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Welcome

The Financial Insight newsletter has been designed to share with you the secrets of money management and wealth creation that will provide a firm base for your future financial wellbeing.

Managing money and finance together with the need to protect assets and lifestyle can be very complex.

Through the Financial Insight newsletter we provide information that will help to de-mystify some of the complexities associated with financial services and, be of practical use in establishing strategies and achieving personal goals.

Of course, a consultation with your Financial Adviser will supplement the information we provide in this newsletter with detailed advice related to your individual circumstances.

If you would like any additional information on any topic covered in this and previous publications, please feel free to contact your TFSA Adviser.

Professional advice

Making the right investment decisions are crucial to your financial future and wellbeing.

It is therefore strongly recommended that a consultation with a professional Financial Services Adviser should be the first step in the creation and implementation of any financial and investment plan.

Professional Financial Advisers are dedicated to understanding all the risks and returns associated with the wide range of investment options that are available in the marketplace today.

They are aware of tax and legal implications and can help you structure finances that are required to meet your needs throughout your working life and in retirement.

In a consultation with a Financial Adviser, your current situation and aspirations will be assessed. A personalised strategy or options will then be recommended aimed at attaining your individual goals.

Vital factors, such as current saving capacity, legislation, taxation and superannuation are taken into account including your timeframe and understanding of the risk versus return factors associated with your strategy.

Invaluable advice on investment, planning and budgeting will also be provided.

Financial Advisers offer a range of services that can be tailored to your particular situation and aspirations and includes:

- Investment
- Budgeting
- Taxation planning
- Superannuation
- Retirement planning
- Planning for business owners
- Insurance
- Estate planning
- Government benefits

Finally, it is important to understand that market conditions and even your own personal circumstances change over time. It is therefore essential to have a regular review of your situation with your adviser and where appropriate, implement any changes that best suit your needs.



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SUPER BONUS!

The aim of superannuation is to encourage you to invest money during your working life so that you can live comfortably in retirement.



While most Australian have an employer sponsored superannuation fund, that is a fund largely supported by compulsory Superannuation Contributions, few actually make the effort to top up their superannuation with undeducted contributions.

Undeducted contributions are personal superannuation contributions, made from after-tax money, for which no tax deduction is claimed.

Consequently there is no tax deducted when neither the contributions are made nor is there any tax payable when they are withdrawn on retirement.

Even though you are not eligible to claim a tax benefit for making an undeducted contribution, you may be eligible for what is called a Co-contribution.

To be eligible for a Co-contribution you must satisfy the following criteria:

- Be a permanent Australian resident.
- Be less than 71 years of age at the end of the financial year.
- Your total income (assessable income plus reportable fringe benefits) must be less than \$58,000
- 10% or more of your total income must come from eligible employment
- Make an undeducted contribution to superannuation
- Lodge an income tax return for the year of income

The maximum Co-contribution amount of \$1,500 will apply if you earn less that \$28,000 and you make a \$1,000 undeducted contribution to superannuation. The maximum amount tapers off by 5 cents for each dollar you earn in excess of \$28,000, cutting out at \$58,000.

The following table shows the Co-contribution amount payable by the government on behalf of individuals on different income levels. This table is by no means exhaustive, as it is simply meant to give you a rough estimate of the Co-contribution amount you may be entitled to.

To calculate the exact amount we recommend you speak to your financial planner.

INCOME	\$1,000 CONTRIBUTION	\$500 CONTRIBUTION
Up to \$28,000	\$1,500	\$750
\$30,000	\$1,400	\$750
\$32,000	\$1,300	\$750
\$34,000	\$1,200	\$750
\$36,000	\$1,100	\$750
\$38,000	\$1,000	\$750
\$40,000	\$900	\$750
\$42,000	\$800	\$750
\$44,000	\$700	\$700
\$46,000	\$600	\$600
\$48,000	\$500	\$500
\$50,000	\$400	\$400
\$52,000	\$300	\$300
\$54,000	\$200	\$200
\$56,000	\$100	\$100
\$58,000	\$0	\$0

Apart from receiving a bonus superannuation contribution - the best part about receiving Co-contributions is without doubt its simplicity. No extra forms to complete or statements to be made. Just make an undeducted contribution/s to your superannuation fund and lodge your income tax return to ensure your co-contribution is paid into your fund.

