

PRESTIGE LOANS
& WEALTH
CREATION
PO BOX 270
FORRESTFIELD 6058

PRESTIGE Financial Solutions

08 WEALTHCR 8

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PH 9325 8427
FAX 9476 6221

SPECIAL POINTS OF INTEREST:

- The average time to sell properties in Perth is currently sitting at 66 days.

- Perth House and Unit prices are down almost 10% in the last 12 months.

- The Australian All Ordinaries is up 13.3% over the last 6 months

- Superannuation contributions by employers are set to rise from the current rate of 9% to 12% by 2020 under a recommendation of the Henry Review handed down in 2010.

Will you retire with enough ?

Despite compulsory superannuation, most Australians don't have anywhere near enough cover and the government so far lacks an answer

IT'S one of the little understood contradictions of Australia's \$1.2 trillion super industry. Despite nearly two decades of compulsory superannuation, despite the huge pool of money accumulated and despite Australia's international reputation for its successful and innovative approach to retirement income, there's a very big catch.

For most individuals, their superannuation simply won't be enough, particularly for all those baby boomers closing in on the end of their working lives. All the dire warnings about this haven't changed a result that is about to become obvious.

Forget all those images of relaxed, sprightly grey-haired couples strolling around shops and golf courses and cruise ships, figuring out how to enjoy their tax-free, carefree money. To sustain even a modest lifestyle, about 80 per cent of people over 65 are still reliant on a part or full aged pension to supplement their super savings, and that percentage is not expected to drop much during the next several decades.

"Most Australians would think that if they are being forced to save nearly 10 per cent of their salary each pay day, that is going to look after them when they retire." says John Brogden, of the Investment and Financial Services Association. "The fact of the matter is that the vast majority of Australians are going to retire on less money than they can live on. They are going to get a rude shock when they realise that in their early 50s."

That is also likely to mean a rude shock for people with high hopes for the former Rudd government's reform plans. 2010 and 2011 is crunch time to respond to its three major reports looking at superannuation: the Ken Henry review of the tax system, the Cooper review into the structure of the industry and the Bernie Ripoll inquiry.

The government is still figuring out how to deal with this. The most politically sensitive issue remains the Henry tax review and its connection with super, and whether the government's key changes will be introduced as part of this year's budget.

Don't leave it until its too late....Talk the Brett Christie today and put in place a plan to ensure that you have more for your retirement. It will be the best investment you will ever make.



Managed funds...what are they ?

A managed fund is a professionally managed investment portfolio that individual investors can buy into, purchasing 'units' rather than shares. Each managed fund has a specific investment objective. This is usually based around the different asset classes (cash, fixed interest, property and shares). The money you invest is used to buy assets in line with this investment objective

When you invest in a managed fund, you are allocated a number of 'units'. The value of your units is calculated on a daily basis changes as the market value of the assets in the fund rises and falls.

Why are managed funds so popular?

Around 1.2 million people in Australia have part or all of their investments in managed funds*. So why are they so popular?

- 1. It's easy to diversify your investments** - you have access to different asset classes, companies, industries, sectors and countries.
- 2. Experts manage your money** - the qualified investment professionals managing your money have access to information, research and robust investment processes not easily available to individuals.
- 3. It's easy to reinvest your investment earnings** - and take advantage of compounding. Over 20 years, this compounding effect could mean a huge difference in your investment returns.
- 4. It's easy to set up a regular investment plan** - you can choose small monthly or weekly amounts and transfer your payments on the day you get paid - a strategy also known as 'pay yourself first'.
- 5. You can invest for income, growth or both** - the returns you get from a managed fund usually come in two forms. Income (paid to you as a 'distribution') and capital growth (achieved only when the unit price increases in value).
- 6. You can start investing with as little as \$1,000** - depending on the fund. Investing in a range of shares or a property often involves large sums of money, and sometimes a large loan. Managed funds allow you to access certain investments at a fraction of the usual cost. This is because you share these costs with other members of the fund rather than having to pay the minimum investment fee on your own.

