

Prepare for

Life
Olympics Edition

Issue 6 | 2012



+ wealth + security

Advice has the power to bring great change and whether it comes from an Olympic coach or a financial adviser, it is all about helping you to make the most of what you have.

Personalised advice is at the heart of what a financial adviser can offer you.

The countdown to the 2012 London Olympics has begun and every participating athlete has one dream – to be an Olympic champion.

One of the most important figures in an athlete's Olympic journey is their coach, always there to provide valuable advice and support.

When it comes to achieving your financial goals, a financial adviser can play an equally critical role in shaping the direction of your

financial future. They can help you make the most of your super, investments and savings, giving you solid grounding to make important financial decisions.

In fact, independent research commissioned by the Financial Services Council shows that people with a financial adviser save an additional \$1,590 a year after advice costs, compared to those without a financial adviser.

Here are a few key areas where advice from a financial adviser can benefit your future.

BOOST YOUR SUPER

The typical working Australian has on average 3.1 superannuation accounts. If that is you, a financial adviser can help locate lost super and consolidate your super, so that you will no longer have to pay multiple super account fees.

You can increase your super savings in addition to Super Guarantee (SG) contributions through a number of super contribution strategies, such as personal, spouse and co-contribution options, government co-contributions and salary sacrificing. If you are not sure which strategy is the best one for you, financial advisers can help you choose and advise you on transfer, withdrawal or exit fees on super accounts, super beneficiary nominations, as well as SG redirection.

INVESTMENT WITH INSIGHT

Do you feel comfortable with your long-term investment strategy? Are you on track to achieving your retirement goals?

While people may adopt savings plans for short-term needs such as buying a car or taking a holiday, investing is typically a longer-term proposition, often used to accumulate assets and build financial security for the future lifestyle they desire.

You can discuss different investment options with a financial adviser to align your investments with the appropriate risk profile and investment structure. There are also different ways of accessing your super once you meet a condition of release and it is important to weigh all your options so that you make the most of your super savings.

INSURANCE IN TIME

One way to ensure financial security ahead of unexpected events, such as illness or death, is to look into how personal insurance can assist you. This can make a big difference to your rehabilitation and ongoing quality of life, as well as to the wellbeing of your loved ones.

Financial advisers are best placed to consolidate your current insurance cover, tailor it to your situation, offer advice on your estate planning needs and carry out an insurance review to see what type of cover is best suited to you and your family.

As our Olympic hopefuls strive to turn their dreams into Australia's success stories, hopefully you will be able to achieve your own financial gold medal as you strive to meet your investment, insurance and retirement goals.

“As our Olympic hopefuls strive to turn their dreams into Australia's success stories, hopefully you will be able to achieve your own financial gold medal”



Source | Dr Suzanne Doyle,
Head of Advice Design and Implementation | AMP

In this issue...

1 Go for Gold 2 Start like a champion this tax time 3 Superannuation: long distance or short sprint? 4 Insurance: your soft landing

Start like a champion this tax time

The end of the financial year is fast approaching. It's time to start the necessary prep work so your team can put their best foot forward.

Here are some things you need to do before 30 June to get the most out of your money this financial year.

Contribute to your super

If you contribute to your super before 30 June, you may be able to get a tax offset or even a Government co-contribution. Here are some super contributions you should consider:

- + If you earn less than \$61,920 per year (before tax), you can take advantage of the Government's co-contribution if you make an after-tax contribution to your super.
- + If you contribute to your spouse's super if they're currently not working or on a low income, you may be entitled to a tax offset of up to \$540.
- + If you're self-employed, there may be tax benefits if you contribute to your super.
- + By 'sacrificing' some of your pre-tax salary and putting it into your super, it will only be taxed at the special rate of 15%. This may be lower than your top tax rate. There is a limit on how much you can put into super each year by salary sacrifice – so make sure you talk to your accountant or financial adviser about your options.

Organise your paperwork

Preparation is the key! Now is the time to start thinking about the documents you may need to help prepare your tax return. Keeping good records will ensure you are able to claim all of your entitlements. For more information you can visit the Australian Taxation Office website at <http://www.ato.gov.au/>

Here are some examples of documents you may need to provide your accountant with to prepare your tax return:

Income

- + Details of your income, such as a payment summary.
- + Statements from financial institutions such as banks, credit unions or building societies to work out how much interest you have received.
- + Statements relating to investments in shares, unit trusts or managed funds to work out any dividends or distributions made to you.
- + Buy and sell statements or advice from your investment adviser or stockbroker if you bought or sold any shares.

- + Records from your rental property, including information relating to a capital gain or capital loss from the sale of a property.

Expenses

- + Statements and receipts to work out claims such as net medical expenses and any donations you may have made.
- + Records and receipts for education expenses.
- + Expenses related to the upkeep of investment property, such as repairs.
- + Other receipts to help you calculate tax deductions that relate specifically to your job.

Preparation and a good team is key for success so make sure you have the right team behind you to start like a champion. Contact your adviser or accountant today.

Source | The Australian Government's Money Smart website. <https://www.moneysmart.gov.au/>

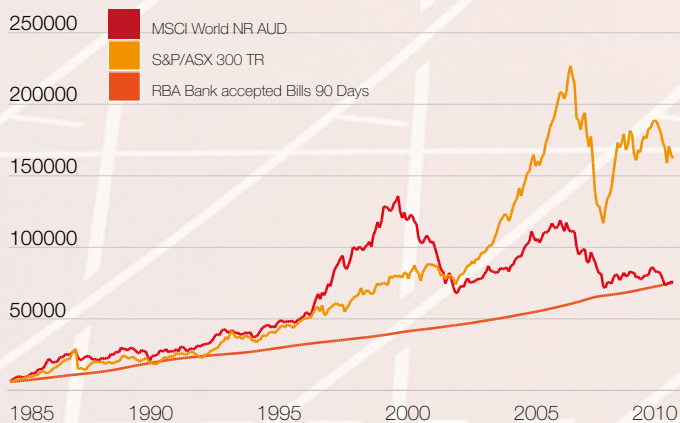
SUPERANNUATION is a long distance run, but it can be hard to avoid the short-term focus. Financial markets have a natural tendency to go up and down and in recent years, we've seen some remarkable examples of both. Superannuation funds are not impervious to these fluctuations and if you regularly review your statements, you would have seen the impact on your account. So what should you do?

