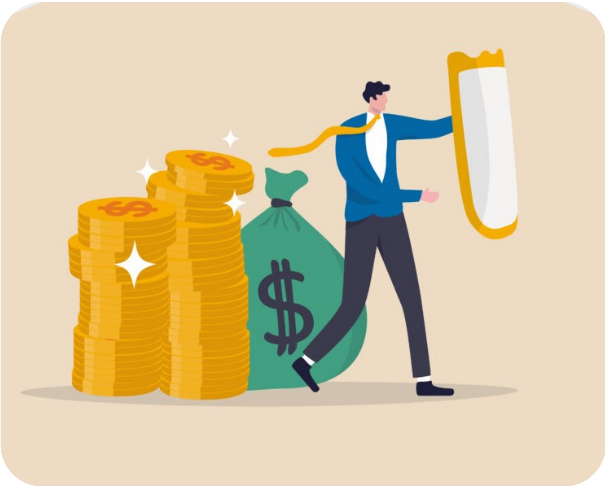
Lifestyle Investment Planning

What is Financial Advice



What is Financial Planning or Financial Advice?

At its most basic, financial planning or financial advice helps you get ahead while protecting the investments you have already built or want to build. It's as simple as that!

Below are just a number of ways that we can help:

- We provide advice around your super, to make sure it is invested correctly.
- We provide advice around investments that are not in super.
- We can help you purchase the right property whether it's for investment, business or lifestyle.
- Where possible we help you reduce your personal income tax.
- We can help protect your assets and family in the event of accident and poor health.
- We can help with maximizing your income in retirement.
- We can help maximize your age pension while still earning income from your investments.
- We can help with making sure your assets are passed down to the people you want to receive them.
- We can help reduce your debts or save for large purchases.

The advice that we provide you with is easy to understand, easy to follow and is specifically based on your particular situation in effect, it is personally tailored to your specific needs and objectives.

As a business, we are a very approachable group of people and everything we do is in your best interests.

We stand by the values of trustworthiness, competence, honesty, fairness and due diligence.

Below, we have provided a case study which is also available on our website but maybe a little easier to read in printable form in your spare time.

Case Study

The case study below outlines how we can help people achieve financial wellbeing. It is based on a real life family (Joe and Carol) with 2 young children. They came to see us for advice because they felt that they needed:

- Some help saving for their future retirement.
- They also felt that they were paying too much tax and finding it hard to save
- They weren't happy with their super funds because their super funds held investments that weren't ethically responsible.
- Carol was worried what would happen to Joe and the kids if she had an accident or died.

Joe and Carol's financial position was as follows:

Personal Information:

- Carol's income $193,000 (Full-Time)
- Joe's income $50,000 (Part-Time)
- Joe is main carer for the children
- Carol is 40 years old
- Joe is 42 years old
- Children are aged 9 and 12

Assets

FamilyHouse $1,500,000

BMW $35,000

ToyotaRAV $20,000

Joe's super balance............. $73,000

Carol's super balance $220,000

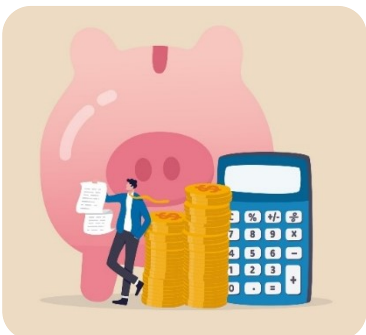
Cash $20,000

Liabilities

Home Loan $700,000

Car Loan.............................. BMW$15,000

Credit Card.......................... $2,000



Our Solution

- We reviewed their spending habits and their attitude to spending then fixed their overspending. This may seem an easy thing to do but is actually quite a detailed process which includes changing clients' spending habits.
- We helped refinance their loan to a cheaper product and made sure an offset account was available so that all their income and savings could offset interest on their loan. This strategy could potentially reduce the length of their loan.
- We transferred their $20,000 into the offset account to reduce interest and potentially reduce the time length of their home loan. They should be debt free sooner.
- We made them pay off their car loan with some of their equity because car loans have higher interest rates. This should reduce the amount of interest they need to repay and pay the car loan off sooner.
- We established salary sacrifice for both Carol and Joe into their super accounts which not only reduced their tax but increased the amount of super they may end up with in retirement.
- We set up reasonably priced life insurances, for both Carol and Joe, to help the surviving family with expenses, in the event of Joe and/or Carol's death or disability. We set this up in a way that would not directly impact the income of the family.
- We found an ethically responsible super fund that has reasonable management fees as well as a diversified portfolio of investments to reduce their investment risk. This is fairly hard to do as there are a lot of green washed funds (make themselves look socially responsible but are not), that still hold assets that are not ethical.
- We made sure their super balances are left to the right people and in accordance with their wishes, in the event Joe or Carol decease. Leaving super to the wrong people has substantial consequences on family and creates substantial tax liability.
- We made sure Joe and Carol's other assets are transferred to their chosen beneficiaries in the event of death.

The above is a fairly straightforward example of what financial planners can do to help their clients and turn their financial wellbeing around. In reality, nothing is that simple and it takes a great deal of work to create an easy to follow financial plan which then needs to be overseen by an adviser on an annual basis.

Also, it is one thing to create a financial plan for someone and it is an altogether different issue for a person to stick to one over time without any external oversight by a financial adviser. Very few people have the willpower and persistence to do so, let alone the knowledge of how to make changes to your financial plan when things in your life change. For example, having children, increase in income, retirement

Add to that other future changes in personal and financial circumstances that happen to people over time, which require changes to be made to the original financial plan and very quickly you will find that people become lost and stop sticking to the plan. This can be very detrimental to your quality of life now and in retirement.