* Information based on Roy Morgan Research March 2006 showing all managed fund investments in Australia, not including superannuation.

Call Brett Christie Dip FS(FP) today on 08 WEALTHCR 8 or 0417 977 971

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CommInsure



You have heard of it...but what is Transition to Retirement ?

If you've reached preservation age, transition to retirement allows you to access your super without having to retire or reduce the number of hours you work.

How? Through a non-commutable income stream, which is a form of regular income paid from your super, that does not allow lump sum payments.

What are the benefits of transition to retirement?

Transition to retirement offers significant financial benefits and the flexibility to:

- ◆ Boost your income - by receiving a retirement income stream from an allocated pension, as well as your normal salary
- ◆ Boost your super - by continuing to work and sacrifice some of your salary to super
- ◆ Reduce your hours or change job responsibilities - without reducing your income
- ◆ Reduce some of your non deductible debt

You can use any one of these options, or any combination of these or all. And, if your situation changes, you can roll funds from your allocated pension back into super.

Would transition to retirement suit you?

Similarly to other elements of retirement planning, transition to retirement suits some situations more than others. As a guide, you could ask yourself these questions:

- ◆ If you withdrew some of your super before you retire, will you have enough super for you to enjoy retirement?
- ◆ If you chose to reduce your hours would your employer agree to you working fewer hours or decreasing your responsibilities ?
- ◆ Can you live off a lower income as you transition to retirement to keep as much super invested as possible ?

Whether a Transition to Retirement will work for you depends on your financial situation and individual needs, so you should always seek financial advice from our Wealth Adviser Brett Christie before you decide.

“If you Fail to Plan, you Plan to Fail”

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Can you NOT afford Income Protection ?

Imagine what would happen if you couldn't pay your mortgage.

You just never know what's around the corner...you might be made redundant, you or your partner could become ill, or have an accident - or worse. Meanwhile, there's your home - the bank still expects those monthly mortgage payments to be made, even if you're not earning an income. However, this isn't an article about doom and gloom - it's about reassurance. Income Protection is a simple and cost-effective way to ensure you have peace of mind.

Mortgage Insurance

You may vaguely have heard the term 'Mortgage Insurance' mentioned when you were arranging to buy your home, and so you're asking yourself - 'do I already have it'? Mortgage Insurance is usually taken out with mortgages where the deposit paid is less than 20% of the mortgage amount. Mortgage providers insure themselves - so that they will still get paid, even if you default on your repayments.



The Solution might be Income Protection

What is income protection insurance you ask? It's a specific type of insurance that pays out if you are retrenched or fired from your position. So, what exactly are the benefits of having such a policy?

Many people take up income protection insurance simply for peace of mind. During the GFC, many people had to deal with the constant stress and threat of losing their job. Many companies were down sizing and some collapsed altogether. Just imagine the burden all your expenses would place on you and your family should your income come to a grinding halt.

It's a worrying thought but income protection insurance can alleviate all those worries and insecurities of losing your job. Income protection insurance offers so much more as sometimes we lose our jobs for reasons out of our control.

There are many other reasons and circumstances in which you might lose your job which are unrelated to your position. Things like accidents or ill health can negatively affect your performance at work and may require you to take time off or leave your job altogether. Who would pay your bills if you were to get sick? Thankfully, if you have income protection insurance, the insurance company will.

It is a good idea to think about putting something in place to offer you peace of mind. We hope you never need it but with the right insurance cover, it needn't be a worry.

Lets arrange a time TODAY to have a talk about this....Don't leave it until its too late !



Principal Partner of
Equestrian Western Australia



Brett Christie

Wealth Adviser

0417 977 971



wealthcreation@prestigeloans.com.au

Michelle Pittick

Home Loan Planning
Consultant

0430 281 704



michelle@prestigeloans.com.au

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Australian Credit License 390025

Licensee Brett Christie

PRESTIGE LOANS PTY LTD

ACN 095 867 593