As a long-term investment, to get the best results from your super you need to think about the bigger picture. Below are some of the ways you can consider your super.

LOOK TO THE LONG TERM

If a long distance runner had to concentrate on each step he took, it would be incredibly difficult to finish a marathon. The same can be said for super, as it can be tempting to look at your super statement, see an investment option which performed better than yours and then move your super into it. But it can be a mistake to assume that the investment option will continue to perform well in the future. Instead, look at the options over a long-term, such as 5 to 10 years.

The chart below shows the returns of three investment options over 25 years if you initially invested \$1,000. You can see there has been a steady growth in all categories from the original \$1,000 investment.



BAD YEARS ARE NORMAL

Athletes have ups and downs as well and it can be easy to look at the previous chart and dwell on the down side. Any number of events can affect markets, anything from wars or recessions to changes of government. But you will see that after most drops, prices tend to recover and, over the long term, this results in substantial growth.

THINK OF YOUR TAX

Superannuation is not just about the returns you get, it can also be a tax-effective way to invest your money. You can potentially receive tax benefits when you make contributions on investment returns and when you withdraw your super at retirement age.

KNOW YOURSELF

Not everyone is a contender for the high jump, so it is important to know your situation and your reaction to risk. All investments carry some risk, but some carry a higher risk of negative returns. On the other hand those same investments often carry the highest potential for growth.

The amount of time you have until retirement is also a big factor in your risk tolerance. If you are only a couple of years away from retiring, a loss can hit you hard, whereas if you are 30 years away, you may have more time to ride out a financial dip.

ASK FOR HELP

Athletes have trainers and you have your financial adviser. The best way to maximise your superannuation is to work together and put together long term goals, not forgetting to celebrate milestones as you go along.

Source | IOOF

**SUPERANNUATION
LONG DISTANCE OR SHORT SPRINT?**

Insurance: your soft landing

Everyone has their own reasons for taking out life insurance. But one thing we all have in common is the need to hang onto it.

Do you remember what prompted you to first talk to a financial adviser about life insurance?

For many people, it's when life stopped being about just you. Like when you got married or you gave birth to your first child.

Once you took on these responsibilities, you knew you needed to protect them. It was a smart decision then and it remains a smart decision every time you renew your policy.

Protection that stays with you for life

Life insurance comes in many shapes and sizes. It is designed so you can choose the types of cover that best suit your life stage, so you can adjust your level of cover as your circumstances change. One thing that doesn't change is the underlying need for financial protection.

The main goal of life insurance is a simple one. If you get seriously sick or injured, it's there to help you get the treatment you need and to help your family cope financially without your financial contribution.

Obviously protecting your income plays a key role in this. But even after you've finished working, life insurance can still play a vital role in ensuring your lifestyle isn't compromised by sickness or injury.

Thinking even further ahead, life insurance can be used to create an asset that helps you distribute your estate as evenly and as generously as you would like.

Is your policy still right for you?

Over your lifetime, you might hold a life insurance policy for decades. But that doesn't mean you should 'set and forget' your life insurance strategy.

Every one to two years, you should discuss your life insurance needs with your financial adviser.

By being smart in the way you structure and manage your insurance, you can ensure your cover is always appropriate and that it's as cost-effective as it could be.

Source | OnePath

From my Desk

The end of the financial year has yet again crept upon us. The changes in this year's budget have seen a reduction in the super concessional contribution threshold for over 50's back to \$25,000 for the next two years. It is important to ensure that the \$50,000 cap is utilised this year for those of you that can and to make sure you reduce next year's contributions so you don't incur any excess contributions tax.

We have been working on our website and it should be fully functional within the next few weeks. Check out our 'News and Views' section, in particular "Ted's Story" located in the 'Articles' section. Ted's 22 year old daughter drowned in the family spa after a late night dip following her birthday celebration. This could happen to anyone of us.

Very sadly we will have some changes in our office. Cherrilyn has decided to return home to Singapore to be with her family. We wish Cherrilyn all the very best and will greatly miss her at Life Financial Planners.



Your Privacy

Your privacy is important to us. If you do not wish to receive information of this kind in the future, please contact your local office.

DISCLAIMER

The information contained in this document is of a general nature only and does not take into account your particular objectives, financial situation or needs. Accordingly the information should not be used, relied upon or treated as a substitute for specific financial advice. While all care has been taken in the preparation of this material, no warranty is given in respect of the information provided and accordingly neither Associated Advisory Practices Ltd, Associated Advisory Practices (NO 2) Ltd nor the Australian Financial Services Licensee from whom you receive this newsletter nor their respective employees or agents shall be liable on any ground whatsoever with respect to decisions or actions taken as a result of you acting upon such information.

Contact your local office for further information:

Life Financial Planners Pty Ltd
Marijana Ravlich B.Bus SA Fin
Authorised Representative/Director

12/643 Murray St
West Perth WA 6005
Ph: 08 9322 1882
Fax: 08 9322 1883
Mobile: 0410 549 562
Email: marijana@lifefinancialplanners.com
Web: www.lifefinancialplanners.com

LIFE FINANCIAL PLANNERS Pty Ltd