GOLDSBOROUGH
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news
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ECONOMIC UPDATE

The Australian Dollar where *declines* can be *positive*

It's interesting that over the past few months the mainstream media has reported that the decline of the Australian dollar is a negative thing.

Some have even suggested that it could impact on Australian's wealth and prosperity. In reality, currency fluctuations are essential and can be a positive.

Over the past decade or so we have seen the Australian dollar rise from a low of US$0.48 in 2001 to a high of US$1.10 in 2011. That is a 130% gain over 10 years. Some would have seen this as a contributing factor in the significant improvement of our prosperity. With the Australian dollar now at around US $0.90, it has fallen by some 18% over the past 2 years. Much of that in 2013!

However, a falling Australian dollar can boost the Australian economy in four main ways:

Firstly, it will boost the profits of those companies that have a foreign source of revenue. This is not just limited to mining companies but many industrial companies as well.

Secondly, rising import prices will deliver relief to Australian based manufacturers as they become more cost competitive. It will also mean that Australian producers will source locally made stock to further boost production.

Thirdly, a lower Australian dollar will make export prices more attractive for overseas buyers. This too will boost demand for local production.

Fourthly, a falling $A makes Australia more attractive as a destination for overseas tourists, thus boosting the Australia tourism industry which is one of the countries major sources of employment.

I would point out that the benefits of all of this will take time. However, it also points toward improvement in the investment market performance here in Australia.

Finally, a decline in the Australian dollar can also mean that local holders of International Share investments should see an improvement in returns. The high dollar has, to some extent, negated the significant improvement that many share markets around the world have shown (particularly the US). This can change as the Australian dollar declines and stronger investment returns should follow suit.

BRENTON MIEGEL
CFP®
Authorised Representative (227297)

END OF AN ERA

5AA / Goldsborough talkback segment

For over 20 years Goldsborough has had a talk back segment on 5AA with Bob Francis. With Bob's retirement all similar segments including ours have ceased.

We understand that Bob's radio show wasn't everyone's choice of radio station however through the years this segment has helped many listeners and alerted them to things they should consider.

We have also gained many clients via the program and the advertising we do on 5AA. Originally just John Oliver and myself would attend for only 30 minutes every fortnight. Some years ago the segment moved to 60 minutes (at 10 pm) every week. It was then that we gradually introduced Brenton, Lachlan and Sam to the segment.

We hope that over the 20 years on air our discussions have gone some way toward raising the level of understanding of financial planning in the community. We understand that we need to do more which is why over the next twelve months you will see an increasing number of our educational videos on line. Also, if you are on Facebook, this is another way we can keep you up to date on financial matters. Just "like" our page and you will be notified of our regular blogs or articles of interest.

We do sincerely thank Bob for having us on his show and perhaps when his replacement is known an opportunity may present itself again.

In the meantime if you did ever listen and thought the segment was worthwhile please do not hesitate to call the 5AA switchboard on 8419 1395 telling them how much you enjoyed the segment and that you hope it returns soon!

We would be very appreciative of any feedback that 5AA receives because it may help us secure a segment in the future.

GLENN TODMAN CFP®
Director
Authorised Representative (227295)

LIFE-STAGE

A newborn in an expanding family

it's a girl!

I've been fortunate enough to become a father again in recent weeks and I'm absolutely thrilled.

I remind myself that like all other new parents, I need to take the steps to ensure my child is given the best chance in life.

For the 'life-stage' my wife and I are at, our financial priorities are to:

1. Accommodate an expansion on the expenses side of our family budget and a decrease of the income side — in other words, how do we tighten the belt? What are the impacts on our other children?
2. Identify how we will manage our time — Will we need to pay for extra childcare? Is that in this financial year or next?
3. Foresee the large future expenses I need to plan for — Education costs? Upgrade our car? Upgrade our house!?
4. Investigate Centrelink — Are we eligible for a Baby bonus or Centrelink paid parental leave? What about childcare rebates? How do I go through this process as painlessly as possible?
5. Review/Update our estate planning — Is my Will and Power of Attorney broad enough to accommodate another child? Is the person nominated to look after my children in the event of our death able to look after another?
6. Review/Update our risk insurance — If we pass away or become invalids, can we still meet both our current and future obligations?

With a new baby in the family, spending time thinking about these matters (rather than sleeping) may not seem important but it's absolutely critical. Who your baby grows up to be is dependent on the answers to these questions, both now and in the future.

