



GOLDSBOROUGH

GOLDSBOROUGH FINANCIAL SERVICES

news

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ECONOMIC UPDATE

Is there a risk of being *too* safe?

Think about sport. Sporting contests, like markets, are not static. Momentum ebbs and flows and conditions change all the time. New opportunities and threats come and go. Coaches spend time with players looking at defence and offence. In many instances there are a number of coaches that are helping a team work well together. Good players know when and how to take on the risk and gain the advantage. They also know when to shut down or protect their position.

Investing too is about taking calculated risks. So it is not surprising investors are sometimes said to have "skin in the game". Over the past year or so investor's risk appetite has changed. Globally, more people are investing in shares and less are investing in bonds and cash. This is also having an effect here in Australia. Over the last year or so the ASX share index has risen strongly, however government bond yields have fallen and cash rates are also at historical lows. Many clients are asking the question "should I invest securely with a lower interest rate or should I look for greater income and take some risk with that investment?"

It's important to have a well diversified portfolio to reduce your risk. Investing across different asset sectors offers you a mix of defensive assets (like cash and fixed interest)

and growth assets (like shares, property and alternative or infrastructure investments). It's also important within those sectors to have different management styles, industries, countries of investment, company size and to have a mix of income and capital growth.

So is there a risk of being too safe? Yes there is! It's important to talk to your Goldsborough advisor about making sure the risks you take are appropriate for your situation.

BRENTON MIEGEL CFP®
Authorised Representative
(227297)



AGED CARE for your Parents or Relatives

We have seen a spike in the number of our clients who are seeking help to work through the complex rules and strategies that can confront them concerning Aged Care.

If you thought superannuation was complex just wait till you are confronted with working out the financial situation with moving one or both parents into Aged Care!

So, how can we help?

Comparing financial outcomes based on the options you have identified for the family home (eg selling/renting/retaining)

Calculation of expected residential care charges

Calculation of expected Centrelink benefits

Explanation of investment strategies which may assist in reducing residential care charges or increasing Centrelink/DVA income

Estate planning issues involved in aged care financial planning

Refer you to an aged care consultant who may be able to help you find the best accommodation.

We have access to sophisticated software that can help with the numbers.

All of the important issues mentioned above can be discussed with your adviser so please make us your first point of contact.

GLENN TODMAN CFP®
Director
Authorised Representative (227295)



When should I retire?

Retirement is something that should be decided by only you! We see a lot of clients who feel they should retire because they can afford to or because they reach Age Pension age and don't want to miss out on their entitlement from Centrelink. These are the wrong reasons for retirement. All it causes is a client to become restless, bored and ultimately unhappy.

There are other ways to consider retirement. For instance if you are in a job which doesn't involve heavy lifting and general manual labour you may prefer to work until after Age Pension age.

The most commonly given reason for retirement is to allow time for longer holidays and having more time to fulfill hobbies. A question worth asking is, is it possible to make time for these goals earlier? So perhaps instead of working full time to 65 then stopping cold turkey you could start reducing your hours from say 55 or 60 and work through to 70 or 75. The clients I see doing this do seem to be happy, they enjoy their work at a reduced rate and also fit in all their plans for travel, helping out with grandchildren or other activities such as golf or bowls.

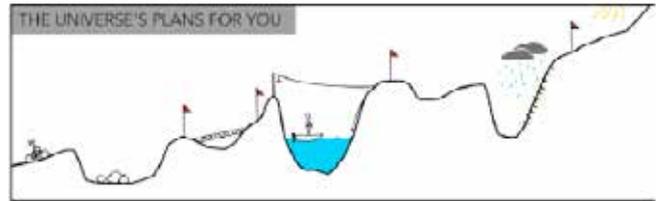
The pension age has been 65 since it was introduced around 100 years ago and at that time life expectancy for a male was only 67. Back then there was no superannuation and people would really be working right up until the end of their life. Life expectancy has lifted to the early eighties now for males and late eighties for females so thought needs to be put into this extended time of potential retirement.

Do you work flat out until 65 and stop altogether or start enjoying a balanced lifestyle from an earlier age? Your financial adviser will be able to calculate the effects a reduction in work hours but longer work life would have on your retirement projections.

SAM MARTIN CFP®
Authorised Representative (252676)



Be Prepared for *Life's Lemons*



DOGHOUSE DIARIES

When life gives you lemons...

Make lemonade

Squirt it in someone's eyes

Throw it back

Save the seeds and plant yourself a lemon orchard

We all have different attitudes to life and we have different goals we would like to achieve during our lifetime. The problem is that life rarely turns out as we intended. It is filled with ups and downs and life occasionally throws us a lemon.

Part of the financial planning process is to develop strategies to help you reach your goals and an important part of this process is to ensure that you will be okay when life hands you a lemon. This is when insurance is critical.

