

from the offices of **Gray Foreman & Robert Latimer**

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From all of us here at Partner Financial Group may you have a safe and joyful Christmas *plus* a wonderful New Year.

We greatly value your business support over this past year and in particular it's been great to have so many new clients referred to us for assistance in recent times.

Overall, this past year has certainly been one of change with the Australian economy continuing to hold up well on a global scale. Recent falls in interest rates is evidence of the Reserve Bank's desire to continue stimulating the economy. Whilst this is good for homebuyers and business owners, it's not so good for retiree's and others investing in term deposits.

Once again, have a joyful Christmas and a happy New Year... *From*

Rob, Gray, Chris, Wilson, Soo Wah, Linda and Neridah.

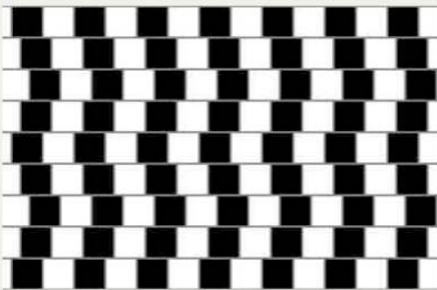
THANK YOU !!



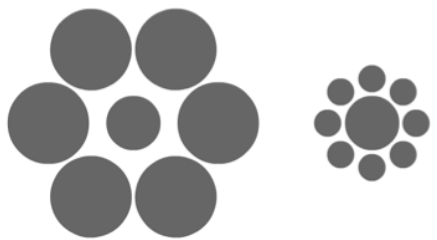
Again, we have been overwhelmed by the many gifts that have been placed under the office giving tree this year.

All toys are distributed through "North Ringwood Care" which has been operating a volunteer-based emergency food relief and referral service for nearly 10 years.

Optical Illusion



The lines are parallel ?



Centre circles are the same size ?

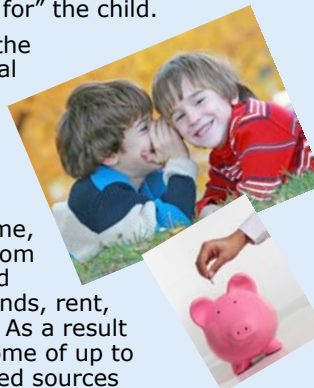
Investing for Children

When putting away money for a child, many people invest directly in the child's name (where possible) or on behalf of the child, but in the name of an adult "as trustee for" the child.

This usually results in the formation of an informal trust arrangement.

Prior to 1 July 2011, a minor was eligible for the low income tax offset (LITO) if they receive unearned income, such as distributions from discretionary trusts and managed funds, dividends, rent, royalties and interest. As a result they could receive income of up to \$3,333pa from unearned sources without paying any tax.

However, since 1 July 2011, minors have not been able to claim LITO on unearned income and this has meant the maximum amount of unearned



income a child can receive tax free is now \$416. (as shown in the table).

Income (pa)	Tax on unearned income received by minors
\$0 - \$416	Nil
\$417 - \$1,307	66% on the income exceeding \$416
\$1,308 +	45% ¹ on the entire 'eligible taxable income'

Whilst tax isn't the only consideration when investing for

children, the removal of LITO means that investing more than \$10,000 in a child's name is now likely to incur higher tax, whereas prior to July 2011 it was more like \$60,000.

For more information specific to your situation, feel free to call the office.

¹ Medicare Levy may be payable

Source: MLC Technical News, 6/9/12

Trans-Tasman Super Deal

Legislation has now been passed that will allow people to transfer their super benefits between certain Australian Super funds and New Zealand KiwiSaver schemes.

This initiative has resulted from a broader commitment from both Governments to establish a single trans-Tasman economic market.



Note: Please call the office for more details.



Loans that change lives...

Looking for a unique Christmas present for that person who has everything?

Visit **www.kiva.org** and be amazed at the difference a \$25 loan can make in the lives of so many around the world.

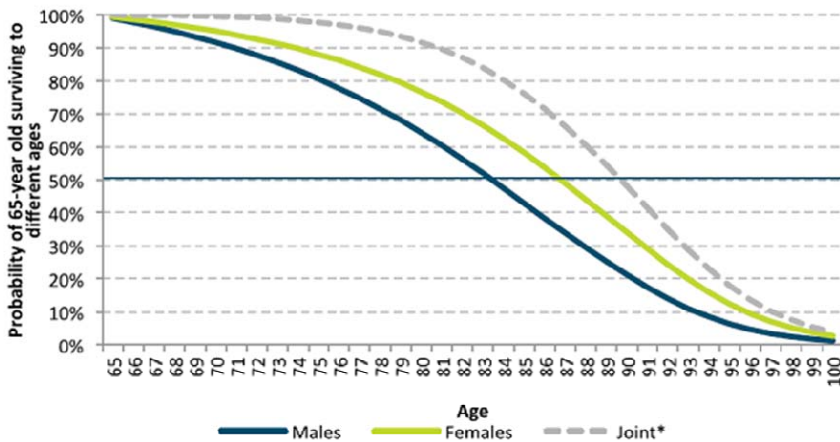
Christmas Office Hours

The office will close at 12:00 noon on Friday 21 December and will re-open at 9:00am, Wed 2nd January 2013.

