

newsletter

Boston One
Wealth Managers

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Thiel Partners
Accountants

Introduction to Boston One Wealth Managers

Boston One Wealth Managers is a wholly-owned subsidiary of Boston One Limited. Boston One Limited has a number of subsidiaries including Thiel Partners Accounting, Mortgage Street (mortgage originators), Thiel Partners Corporate and Thiel Partners Audit. The Group offers its 6,000 clients a broad range of services and products through its experienced practitioners in the areas of financial planning, finance, tax, accounting, compliance, audit, advisory, asset management, real estate, and funds management. The Group has been in existence for over 6 years and has a reputation of quality advice, products and services.

The Group is pleased to offer our clients in house financial planning advice which encompasses a full range of services for our clients to ensure their financial well being and security. Our advice is tailored to your needs, objectives and financial situation. Please feel free to contact us to come and meet the Wealth Management team.

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Taking a long term view

The past quarter has been momentous, tumultuous and historic—all the above! We have witnessed panic on Wall Street, the collapse of Lehman Brothers, a mad scramble for capital from many investment banks and corporate consolidation. This led to mass withdrawals from US money market funds.

By the end of September, what started as a philosophical debate about the role of government in financial markets when the US Treasury 'rescued' Fannie Mae and Freddie Mac had become all too real – the US Congress voted against the A\$840 billion Targeted Asset Relief Plan (TARP) before it finally voted through the rescue package in early October.

Here in Australia, the Rudd government announced its \$10.4 billion stimulus package in mid-October. It is clear that the world governments are doing everything in their power to prevent a more severe financial crisis. Share markets around the world have dropped substantially, effectively pricing in much of the future risk.

We believe that the essential point for investors to keep in mind is the need to ensure that their portfolios are well diversified and to make decisions on a rational basis. In an article published by the Australian Financial Review in mid-October, Warren Buffett who, with a net worth of \$62 billion is regarded by many as the world's savviest investor, outlined why it is now a good time to invest in shares. His words can give some comfort, suggesting that if we buy good companies now and hold them over the long term, we are likely to be on the right track. He also points out the danger to our portfolio's long term returns of moving into cash in this climate. This does not mean, however, that you should move all your investments from cash to stocks because you are sure at some time to need short term cash to meet expenses and to maintain appropriate liquidity.

Personal Insurance— Can you afford not to have it?

Given the significant changes in the global economy and the pressures resulting from falling financial markets and the uncertainty surrounding property valuations, there remains one true asset that you can continue to rely on— yourself—and your ability to earn an income. But what happens if that ability is taken away?

It is critical to manage and reduce the variety of risks and to secure your personal assets and ongoing income earning ability. The most common method of reducing these risks is to have in place a comprehensive range of insurances to provide for unexpected changes in your personal circumstances.

There are many types of personal insurance :

- Life insurance provides a lump sum payment to the policy owner or the nominated beneficiary upon the death of the insured person
- Total and Permanent Disability (TPD) provides a lump sum in the event that the life insured becomes totally and permanently disabled
- Trauma insurance provides for the payment of a lump sum should the life insured be diagnosed with a critical illness such as heart attack, stroke, cancer or paralysis, etc
- Income Protection Insurance provides an income stream in the event of temporary or permanent loss of income earning capacity through illness or injury

Each of these insurances reduces the need to call on other resources to meet medical and unexpected expenses in the event of a serious illness or death.

In the case of TPD or Trauma, these expenses could include the cost of changes to the layout of your home, travel and accommodation to access treatment, employment of temporary home or nursing help and other associated costs.

Many medical studies have proved that a reduction of stress will result in a better recovery. One of the main worries of people undergoing treatment for major illnesses is their financial situation. Receiving an insurance benefit can assist your speedy recovery with less impact on your medium to long term financial goals.

Let's put it this way. If you had a machine that printed money for you, how would you treat it? You would certainly take great care of it, keep it well maintained and running smoothly with lots of attention; and more than likely you would keep it insured so that you could afford to have it repaired when it was out of action.

In essence you are the same as that money printing machine. If you think about how you would fund a period when you were unable to generate an income, clear mortgages and financially support those you most care about, you cannot afford not to look at an appropriate

FINANCIAL TIP: PLAN YOUR ESTATE

Have you considered what will happen to your assets and liabilities when you die? Estate planning is essential to provide your family with security and peace of mind. Everyone with assets - whether you have a house, business or superannuation - needs to consider estate planning. More than simply making a will, estate planning means arranging your assets so the people you want to take care of receive the financial support they need when it's most needed. In short, proper estate planning ensures that the right funds end up in the right hands at the right time.

