Grow with Marinis

From: Grow with Marinis
Sent: Thursday, 4 October 2012 2:19 PM
To: Grow with Marinis
Subject: Marinis Quoted Media Articles
Attachments: 2012 09 24 - Advertiser YM - Shares Crush Cash in Bank.pdf; 2012 10 01 - Advertiser YM - Early Super to End.pdf

As part of our new eGrow initiative, as you requested, we will intend communicating with you more frequently and more topically.

To that end, please find attached two recent Media Articles in The Advertiser on Monday 24th September and Monday 1st October 2012 where Theo's opinion was sought!

GROW @ Marinis

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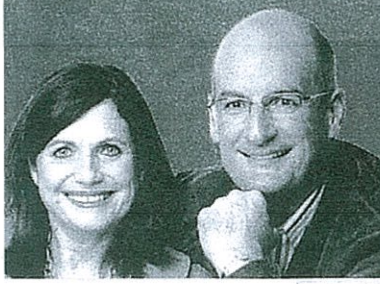
Breaking bad habits
Avoid parents' errors, say David & Libby Koch [P2]

Take tax cake, eat it too
We cook up ways to beat the taxman [P5]



YourMoney
.com.au

The Advertiser | Monday 24.9.2012

Shares crush cash in bank

Dividend income from big companies offers high returns for those on lower tax rates, writes **Anthony Keane**

BEATS BANK INTEREST

	Shares' dividend Income yield	Effective yield for retirees
Telstra	7.3%	10.4%
NAB	7%	10%
Westpac	6.7%	9.6%
CBA	6.1%	8.7%
AMP	6%	8.6%
ANZ	5.7%	8.1%
Wesfarmers	4.8%	6.9%
Woolworths	4.4%	6.3%

(Retirees yield based on zero income tax rate. Source: Iress)

RETIREES who have braved the stockmarket and stuck with some of Australia's best-known industrial shares are enjoying investment income up to double that of cash in the bank.

While bank deposit interest rates have dropped below 5 per cent, stocks such as Telstra, Westpac and NAB are paying an effective income of about 10 per cent to seniors and superannuation funds.

This is because the tax rate is zero for pension-paying super funds and most retirees, while share dividends come with attached tax rebates – known as franking credits – for company tax already paid by the business.

However, advisers warn that shares should only form part of a diversified investment portfolio, as any repeat of the global financial crisis would cause prices and dividends to tumble.

Middletons Securities adviser David White says he believes bank deposit rates are more likely to fall than rise in the coming months, but the "penny still hasn't dropped" for some investors.

"You can pick up this really attractive income and get the tax rebate paid to you every year," says White, a former head of surveillance at the Australian Securities Exchange.

He says the risk factor is higher with shares than cash, so retirees and super fund investors need an asset mix that suits them.

Changes to income tax rates this year mean anyone earning less than $18,200 does not pay income tax.

Marinis Financial Group managing director Theo Marinis says people over age pension age can also benefit from the Senior Australians Tax Offset. "A single person can earn $32,279 of taxable income and not pay tax. For a couple, it's $28,974 each," he says.

Marinis says it's wise to move shares into a super fund where no income tax or capital gains tax is paid in retirement.

He says diversification is vital for retirees. "You can get caught up with the fantastic yield but you need a diversified portfolio. You have to have a defensive allocation as well - bonds, cash , fixed interest."

Morningstar senior equities analyst James Cooper has a positive outlook for dividends paid by many of our big industrial stocks.

"We would expect the supermarkets to get high single digit growth in earnings and dividends," he says.

"We think the banks are well-capitalised so the risk of dividends going backwards is highly unlikely."

Morningstar also forecasts Telstra's dividend to grow 10 per cent next financial year.

Australian Unity Investments head David Bryant says now is not a good time to be over-invested in cash products.

"Falling interest rates and inflation combine to reduce the value of capital and income – exactly what investors seeking a safe haven are trying to avoid," he says.

Funds between friends
David & Libby Koch on lending cash [P2]

Protect your investment
How to wrap property in cotton wool [P3]

YourMoney.com.au
The Advertiser | Monday 1.10.2012

Early super to end

Expect to wait a little longer to retire, writes **Anthony Keane**

THE days of getting hold of your super by age 60 appear numbered as life expectancies put pressure on retirement nest eggs.

The superannuation preservation age, currently between 55 and 60 depending on when you were born, is sparking strong debate.

Among those calling for a higher preservation age are actuaries, the Financial Services Council and think-tank the Grattan Institute, while many in the super industry oppose the idea.

Actuaries Institute chief executive Melinda Howes says a rising superannuation preservation age is the "logical next step" for the Federal Government, which is lifting the pension age from 65 to 67 over the next decade.

"If you act now, you can do it painlessly. Most people in their 40s now have not looked seriously at super, and the Government can do it with enough lead time so people will not be upset," she says.

SUPERANNUATION PRESERVATION AGE TABLE

Date of birth	Preservation age
Before July 1, 1960	55
July 1, 1960 to June 30, 1961	56
July 1, 1961 to June 30, 1962	57
July 1, 1962 to June 30, 1963	58
July 1, 1963 to June 30, 1964	59
July 1, 1964 and onwards	60

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Early super at an end

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"Just link it to life expectancy so that everyone knows it's going to go up gradually over time."

Howes says life expectancies are rising one to two years every decade and the risk is that they will rise faster than that, but she says calls to raise the superannuation preservation age to 67 or higher are "too extreme".

"That would mean there will be a lot more people on the disability pension – 75 per cent of men who go on to the full age pension come into it off the disability pension. It's because people's bodies give out."

Pauline Vamos, chief executive of the Association of Superannuation Funds of Australia, says the preservation age should stay put.

"It's important to encourage people to work longer, but raising access to the age pension and raising access to superannuation is not the answer," she says.

"People retire because they have to . . . it will mean that more people will go on the disability pension."

Vamos says that a better solution is to find ways to give older workers more choices and flexibility.

"Look at training and employer discrimination among senior Australians. People talk about the 'ageing tsunami' but it's more like a slow tide. It's not a big tsunami," she says.

The average retirement age is 62, and SuperRatings managing director Jeff Bresnahan says it is "quite dangerous if you are stopping people from funding their retirement".

Actuaries Institute's Melinda Howes. Picture: Dylan Coker

"There needs to be more flexibility," Bresnahan says.

Financial strategist Theo Marinis says any move to raise the super preservation age is "short-termism".

"By all means increase the age pension age, but not the preservation age," Marinis says.

He says older Australians could work a couple of days a week as they approach 70 while accessing some of their super.

"They should be encouraged to do that," he says.

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