newsletter

Boston One Wealth Managers

IN THIS EDITION

Superannuation — not set and forget

Whether you are an employer who has set up a corporate superannuation fund for your employees, or an employee building your retirement nest egg through Superannuation Guarantee (SG) contributions into a corporate fund, you need to remain aware of how your superannuation balance is growing to meet your future needs.

As a superannuation fund member it is your responsibility to manage your contributions, regardless of whether they are being invested into a retail fund, corporate fund or your own self-managed superannuation fund.

Superannuation is simply another investment vehicle and as with any type of financial asset, the fundamental principles of financial planning prescribe that individual tailoring, based on your needs, objectives and personal circumstances, is paramount to ensuring you have enough money to enjoy your retirement years.

It's a recipe for disaster to think that once you have established a superannuation account and your employer's contributions are flowing in, you can forget about it for the rest of working life. Financial markets will change, your own financial position will change, and your objectives and retirement plans may change, so it's important you regularly review your superannuation.

Additionally, it's very foolish to believe that a "one size fits all" approach with no personal advice on contribution levels or transfer issues will help you achieve your goals.

Although employers are responsible for the education of corporate superannuation fund members, you, the member, must take responsibility for determining what your needs are and working towards meeting them. That could mean making increased contributions after a certain age to bolster your retirement savings or deciding who your beneficiaries will be if you don't make it through to retirement.

These are critical issues that you must take the time to discuss with your financial planner.

Superannuation is your investment in your future…individual advice and tailoring is essential.

Thinking of shares again?

You don’t need to be a financial genius to know that the Australian and overseas share market has been through a volatile time over the past few years. From its peak of 6,800 in late 2007, the S&P/ASX 200 fell to a low of just under 3,200 in March 2009. Since then, though, it has been exceeding 4800.

Given this recovery, it is understandable that many people are asking: Is it time to move cash back into the market? Or am I too late? Will the market fall again?

There is no “one size fits all” answer to these questions but your response will depend greatly on your own circumstances and your beliefs about the long term performance of the market. However, when deciding on your next move you should take into account the manner in which you are, or could be, exposed to both positive and negative future share market performance.

How to get involved

Many Australians have become accustomed to the share market since they may have picked up parcels of shares in the recent decades courtesy of public floats (eg Commonwealth Bank or Telstra). Perhaps more significantly, most superannuation funds invest in local or overseas share markets and the returns on our superannuation are thus affected. For others, buying and selling direct shares may be a small hobby, or a more substantial activity on behalf of their self managed superannuation fund.

Whatever your situation, if you are feeling more positive about the local and/or overseas share market, then it is first crucial to consider how you would invest.

For your superannuation fund, you might want to investigate your investment options that could give you a broad range of market-based investments including local and/or overseas shares.

Or if you have stock piled cash or have surplus cash flow that you wish to use wisely, a managed fund or tailored portfolio may be what you need. Whichever way you go, remember the golden rule: research, research, research!

Do what is right for you

Remember that there isn't a universally good or bad time to invest in the share market. In other words, if two people have different timeframes or risk tolerance, then what might be good for one is not necessarily good for the other.

Share markets should always be considered a long-term investment.

Think about the circumstances that might force you into cashing in your investment earlier than expected. This could include having to meet a pension payment or merely to pay your monthly credit card bill if it gets out of hand. How likely are these types of things going to happen in the next few months rather than five or more years down the track?

And think about how you will react if the share market does take a breather from its recent revival. Would you want to pull out if the market dropped by, say, five per cent the very day after you invested? This gives you a good idea of how tolerant you might be to the volatile returns that the share market can deliver.

If you think you might be ready to consider share market investment again, it might be a good time to speak your financial adviser.

Sources: www.yahoo.com.au Finance - XJO - Historical Prices ASX Detailed search – prices, announcements and charts S&P/ASX 200

"Anyone who stops learning is old, whether at twenty or eighty. Anyone who keeps learning stays young. The greatest thing in life is to keep your mind young."

— HENRY FORD

Creamy Chicken and Leek Bakes

- 2 tablespoons olive oil
- 600g skinless chicken breast fillets, trimmed, chopped
- 2 medium leeks, trimmed, halved, washed, thinly sliced
- 1 garlic clove, crushed
- 2 tablespoons plain flour
- 1 tablespoon dijon mustard
- 375ml can Carnation Light & Creamy Evaporated Milk
- 1/2 cup frozen peas
- 100g Turkish bread, finely chopped
- Olive oil cooking spray

Preheat oven to 200°C/180°C fan-forced. Lightly grease four 1 1/2 cup-capacity ovenproof dishes. Place dishes on a baking tray.