If I can help you with working out your priorities, give me a call.

WILL CHAPMAN DipFS(FP)
Authorised Representative (311745)

Protecting your *Wealth*

We work all our lives to create wealth and sometimes it can so easily be lost by being too trusting and falling prey to scammers, so it is important that you also consider wealth protection strategies and ensure you outsmart the scammers.

A newspaper article recently reported that scammers fleeced $93 million from Australians in the last twelve months. The Australian Competition and Consumer Commission (ACCC) indicated that this figure only relates to the losses that were reported. The actual losses are likely to be much higher as many scams go unreported. I am often contacted by clients for my opinion about unsolicited investment offers they have received.

Scams come in many forms, with a high percentage relating to upfront payments for items that are never received. There are a myriad of other scams that can also deprive you of your hard earned savings. They include pyramid schemes, investment scams (get rich quick schemes), competition scams (ie fake prizes), money transfer requests (Nigerian letter scams), banking and online account scams, betting and computer prediction software, charity scams, door to door salesman and so on…

Scams can also be very sophisticated particularly those that create official looking websites and impressive company logos. To avoid being scammed you need to be extremely wary and very diligent. So when you spend time considering wealth creation strategies also dedicate a little time to forearming yourself with knowledge about how to keep it.

It would be very worthwhile visiting the website accc.gov.au. On the homepage there is a Consumer link to a section called "outsmart the scammers". It will provide some really useful information about how to protect yourself. There is also access to a "Little Black Book of Scams" for reference to all the possible scams out there and what to look out for.

However these are some of the Golden Rules to remember:

1. There are no guaranteed get rich quick schemes. The only people who make money are the scammers.
2. Do not agree to deals straight away. If you think you have spotted a great opportunity insist on time to consider before making a decision.
3. Do not hand over money or sign anything until you have done your homework.
4. *Never* send money or give credit card or bank account numbers to anyone you don't know or trust.
5. Always get independent advice if an offer involves money, time or commitment.

Remember the last point.
It could save you from a lot of heartache.

JOHN OLIVER CFP®
Director
Authorised Representative (No 227298)

How much $$$ to fund a COMFORTABLE RETIREMENT?

In the last newsletter I used the ASFA Retirement Standard to provide an example of what a budget would look like for both a comfortable and a modest retirement. Now I will explain how much is required to provide those incomes through retirement.

For this example we are assuming retirement is at Age Pension age with the use of only allocated pensions to fund retirement. The investment portfolio is 60% defensive and 40% growth assets with a projected return of 6% after fees.

The comfortable retirement for a couple requires an income of $56,688 pa indexed at 3% pa to keep up with inflation. So at age 90 an income of $119,486 pa is required to meet the costs of a comfortable retirement. This is assuming that a 90 year old still leads as active a life as a 65 year old. In reality, as you start to slow down so would your spending so the amount you need for retirement might be less than what I am suggesting.

The table below shows the cash flow in the first year of retirement with a couple having $250,000 each in an allocated pension. As the years go by the balance of the allocated pensions will decrease but there will be an increase in the Centrelink income.

The starting capital of $500,000 lasts until age 89 in our projections with no money left for estate planning. If you intend to retire earlier or leave some money to the next generation then we can calculate the starting capital you will require accordingly.

The modest lifestyle for a couple requires $32,873 pa so using the same assumptions as the example above the starting capital required to provide this is less than $100,000. Bearing in mind that the current full couple rate of Age Pension is $31,688, so the extra $5,000 income from an Allocated Pension will create excess income and result in your capital easily lasting your life expectancy.

Hopefully this gives people planning for their retirement an indication of what is required to fund their retirement. If you or anyone you know is starting to ask about when they can afford to retire please contact your adviser.

SAM MARTIN CFP®
Authorised Representative (252676)

$		Estimated Income
	$	$
Allocated Pension	250,000	12,500
Allocated Pension	250,000	12,500
Total		25,000
Plus Centrelink		21,900
Less Estimated Tax Plus Medicare		0
Plus capital drawdown from Allocated Pensions		9,417
Estimated Net Income Per Annum		**56,317**

Has DisabilityCare replaced the need for traditional insurance?