A financial plan for life ... but how long is that?

There's no doubt, as a population, we're living longer. That's a good thing, but when it comes to working out how long your retirement finances need to last, it can be a problem. Over-estimate life expectancy and you run the risk of not fully enjoying your retirement lifestyle, under-estimate life expectancy and your money may well run out before you do.

Using ABS statistics, we see from the graph below that a 65-year old male has a 50% probability of surviving past age 84, while a 65-year-old woman has a 50% chance of living past 87. This means that, on average, male and female retirees could spend 19 and 22 years, respectively, in retirement; assuming they retire at age 65. (Again, ABS figures suggest 80% of people have retired before age 65).



Probability of a 65-year old surviving to different ages using historical data (2008-2010)

It's interesting to note that the life expectancy of a couple is longer than either member on their own because the pool of lives increases to two. As a result, retired couples should plan for at least one of them to live longer than their combined individual life expectancy estimates.

In summary, using historical life expectancy tables is a good starting point for estimating how long someone could spend in retirement. However, knowing how long people have lived in the past is different from knowing how long they are likely to live into the future. After all, mortality rates and life expectancies in Australia have been improving for the past 120 years, and are expected to continue improving in the future. Consequently, life tables and estimates based on historical data alone as above, merely provide a backward-looking snapshot of life expectancies.

Source: Challenger Retirement Income Research, 14 November 2012

Mirror, mirror on the wall, who's the hardest working of them all ?

According to public research conducted by the Pew Research Centre (and released in May 2012) into the "Most and Least Hardworking" and the "Most and Least Corrupt" European countries, Germany comes out looking pretty good.

Not only is Germany the most admired and its leader the most respected, but Germany is also perceived as the most hard working and the least corrupt.

Not surprisingly, the German's also see themselves as the most hardworking and least corrupt, with Greece breaking the trend and awarding themselves as the most hardworking. But, in what might be seen as a fit of honesty, Greece sees themselves as "Most Corrupt".

The next nation worthy of mention, for all the wrong reasons is Italy, however, they too have a high opinion of their German neighbour.

Who Works Hardest, Who's Corrupt

EU nation most offered as top choice as...

Views in:	Most Hardworking	Least Hardworking	Most Corrupt	Least Corrupt
Britain	Germany	Greece	Italy	Germany
France	Germany	Italy	Italy	Germany
Germany	Germany	Greece	Italy	Germany
Spain	Germany	Greece	Spain/Italy	Germany
Italy	Germany	Romania	Italy	Germany
Greece	Greece	Italy	Greece	Germany
Poland	Germany	Greece	Poland	Germany
Czech Rep.	Germany	Greece	Czech Rep.	Germany

PEW RESEARCH CENTER Q50aCOMBO, Q50bCOMBO, Q51aCOMBO, Q51bCOMBO.

World's Most Dangerous Chocolate Cake

If you own a coffee mug, have access to a microwave oven, but have trouble controlling yourself when it comes to all things chocolate... then it might be good to look away now.



This cake is so simple and accessible it's been described as the world's most dangerous chocolate cake. Great for body-building ... sideways !!

What you'll need ...

- 4 tablespoons flour
- 2 tablespoons cocoa
- 3 tablespoons milk
- 3 tablespoons choc chips (optional)
- 1 large coffee mug
- 4 tablespoons sugar
- 1 egg
- 3 tablespoons oil
- A small splash of vanilla essence.

Instructions ...

- 1/. Add dry ingredients to your largest mug and mix well.
- 2/. Add the egg and mix thoroughly.
- 3/. Pour in the milk and oil and mix well.
- 4/. Add the vanilla essence and choc chips (if using), then mix again.
- 5/. Put your mug in the microwave and cook for 3 minutes at 1000 watts (high).

Results ...

The cake will rise over the top of the mug, but don't be alarmed! Allow to cool a little, and tip out onto a plate if desired.

EAT!

They say that this recipe will serve two. But I've never tried. Maybe tell them to get their own coffee mug.

Farewell Soo Wah

After two wonderful years as part of the team here at Partner Financial Group we are very sad to see Soo Wah leave. What Soo Wah lacked in size she more than made up for in enthusiasm, hard work and commitment.

But, in the end, two years of commuting by tram from Malvern to Burwood East each day took its toll and a position with Colonial First State 15 minutes from home was too much to pass up.

I'm sure you will join me in wishing Soo Wah every success for the future.