No one expects to get a critical illness or become unable to work, but the fact is that 1 in 3 women and 1 in 4 men will suffer cancer in their lifetime and over half will live longer than 5 years after diagnosis.

By having a comprehensive insurance strategy consisting of life, Total Permanent Disability (TPD), trauma, income protection, and child cover you can protect yourself from some of life's lemons. It will ensure that you can focus on yourself and your family when the need is greatest and not worry about the finances.

Together they provide a comprehensive cover for life's unforeseen events. Life will provide your family members with a lump sum payment to ensure that for example they can still pay the mortgage. TPD will ensure that you have funds available in case you become disabled to pay for rehabilitation, medical expenses and lifestyle changes.

Trauma will provide you with a lump sum if you get a critical condition such as heart attack, stroke, or cancer. It can help pay for medical expenses and can also provide some funds for your partner to take some time off work.

Income protection will pay an ongoing income if you are unable to work due to illness or injury. Child cover will ensure that you can take time off work and spend time with your child if they would get a critical illness condition.

Protect yourself from life's lemons and ensure that you are prepared for the universe's plan.



MICHELLE BRANDELL
B.Com, Grad Dip Wealth Management
Authorised Representative (420121)

In terms of love, hope, time and effort, raising children can be the greatest investment people make. However, do we really know how much it costs to raise a family in today's times.

It is a very important question and one which needs much consideration, not just for parents but also for Governments who must plan, forecast and budget, so they can work out how to assist families financially.

As parents we want the best for our children and to give them as much as we possibly can to help them along in life. We need to make decisions about where we live, whether we send

them to public or private school although for many parents it is not a choice with the high cost of private education putting it beyond reach.

The cost to give your children the best can be too great. A recent report prepared by AMP estimated the cost for a middle-income family to raise two children to be around \$800,000 which does seem a staggering number. This has increased by 50% since 2007, whereas the average household income has increased by only 25%. By trying to give them the best what effect does it have on other areas of our life, particularly the effect on our retirement?

Family sizes are now smaller than previous generations with two children being the norm. Family structures have changed



Pension Bonus Scheme Changes

Important — this could be the easiest \$71,000 you ever make!

From 1 March 2014 no new registrations will be taken for the Pension Bonus Scheme. This change will affect you if you have not registered for the Pension Bonus Scheme before 1 March 2014, and have:

- turned age pension age before 20 September 2009
- continued to work since turning Age Pension age
- deferred receiving the Age Pension

If you do not register before 1 March you will never be able to claim a Pension Bonus payment. If you are already registered with the Pension Bonus Scheme, or register before 1 March 2014, you will be eligible to claim a Pension Bonus Payment under the existing rules.

What is the Pension Bonus Scheme?

It's a lump-sum payment made as an incentive for people who work past their Age Pension age without claiming any Age Pension.

How much is it worth?

The amount depends on:

- the amount of Age Pension you are entitled to when you eventually claim (e.g. if you receive half the pension then you receive half of the maximum bonus)

- the length of time you have been an accruing member of the scheme
- whether you were single or partnered during the time you deferred

The maximum payments are:

Years in the scheme	Single—maximum rate	Partnered—maximum rate (each)
1 year	\$1,889.70	\$1,428.50
2 years	\$7,558.80	\$5,714.10
3 years	\$17,007.30	\$12,856.70
4 years	\$30,235.20	\$22,856.30
5 years	\$47,242.50	\$35,713.00

What do I need to do?

Because the amount of bonus depends on the amount of pension it's important to plan things well. Speak to your financial adviser or contact Centrelink Financial Information Service for more information.



LACHLAN HARVEY
CFP®
Authorised Representative
(227293)

Love

and become more complex with one parent families, blended families, both parents working full-time and paying significant costs for child care.

Children are also staying in the home much longer which often has an even bigger financial impact on parents than the figure quoted above. The figure also does not factor in the parents who decide to fund their children through University instead of going down the HECS route.

I am hoping this doesn't scare expectant parents too much but more so help you to prepare for it mentally and financially. The old adage often applies **“people don't plan to fail, they simply fail to plan”**. If you are retired and have been through

this, the best thing you could do is encourage your children or grandchildren to obtain financial advice and start preparing.

It does highlight how important Financial Planning can be in our lives and ensuring you have a budget, a disciplined savings plan in place and a retirement strategy so that you find the right balance in providing the best for your children and yourself. I'm sure most people don't plan to give their children everything they want and leave themselves nothing in retirement.



