to be done' to reach the desired outcome you want.

We can offer financial products to help build wealth in the most tax effective manner that suits your cashflow.

We can also offer general wealth-creation advice and assistance across all financial markets, or specialize in areas such as:

- Retirement planning
- Superannuation
- Estate planning
- Small business financial management and planning
- Investing in the share market
- Debt and risk management
- Core, life and general insurance
- Managed investments, securities and derivatives

SUPERANNUATION BASICS

Superannuation is a structure that allows people to build wealth for their retirement in a favourably taxed environment. In essence, money is contributed to a superannuation fund where it is invested and grows over time so as to provide its "members" with additional savings to provide income or other lump sum needs once they retire.

The legislation that governs super makes reference to a "sole purpose test". In simple terms, the sole (or main) purpose of superannuation is to provide a benefit to members on their retirement, or for their dependants in the event of the member's death. Superannuation funds may also provide additional benefits in the event of temporary or permanent disablement or on diagnosis of a terminal illness.

Superannuation is an investment structure through which savings are consolidated along with investment earnings in order to provide a financial benefit for members once they retire.

There are many aspects to superannuation. We will now look at some of those

There are a number of main types of super funds including:

- 1. Industry funds** — these funds were originally established to cater for the needs of employees working in specific industries such as hospitality, health, retail, and the construction industries. Today most "industry funds" have opened their doors and will now accept members from all walks of life and occupational groups.
- 2. Public sector funds** — primarily the domain of the public sectors, these funds have been established to provide for the retirement needs of both state and federal public servants.
- 3. Corporate super funds** — some years ago there was a trend for many larger employers to operate their own superannuation fund for their employees. While there are still many corporate funds operating, the trend in recent years has seen a decline in this type of fund.
- 4. Retail fund** — one of the largest types that is operated by a financial institution such as a bank or fund manager. Retail funds are open to individuals and employers alike. There is no requirement to belong to a particular industry or work for a particular employer in order to be a member of a retail super fund.
- 5. Self managed super funds** — a self managed super fund is a small fund (less than 5 members) that is often established by individuals of family groups who wish to have a greater degree of control over their superannuation savings. They tend to be less cost effective where balances are less than \$150,000 compared to above funds. Running your own super fund can be very rewarding but it also carries responsibilities and obligations. (Cont'd on page 4)