For further information, please contact your financial adviser.

The Need to Plan and Save Now

Australians are regularly criticised for being poor savers and good users of credit cards!

This is a perilous mix as Australians are living longer.

The life expectancy for women is now 85 years, and 81 for men. Furthermore, with advances in modern medicine and health practices, the Australian Bureau of Statistics forecasts that a girl born today can be expected to live to 96 years – and probably longer.

As Australia's two million 'baby boomers' are turning 50 at a rate of 700 a day, the number of Australians over the age of 65 will double to 20% in coming years.

Furthermore, senior Australians are healthier and more active than past generations.

So how will you fund your retirement?

Compulsory superannuation has grabbed the glare of publicity over recent years. In 1986, only 40% of Australians were covered by superannuation. The Superannuation Guarantee has greatly assisted in rectifying the situation.

Superannuation is now an important and critical asset that covers just about all the workforce.

The Superannuation Guarantee was initially introduced at 3% and has increased to 9% and will substantially enhance the financial independence and retirement security for many.

However, if you wish to retire on a self-funded annual income of say \$45,000, then up to \$750,000 will be required if it provides an earning rate of 6% per annum.

There are no hard and fast rules, but it is generally accepted that the sooner you assess your personal situation with a professional Financial Adviser and start saving, the sooner you will reach your goal.



The first priority many individuals have is to pay off debt followed by 'beefing up' their superannuation. When the debts have been paid off, salary sacrifice may be an ideal strategy to enhance your superannuation position.

A portion of your salary is 'sacrificed' and paid into your superannuation fund by your employer. It is one of the most effective ways to save and add to your superannuation in a tax effective manner.

Also, if you have under performing assets such as a second home or block of land, it may be

advantageous to sell them and invest in better performing investments.

Also, your spouse/partner may be under-superannuated and if he or she is working fulltime, there may be tax concessions and advantages available by contributing to superannuation.

Finally, the most important asset is your salary and earning capacity – it is the foundation upon which all strategies and assets are built. An accident or prolonged illness can seriously impede any savings and wealth creation plans.

Income protection is therefore a must and should be included in any investment programme.

So, although compulsory superannuation is available, it will not be sufficient to provide a reasonable and long-term income stream in retirement.

However, it's never too late to implement a savings plan for your retirement.

For the ingredients that will help achieve a successful requirement, contact your Financial Adviser today.



Staying Healthy

We can feel better and be healthier with just 30 minutes of moderate exercise on most days.

Being active is possible, whatever your age, ability or health level.

Activity and exercise doesn't mean having to run a marathon daily.

It could even be three sessions of 10 minutes each in the form of such activities as walking the dog, gardening, dancing, swimming or taking the stairs.

Research into the relationship between physical activity and aging shows that many of the conditions which are associated

with older age are not really the result of the aging process, but are actually the result of atrophy, of disuse.

Many of the so-called consequences of aging can either be prevented or slowed considerably by regular, moderate physical activity.

The many benefits include:

- Reduced risk of heart disease, diabetes and colon cancer
- Helps control weight and reduce blood pressure
- Reduces feelings of depression and anxiety
- Helps build and maintain healthy bones, muscles and joints

You don't need to see your doctor before starting moderate physical activity, but it is a good idea to have a checkup to ensure that you are not at risk of heart disease.

To avoid soreness and injury, start out slowly and build up your activity, giving your body time to adjust.

To stay fit and healthy, exercise and activity has to be taken regularly, not seriously.

It really doesn't matter what you do, as long as you do something.

What is Dollar Cost Averaging?

Dollar cost averaging is an investment strategy in which you invest the same amount of money on a regular basis.

For example, you can have a set amount of money deducted from your bank savings or cheque account each month and deposited into an investment such as a managed fund.

Dollar cost averaging has many advantages including –

- You don't have to worry about market fluctuations because you are depositing the same amount of money into your investment(s) at the same time.
- Sticking to your investment strategy is easier because you know how much you need to have in your bank account and when.
- The impact of risk on your investment is

minimised by spreading your investment across a period of time, allowing for the ups and downs common to most markets.

- By investing regularly, you may end up purchasing more shares or units in a managed fund at a lower price.

All of these benefits are available within the Dominion Investor Directed Portfolio Service via the regular investment option.

For more information, contact your TFSA adviser.



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