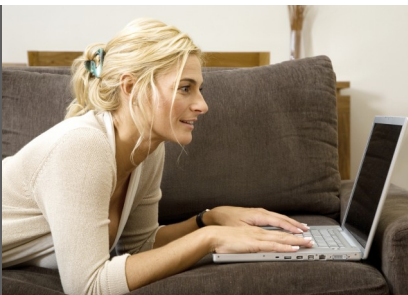




Photo by Chris L Jones

Recipe : Butterfly Cakes

1 3/4 cups self-raising flour
3/4 cup caster sugar
125g butter, softened
1/2 cup buttermilk
2 eggs, lightly beaten
1 tsp vanilla extract
1 cup lemon curd (see below)
300ml thickened cream, lightly whipped
Pure sifted icing sugar, for dusting

Lemon curd

1 cup lemon juice
1/2 cup sugar
1 Tbsp cornflour
60g butter, chopped
1/4 cup milk
3 eggs, lightly beaten

Preheat oven to 200°C. Line a 12-hole 1/2-cup muffin tin with patty cases.

Put flour, sugar, butter, buttermilk, egg and vanilla in the small bowl of an electric mixer and beat for 3-4 minutes or until creamy and thick. Spoon mixture evenly into patty cases. Bake for 12-15 minutes or until cakes spring back when lightly pressed with the fingertips. Remove from oven and stand on a wire rack to cool.

Cut out a circle from each cake top using a small sharp knife; cut circle in half to make the wings. Spoon lemon curd and cream into each hole, arrange wings on top and dust with icing sugar.

To make Lemon curd: Put juice, sugar and cornflour in a medium, heavy-based pan and stir until combined. Stir in butter, milk and egg. Put pan over a low heat and cook, stirring continuously, for 4-5 minutes or until thick.

Superannuation - How much is enough?

One of the most compelling questions that Australians need to consider is “How much do I need to save for retirement”? However, this is the question that most people don’t even consider until they approach retirement.

With improvements in medical science, health and lifestyle, we are seeing people living much longer and more active lives than were enjoyed by earlier generations. This has created a dilemma – not only do we need to provide for a longer retirement, but also for a more active one. Average life expectancy of a 65 year old male in Australia is just on 18 years and that is the average— 50% of 65 year old males will live more than 18 years! Sure, we could rely on the age pension to see us through. However, with the current pension for a home-owning couple being \$24,500, it is apparent that if we are looking for a retirement lifestyle with some of life’s luxuries, then we will need to have additional savings we can put to work to supplement the pension.

A lot of current advertising on superannuation focuses on how much more you will have if you place your superannuation with Fund A as opposed to Fund B. One fundamental issue has been missed. It is fair to say that having more will generally lead to more income in retirement, but if we don’t think about the level of income we would like, then just because one fund produces more than another will mean very little if neither provides the income we require.

Let’s look at things from a different perspective. If you decide that you would like to have a retirement lifestyle that will cost \$50,000 a year in retirement in today’s dollars, and you plan to retire between 60 and 65, then you will need to have \$800,000 to \$1,000,000 set aside if you are to enjoy an indexed income during your retirement years. With this level of savings it is unlikely you will have access to the age pension. Once you know what level of income you would like to receive in retirement, you can work backwards and determine how much capital needs to be set aside.

If you then work out when you would like to retire and take into account how much you already have put aside, the saving “gap” can be determined. Once this gap is known, working with your financial planner, strategies can be put in place to generate additional savings in an attempt to meet any shortfall. Of course, a number of strategies may be used in order to get to your goal. So, if investing in Fund A will result in having a lump sum of \$600,000 at retirement as opposed to \$550,000 in Fund B, that will be of little comfort if your preferred lifestyle requires you to have \$800,000 in retirement savings and you didn’t know this in time to implement strategies that would enable you to achieve your goals.

Working with a financial planner can help you along the path of meeting your retirement lifestyle objectives.

Decipher the dress code



You've got the invite, but you're stumped by the party's dress code. What does 'uber-sexy glamazonian beach vibe' mean exactly? Relax. Style and etiquette expert Marion von Alderstein author of *The Passionate Shopper* (Latern, RRP \$35), has these tips.

BLACK TIE

A dinner jacket for men. But make sure the bow tie is hand-tied, never pre-tied and clipped on or strung around the neck on elastic. Long or short evening dress for her, or even a tuxedo—the kind of thing Catherine Deneuve wore so beautifully.

SMART CASUAL

The easy style you see in Milan and Rome—well-cut trousers, open-necked shirt with a blazer or sweater for a man. Skirt or trousers for a woman. The best fabrics are cashmere in winter and linen in summer.

COCKTAIL GLAMOUR

Something sparkly, slinky or clingy for her. Don't be afraid to show some cleavage but make sure it's not too in your face. For him, a dark suit, white shirt and silk tie.

BEACH PARTY

Go for a sarong if you want to look pretty or shorts if you have good legs. Otherwise, jeans and t-shirts for all.

Contact Details

Level 2, 10 Short Street, SOUTHPORT QLD 4215

PO Box 2202, SOUTHPORT QLD 4215

Phone 07 5537 6711

Email advisors@bostononewealthmanagers.com

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My Adviser Pty Ltd Australian Business Number 80 065 370 354 Australian Financial Services Number 238307

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