

# Your money Your future

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## What's your Investment strategy?

Whatever your income or circumstances, it's important to adapt your financial planning to changing needs or goals. Are you saving for something specific? Or are you invested for long term results?

A regular review of your financial plan is as essential as a health check. Be sure your investments are working in your best interest.

Where's your money going? Investments that are tailored to your individual needs and goals can help grow your income quickly. Our Investment Advice will help you find a painless, productive way to make your money work harder.

Contact Charles Ellul of Advice & Answers Financial Services on (03) 9803 - 1414 to arrange an appointment.

## Secrets to great health and vitality in your retirement

Have you ever wondered how some people seem able to maintain an active and fulfilling lifestyle in retirement? The secrets to great health and vitality include a balanced diet, regular exercise and medical checkups.

### Proactive health maintenance

Good nutrition and exercise are key ingredients for maximising your enjoyment of life in retirement. Not only does exercise keep you physically fit, it improves mental alertness, enhances feelings of wellbeing and is an effective way of preventing age-related diseases. Proper nutrition, strength training and cardiovascular activity assists the entire body, including your heart, lungs and bones.

### Regular exercise

Motivating yourself to exercise when you have never exercised before or have had a serious physical injury can be difficult. The key is to find something that you enjoy, or invite a friend to join you so that you can share an activity while keeping fit.

### Medical check-ups

Regular medical checkups become increasingly important as you age, particularly if you have a known genetic predisposition toward a certain condition. Early diagnosis is the key to prevention for many illnesses, so seeing your doctor may mean that you have a longer retirement to enjoy the fruits of your working life.



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Financial Planning

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## Insurance the answer to a secure financial future

**When looking ahead and planning for the future, it is not surprising that many people focus on investing and their superannuation.**

This is all well and good but it's important to also consider protecting the assets you currently have and the income required to fund the lifestyle you already enjoy. Without a financial protection strategy you may be unable to keep your financial goals on track.

This is where insurance can help.

Developing a 'big picture' insurance plan is one of the simplest steps you can take to create peace of mind when it comes to your family's financial security.

### Right cover, right amount

In 2007, the AXA Protection Report found that only 36 per cent of Australians were adequately covered for life risks. This means almost two thirds of our population could be financially caught short if they were to fall victim to any accident or sickness.

In fact, the average amount of underinsurance in Australia is \$112,000.<sup>1</sup>

Obviously, everyone is different and everyone's financial situation is different. So it stands to reason that each person will need to develop a flexible and appropriate insurance plan.

Your financial adviser can explain in more detail, but developing a holistic insurance plan will generally involve putting together a tailored package of up to four types of insurance:

- 1 **Life insurance**, pays a lump sum to your beneficiaries if you die.
- 2 **Income protection insurance**, in the event of you being unable to work due to sickness or accident, will provide a regular income stream of up to 75 per cent of your regular income to assist you and your family to continue paying general living expenses.

3 **Total and permanent disability insurance** provides a lump sum in the event of permanent disability.

4 **Trauma recovery insurance** provides a lump sum in the event you suffer a traumatic accident or illness, such as cancer, heart attack or major head injury.

When tragedy strikes, money is usually the last thing on anyone's mind. But when the dust settles, the financial burden of accident, illness and death can magnify the distress and greatly inhibit your financial future. Insurance can be a simple way to achieve peace of mind, knowing that even in the event of a tragedy, you and your family will not be unduly financially burdened.

For more information on how to ensure you are adequately insured against life's risks, speak with your financial adviser.

<sup>1</sup> AXA Protection Report (September 2007).

## What is an allocated pension?

We've all heard of the Age Pension, but what is an allocated pension? Basically, an allocated pension is an investment option for your superannuation savings.

Allocated pensions (also known as account-based pensions) generally give you access to a range of investment choices from secure cash and fixed interest through to more aggressive options such as shares and property. More secure investment options tend to experience less volatility than higher risk investments. It's best that you seek financial advice to determine the right investment mix for you.

You can purchase an allocated pension with unrestricted non-preserved superannuation monies. Your lump sum is then invested into a range of investment portfolios which accumulate investment earnings. These earnings, along with your capital, are then returned to you as regular income payments.

You can choose the level of income you receive and how regularly you would like to receive it. Your income must meet a minimum limit, which is determined by your age and account balance.

You can also change your income level from one year to the next. And you can even make additional capital withdrawals in addition to your income payments at any time.

You may also be able to purchase a non-commutable allocated pension if you are at least 55 years of age.

One of the best things about allocated pensions is that your investment earnings (as they accumulate) are tax-free. If you are under age 60, your income will be subject to PAYG tax, which means that tax will be taken out of your income before you receive payments, much like you receive your wage or salary now.

You may also be eligible for a tax offset. Once you turn 60, your allocated pension income and capital drawdowns are completely tax free.

Your income will be provided through your allocated pension until your funds run out or until you die. Any remaining capital may be paid to your dependants or to your estate. Alternatively, your spouse or certain other dependants may be able to continue receiving the income stream.

Allocated pensions suit investors wanting control over their investment and who need a regular, flexible income and access to their capital.

It's important that you plan carefully for your retirement and ensure that you invest appropriately for your income and lifestyle requirements. Please contact us to help you determine the most suitable retirement investment strategy for your specific needs.