Your money Your future

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Seeking positive market performance?

Superannuation is now the preferred long-term savings vehicle for the majority of Australians. With the responsibility of funding one's own retirement, recent volatility in the markets can be disconcerting.

A solution is available that can provide you with a Protected Growth guarantee through "a lock in facility" that is linked to positive market performance.

It has the ability to invest in a wide range of managed funds & designed to offer real protection from share market volatility.

With a Protected Growth guarantee your protected balance will have one direction in mind – up. You can enjoy peace of mind, locked-in positive annual growth above the already protected amount and real choice when it comes to how you invest.

If you want to start planning, growing and protecting your retirement savings today, call Advice & Answers Financial Services on 9803 1414.

Concerned about market volatility?

You've probably heard a lot of media commentary about recent volatility in investment markets, which may have left you wondering exactly what volatility means.

Volatility in investment markets refers to the level of variability in returns over time from an investment asset such as shares or managed funds. Generally, the higher the potential returns, the higher the level of volatility you can expect.

One strategy to minimise this is to mix growth-style and value-style managed funds in your portfolio. Value-style funds have a high percentage of value stocks – those trading a low price relative to their earnings potential. And growth-style funds have a high percentage of growth stocks – ones with good prospects for generating higher than anticipated earnings growth.

Growth and value are complementary styles which can contribute to investment returns at different times in market cycles, so blending them can help deliver a smoother investment journey.

Another way of insulating your investments against volatile markets is to use dollar cost averaging. It's a strategy which involves buying smaller amounts of investments over time, instead of investing all your funds at once.

Speak to us to find out more about investment volatility and how to minimise it.

Advice & Answers Financial Services

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AXA Financial Planning

Q: What is... gearing?

The term gearing refers to using borrowed money to buy assets. Broadly, there are three types of gearing:

1. Negative gearing – when an investment is purchased with the assistance of borrowed funds and the annual income (after the deduction of expenses) is less than the interest commitment on the borrowing. Typically, this loss results in a tax deduction.
2. Positive gearing – this is the reverse situation where annual investment income is greater than the interest commitment on the borrowed funds. This will produce income for an investor.
3. Neutral gearing – when investment income is equal to the interest commitment on the borrowed funds.

Gearing can help you accumulate wealth more rapidly if the purchased assets increase in value. Conversely, it is important to understand that gearing also has the potential to magnify losses if the investments decrease in value. The associated costs of borrowing are tax deductible when the borrowed funds are invested for income-producing purposes.

Your suitability to gear investments will depend on your individual circumstances, including:

- your marginal tax rate
- your personal risk tolerance
- your investment timeframe
- the amount of money you wish to invest, and
- your profit (or loss) expectations.

Contact us for more information on whether gearing may be beneficial in your individual circumstances.

We can also advise on the most appropriate gearing arrangement for any borrowing strategy you may pursue.

Extra protection against life's risks

Most of us have been touched in some way by a serious medical condition such as cancer, a heart attack or stroke.

This may be because it's happened to a family member, friend, work colleague, or possibly even ourselves.

You'll probably be well aware of the financial burden that can build up if conditions such as these leave someone unable to work and in need of expensive medical care.

But you can protect yourself and your family against this potential burden by taking out a form of insurance known as trauma insurance.

With trauma insurance in place, if you are unfortunate enough to experience one of an extended list of trauma events, including things such as cancer, heart attack or stroke, you'll receive a lump sum payment from your insurance provider.

And you can use the money to cover living expenses, bills, mortgage payments, medical costs or any other expenses you may have as a result of your illness.

After experiencing a serious medical crisis, however, you may find it hard to replace your previous trauma insurance on the same basis as before.

Thankfully though, there is a way to protect you and your family against the possibility of suffering a serious medical condition more than once in your lifetime. That's by including a trauma reinstatement option with your trauma insurance.

With most trauma reinstatement options, if you suffer serious trauma and receive your trauma insurance payout, a year later you'll be able to put back in place up to 100 per cent of your previous insurance, based on the original medical exam.

As not all available trauma reinstatement options are the same, it's important to discuss the details with your financial adviser, before making a decision about which one would be best for you.

So if you're interested in the extra peace of mind that trauma reinstatement could offer you, speak to your financial adviser for more information.