DisabilityCare (formerly National Disability Insurance Scheme) has now been partially online since July 2013 to help significantly and permanently disabled people under 65 with the cost of their care. However, there is a general misconception that DisabilityCare is an insurance policy (partially due to its previous name) and that there is no longer any need for traditional life insurance, creating a "The government will take care of me" attitude.

DisabilityCare should be viewed as a ***complement*** to rather than a ***replacement*** for traditional life insurance. DisabilityCare is a safety net that protects anybody from the risk of not being able to afford reasonable and necessary personal care and treatment. The maximum benefit you can qualify for is the approved cost for care and treatment only. An example would be the cost of a new wheelchair if you qualify for the scheme.

The scheme is not designed to protect your assets or replace income to use for ordinary living expenses in case of disability. This is where Total Permanent Disablement (TPD) insurance and Income Protection insurance comes into use.

TPD will provide you with a lump sum payment that can be used to pay down debt and cover the costs of non-PBS medication, treatment of one's choosing, fund children's private education etc. Income Protection can cover up to 85% of your income if you are unable to work, which can be used to cover your ongoing living expenses. Depending on the features of the Income Protection policy, some approved rehabilitation expenses can be covered through your insurance as well.

DisabilityCare is a bit like compulsory third party car insurance (protection for victims in car accidents) and traditional life insurance is like comprehensive car insurance (covering vehicle, driver, and other losses). Together they can provide adequate protection if needed, but third party car insurance or DisabilityCare on its own will not provide sufficient cover.

Traditional life insurance is still very relevant to protect the assets you have already created and to protect you and those who depend on you for their future lifestyle.

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

Deep and Meaningful Conversations

Recently I read a terrific article which began with the simple question:

What is a 'rich' conversation?

The article explores the premise that some conversations are more meaningful than others. These meaningful conversations are rewarding because they have the power to change our way of thinking. The flipside of this, however, is that at times this kind of conversation can also be challenging and uncomfortable.

I think that at times both financial advisers and people seeking advice can be unprepared to have these rich conversations. Financial planning is about setting goals for the future and setting a course accordingly. Too often we get bogged down in detail. We have detailed conversations about benchmark returns, asset allocation, minimizing tax, when we should be talking about big issues, big goals. We should be talking about ***outcomes*** rather than ***processes***.

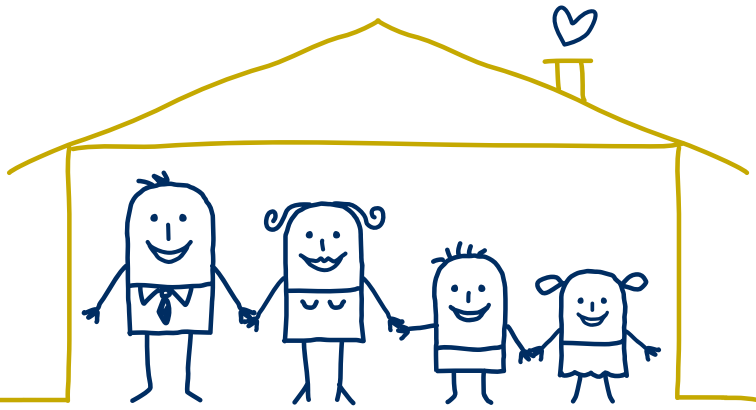
As a general rule, we need less technical talk and more getting down to the business of setting goals for the future. **S.M.A.R.T** goals; **s**pecific, **m**easurable, **a**ttainable, **r**ealistic, **t**ime bound goals.

Occasionally, when in the midst of one of these rich conversations we might be asked a question that we don't really know the answer to. So, in order to be better prepared for our next conversation your challenge is this, ask yourself:

"what do I want from my future?"

The question may be a little unsettling and confronting but it's the right question to ask.

LACHLAN HARVEY CFP®
Authorised Representative (227293)



Estate Planning

Estate Planning is a very important part of Financial Planning, however people often put it off because it is too difficult to arrange.

To assist with this we have arranged for a Solicitor,

Brian Paris from Wallmans Lawyers

to be available in our office on the second Friday each month to answer your questions and prepare documents to meet your Estate Planning needs.

Phone our receptionist Chris on 8378 4000 or speak to your adviser to make an appointment with Brian.

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.

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 winner of our 'Referrers Award' for the June quarter is
John Hamilton
— congratulations John, your voucher is on its way.

UPCOMING seminars

TUE 15 OCT
TUE 12 NOV

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