JOHN OLIVER CFP®
Director
Authorised Representative (No 227298)

INVITATION

for you to attend our

2014 **investor** Update

Tuesday 25 February

5.00pm–6.30pm

Star Room, Adelaide Entertainment Centre

Port Road Hindmarsh Ample FREE parking available

keynote presenter
DOUGLAS ISLES

plus

**GOLDSBOROUGH
FINANCIAL SERVICES
SENIOR ADVISERS**



Investment Specialist at Platinum Asset Management

Many of you will have international equities in your investment portfolio so this year we have invited

a speaker from one of the pre eminent global equity fund managers, Platinum Investment Management, to address you on “Opportunities in Global Markets”.

Platinum has a world class record over nineteen years of investing in Global Equities across all its regional and sector funds.

In his presentation Douglas will cover the major economic issues facing the world at this time and focus on some of the key themes and companies that Platinum is currently investing in. He will also address some of the behavioral challenges investors face, which create many of the opportunities to deliver higher returns in the global market.

Douglas joined Platinum in May 2003 as an investment analyst covering aerospace and defence. He previously worked for CBA as a product actuary and prior to that as an investment manager for Aegon Asset Mgt in the UK. Douglas has also worked in Singapore with Standard Chartered Bank developing their equities broking business.

**John Oliver &
Lachlan Harvey**

Will provide a Goldsbrough update and commentary on changes and opportunities facing investors and retirees in 2014.

Naturally your questions to all speakers will be welcome, time permitting.

see you at

**Star Room, Adelaide Entertainment Centre
Port Road Hindmarsh**

Seating strictly limited, so book early and don't miss this popular annual event!

Bookings essential

Tel **Chris 8378 4000** or **www.goltsborough.com.au**

RSVP Friday 14 February 2014

Does your family have the answers?

What did Abraham Lincoln, Pablo Picasso and Jimi Hendrix have in common?

All died intestate (they had no will)!

If death and taxes are the two certainties in life; we love talking about taxes (especially how much we dislike them), and loathe discussing death. Unfortunately death and estate planning are necessary conversations.

This article is not about your death though, it's about the generation above or below you (parents and children) and what estate planning measures they have in place.

One of the burdens of losing a loved one is sorting out their personal and financial affairs, made even more difficult when the surviving family disagree about their estate. Often conflict arises not due to money, but on other more subjective matters.

- Who's going to look after young dependants? Or an elderly surviving parent?
- What happens to their pets? Who's going to pay for that care?
- What happens to their family heirlooms and personal effects?
- What happens if an elderly parent becomes mentally incapacitated? Which of their children makes decisions for them? Do they know what the “right” decisions are?

These are questions that don't just happen to some people, these sorts of questions are inevitable for all of us.

My question to you is: does your family have the answers to all of the above questions? Are they written down in a legal document? Do those family members affected know where that document is located?

It may be a tough discussion to have with your family but rest assured if there's any probate issues, the conversation will be much harder.

The estate planning process is not difficult nor expensive, especially compared to the legal fees of probate related conflict.

I wish I could say “it goes without saying” that we should all have a Will and estate planning in place; but if these estate planning measures are either non-existent or sub-standard, we can help.

This may be something you're confronted with rarely in your life but we are exposed to it more frequently, so if you aren't completely sure about what steps you or your loved ones have in place, give us a call to discuss.

WILL CHAPMAN DipFS(FP)
Authorised Representative (311745)





Goldsborough is a referral based business

The biggest compliment any client can give us at Goldsborough is the referral of a friend, relative or business associate who could benefit from our services.

As an indication of our appreciation for the referrals that we receive from our clients, we have instituted a quarterly draw where the names of the referring clients for that quarter are put in a box and one is drawn out.

The winner of the draw receives a \$100 shopping voucher!

We have pleasure in announcing the winners of our 'Referrers Award' for the September quarter are Grant and Irene Ratzmer — congratulations Grant and Irene, your voucher is on its way.



From everyone at **GOLDSBOROUGH**
We wish our clients, readers and their families

A happy and safe Festive Season
and a healthy and prosperous 2014



How you receive your newsletter

We are now offering the option for you to receive your newsletter via email. If you would like to change to this method of delivery please email to

mail@goldsborough.com.au

requesting this option and we will alter our records.

UPCOMING seminars 2014

TUE 14 JAN

TUE 11 FEB

2.30pm and 6.00pm

Retirement & Redundancy

A must for those approaching retirement, taking redundancies or experiencing income difficulties in retirement Goldsborough can help relieve your financial worries.

Bookings essential

Telephone 8378 4000

or online at

www.goldsborough.com.au

Disclaimer Statement

This newsletter contains general advice only and should not be relied upon as a substitute for financial product advice. None of the information takes into account the investment objectives, financial circumstances or investment needs of any particular investor. You must therefore assess whether it is appropriate, in the light of your own individual circumstances, to act upon the relevant information. It is advisable that you obtain professional independent financial advice before making any investment decision based on the information provided.

If you do not wish to receive future editions of this newsletter please phone Freecall 1800 633 630 or email mail@goldsborough.com.au and request that your name be deleted from the distribution list.