From: David Reed [david@reedfinancial.ccsend.com] on behalf of David Reed [enquiries@reedfinancial.com.au]
Sent: Thursday, 28 July 2011 10:41 AM
To: david@reedfinancial.com.au
Subject: News from Reed Financial

REEDFinancial

Your Wealth Bulletin

Money Links

[Fridge Buyback]

[Free NRMA roadside(For 16-20 year olds)]

[Child Care Estimator]
[Education Rebates]

[Environment Rebates]

[NSW Hot Water & Toilet Rebates]

[Private Health Comparitor]

[Green Vehicle Guide]

Dear David,

Welcome to our July edition of Your Wealth Bulletin.

Proposed Tax Changes

There has been plenty of publicity about the carbon tax, including the amount of potential compensation for households.

What has avoided media scrutiny appears to be the detail in the proposed tax changes for the majority of the working population from 2012 onwards.

Key observations from the proposed changes include:-

Office Contact

Ph: (02) 9525 0777

Email:
enquiries@reedfinancial.com.au

Follow us on twitter

* From 1 July 2012, the tax free threshold is lifted from $6,000 to $18,201. This may sound honky dory, but the government has reduced the low income tax offset ($1,500 to $445) and increased some tax rates to offset this. A bit of smoke and mirrors really.

* In practical terms, the effective tax free threshold only increases from $16,000 to $20,542.

* For those people earning between $6,000 to $18,200 then it'll mean that they can earn more without paying tax.

* For those earning $18,201 to $80,000, their marginal tax rates increase. The $18,201 - $37,000 bracket rises from 15% to 19%.

* For those earning $37,001 to $80,000 their marginal tax rate increase from 30% to 32.5% in 2012 then up to 33% in 2015. I see this as the surprising move, it's a 10% rise in the tax rate yet has garnered little attention and remains a disincentive for people in this tax bracket to earn greater income.

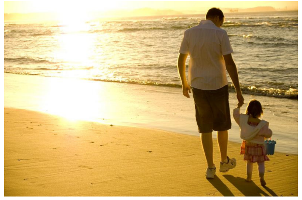
* If you are running a business through your company, and typically draw less than $80,000 it may be beneficial to consider taking a full $80,000 (30% tax rate) in this financial year as the $37k to $80k taxable income increases to 32.5% from 1 July 2012 and then again to 33% in July 2013.

The benefits for income earners in terms of the tax free threshold increase is approximately shown below from 1

July 2012:

$20,000 = $600 per year
$25,000 = $503 per year
$30,000
- $65,000 = $303 per year
$70,000 = $253 per year
$75,000 = $128 per year
$80,000 + = $3 per year

What is the impact of the Carbon Price?



Will paying a price for carbon dioxide destroy our economy and make our lives a misery? The answer is no according to Senior Lecturer Alan Pears from RMIT University.

Whether we like it or not, it does appear that the carbon tax will be implemented, in some form, in the near future.

Alan Pears argues that both families and business could actually be better off if they take a few steps. His article takes a free market view that a carbon price creates a price disincentive to keep polluting the atmosphere, while making emission reduction more financially attractive.

The aim is to change behaviour, not hurt people or businesses.

All households and almost all businesses, if they make no changes, will experience an increase in the costs of goods and services purchased (on average about $10/week for households, according to the government).

This is the effect of large emitters (including energy suppliers) passing through some of their carbon costs. Fossil fuel sourced electricity and gas will comprise almost half of this.

The government has committed to compensate some households fully or partially for these cost increases.

Alan states that regardless of compensation, businesses and households can convert costs into benefits fairly easily over time.

We can expect home electricity prices to rise from 20-25 cents by about 2.5-3.5 cents more due to carbon costs.

Alan indicates that typical households can offset the carbon cost on energy by reducing electricity usage by 10 to 15%.

Tips to reduce electricity usage include:-

* Switching off the old fridge in the garage could save 10%.
* Replacing most-used lights with energy efficient ones can save 5 to 10%.
* Buying more efficient appliances can also help.
* Turn appliances off at the wall rather than allowing them to remain on standby (which use continued power).
* If buying a new PC, think about a laptop rather than desktop as it uses less power

* Consider the power ratings of any new appliances such as fridges, televisions, washing machines, etc.

Each tonne of greenhouse gas a household saves by cutting home energy use saves around $230 - as much as paying to emit around 10 tonnes of greenhouse gas.

So savings on energy bills can more than offset the carbon cost built into electricity prices.

EPA Victoria's new Australian Greenhouse calculator can help households and small businesses to estimate their carbon footprint, then work out ways to cut emissions - and save money.

Because the carbon tax isn't like a GST or an income tax - because it's a tax on pollution - reducing the amount of pollution your lifestyle creates will mean you'll pay less. You may even profit.

If you would like to read the article in full, click here

If you would like to discuss any of these issues further with us, please feel welcome to ring me on 9525 0777 or email enquiries@reedfinancial.com.au

Warm Regards!

David Reed

REED Financial

Phone: (02) 9525 - 0777

Disclaimer:

The statistics and figures presented in this report are based upon historical data, obtained from external sources. There is no guarantee or suggestion that markets will behave as they have in the past. Future results will be affected by political & economic events. Information is not directed to any particular persons investment financial objectives. Therefore, you must seek advice tailored to your individual circumstances before making any specific decisions. The Tax information contained in this Newsletter is a guide only. you should seek independent Tax advice from a qualified tax adviser.You should obtain and consider a Product Disclosure Statement (PDS) before making any decision to acquire a product.

Responsibility for the content and opinions expressed in this document rests solely with the author and opinions expressed do not necessarily represent the views and opinions of Millennium3 Financial Services Pty Ltd

Millennium3 Financial Services Pty Ltd adheres to the Privacy Act. If you don't wish to receive further communications, such as newsletters, either use the unsubscribe button or email enquiries@reedfinancial.com.au who will ensure the request is carried out. Please allow 2 days for your request to be actioned.

Original Blue Pty Ltd ATF The Reed Family Trust t/as David Reed Financial Services is a Corporate Authorised Representative of Millennium3 Financial Services Pty Ltd ABN 61 094 529 987 AFSL No. 244252