Heat half the oil in a large frying pan over medium-high heat. Cook chicken in batches, stirring, for 3 to 5 minutes or until browned and just cooked through. Transfer to a bowl.

Heat remaining oil in pan over medium-low heat. Cook leek, stirring occasionally, for 5 minutes or until softened. Add garlic. Cook for 1 minute or until fragrant. Add flour. Cook, stirring, for 1 minute. Reduce heat to low. Stir in mustard. Stir in evaporated milk. Return chicken to pan. Cook for 2 minutes or until heated through (don't let mixture boil). Stir in peas.

Divide chicken mixture between prepared dishes. Top each with one-quarter of the bread. Spray with oil. Bake for 10 to 15 minutes or until bread is golden. Serve.

Laugh your way to good health

If you hate sayings like "laughter is the best medicine", it's time to lighten up a bit because apart from being true, it shows that you've lost your sense of humour!

It is said that six year olds laugh on average 300 times per day but by the time we reach adulthood we've reduced our giggles down to only 15 per day… if we're lucky! So what, you might say, what's there to laugh at? Well, it's not just a case of what is there to laugh at, but what happens when we forget to laugh… basically, life becomes a drudge.

It's a bit of a Catch-22 situation - by focusing on all the bad news we're constantly exposed to, it becomes very difficult to raise a smile. So it might be time to rise above the doom and gloom, turn the TV off and pick up a comic, read a Dr Seuss book or maybe read some of those many jokes your friends have emailed to you but you were "too busy" to read!

Laughter can even help you on your fitness and weight loss campaign: Dr William Fry of Stanford University found that laughing 100 times burns off the same amount of calories as 10 minutes on a rowing machine! After a good belly laugh, blood pressure drops to a lower, healthier level than before the jocularity began. Laughter oxygenates your blood, thereby increasing energy levels, relaxes your muscles and works out all your major internal systems such as your cardiovascular and respiratory systems.

So the next time you're feeling guilty about missing your daily exercise, go and find something funny and have a good belly laugh. It will be more fun, it will cost less and you might just live a longer and happier life!!

Source: www.laughterlinks.com; www.humourfoundation.com.au; Dr William Fry, Stanford University

Never thought it would happen to me...

These are the words uttered by almost every person we speak to about making a claim. Though they might not feel it at the time, they are the fortunate ones – they have insurance. It could happen to you. Protect yourself now.

Life is good for Trevor and Lynette, both in their 30s. They have two gorgeous boys, Isaac, 4, and Oliver, 2, who keep them on their toes. Both of their careers are progressing well; Trevor is a dentist and Lynette is a marketing executive. They are well on their way to having the lifestyle they had planned for.

They have recently moved into their dream home (even if it does need a little work). The mortgage is large but they are working to a budget to make it more manageable. They are also trying to put a little extra money into superannuation as well as save for the boys' education and a few holidays here and there.

It happened to Trevor…

At the scene of the accident Lynette pleaded with bystanders to call her parents as her husband Trevor lay dying and her two children were trapped, after a collision involving their black Ford Territory and another car. Trevor, the driver of the Ford, was seriously injured and died at the scene. While Lynette lay trapped with internal injuries, she gave the phone number to a bystander and asked them to call her parents, to take the boys from the scene.

Fire services took more than 50 minutes to cut Lynette from the car and she was taken to hospital in a stable condition. Lynette's physical injuries healed, but she and her two boys have a long road ahead to recover from the trauma of losing Trevor, in such a freak accident.

Lynette's Income Protection policy started paying her monthly benefit of 75% of her salary once her waiting period had been satisfied. Trevor's Term Life Insurance policy paid a Death Benefit of over $1.5 million to Lynette as the sole beneficiary. Lynette made use of the Financial Planning Benefit and sought the advice of a financial planner. On this advice, a portion of Trevor's Death Benefit money was used to pay off the mortgage, so at least Lynette wouldn't have to worry about where they were going to live.

When Lynette was able to return to work she cut back to three days a week. While this gave her more time to spend with the boys before they reached school age, it meant she had to pay child care costs from the benefit rather than her salary. The remainder of the money was invested with the objective of providing a steady return over the long term and where possible Lynette could continue with their plans for the future.

This is based on a real life example – names have been altered.

Source BT Financial Group

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