grow

WITH MARINIS

Spring Edition '08

Financial Strategies (SA) Pty Ltd ABN 54 083 005 930, Australian Financial Services Licence No: 326403

Contents & Credits

Art Director: Ante Juricin
Editor: Simon Morgan

Special thanks to Carla Bischoff

Marinis Family
Theo Marinis
Julie Marinis
Rob Hoepner
John Thomson
Ivana Samra
Mike Sherriff
Keryn Johnson
Mark Laing
Dino D'Aloia
Jonathon Petineris
Michael Callisto

Marinis Financial Group

T 08 8130 5130
F 08 8331 9161
M 0412 400 725

E admin@marinisgroup.com.au

A 67 Kensington Road
Norwood SA 5067

W marinisgroup.com.au

Editorial by Theo Marinis

The journalist and author Edna Carew famously coined the phrase "Get Rich Slow" and after more than 20 years in the financial services industry I cannot think of a more appropriate comment.

When you sit back and consider the collapses of Opes Prime, Chartwell and even going back into the 1980's Pyramid, these three Victorian institutions all had one thing in common. They were about getting rich quick.

I've always believed in the adage 'If something sounds too good to be true, it probably is'. People who invested their money in institutions with promises of 20 – and in some cases 50 – per cent per annum returns are letting greed blind their judgment.

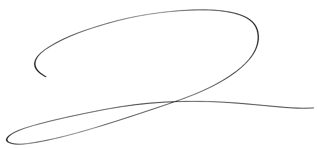
Put frankly, it is impossible to get returns of that quantum on a sustainable, long term basis.

A lot of financial planners have been spruiking the benefits of gearing or borrowing money to invest in shares where the share itself is the collateral on the loan. This is a very successful strategy in bull markets where everyday the prices on the share market increase. But just as it super-charges gains, it super-charges losses in a bear market. As a consequence, Marinis Financial Group has always and will only ever recommend gearing, where stringent criteria with respect to a client's income and financial position can be met.

This Spring edition of Grow magazine is aimed at keeping you informed, building your financial education and helping you to understand the culture at Marinis. I hope you will share the articles with your friends and family and as always, if you would like to discuss any issues we raise please either call us or raise the issue at our next meeting.

I hope you have received your copy of my new book Sexy Super? I want every client household to have a complementary copy as I think it will help everyone who reads it to understand this industry so much better (and I'd also like you to share it with your friends).

The financial year 2007/08 has been tough for investors but it does come after a prolonged period of success. I am confident that with the strategies we have in place, our clients will come out of this recent turbulence in a very good position to continue to "Get Rich Slow."



Theo Marinis B.A., B.Ec., CPA., CFP®
Financial Strategist
Authorised Representative

The Experts: Strategies in a tough time

People who were planning 12 months ago to retire at the start of the current financial year may well have decided to rethink their actions given the recent market turmoil. But all is not lost, says Theo Marinis.

"What we have experienced recently is a very strange confluence of events - the details and excuses have been well publicised, except what they mean in black and white terms is that many investors do not have as much money to retire on as they thought they would have," Theo said.

"While this is very frustrating and a bit disappointing, we need to consider how we can turn this current 'bunch of lemons' into 'lemonade'."

"One simple answer is to adopt a Transition to Retirement (T2R) strategy, if you are over 55 and working.

"The great thing about the T2R approach is the assets you are buying are currently much cheaper than they were a year ago – and they are likely to kick off very similar dividends to last year – giving you more 'bang for your buck.'

"For those who don't remember what a T2R strategy is, it is simply a series of rule changes brought in by the former Howard government, designed to allow older Australians to continue working longer - and perhaps on a part-time basis.

"A T2R strategy sees an eligible person start drawing on their super funds while they are still working – while at the same time salary sacrificing their wages directly into the same fund. Effectively, this reduces the amount of tax they pay to just 15 per cent, thereby supercharging their retirement savings!"

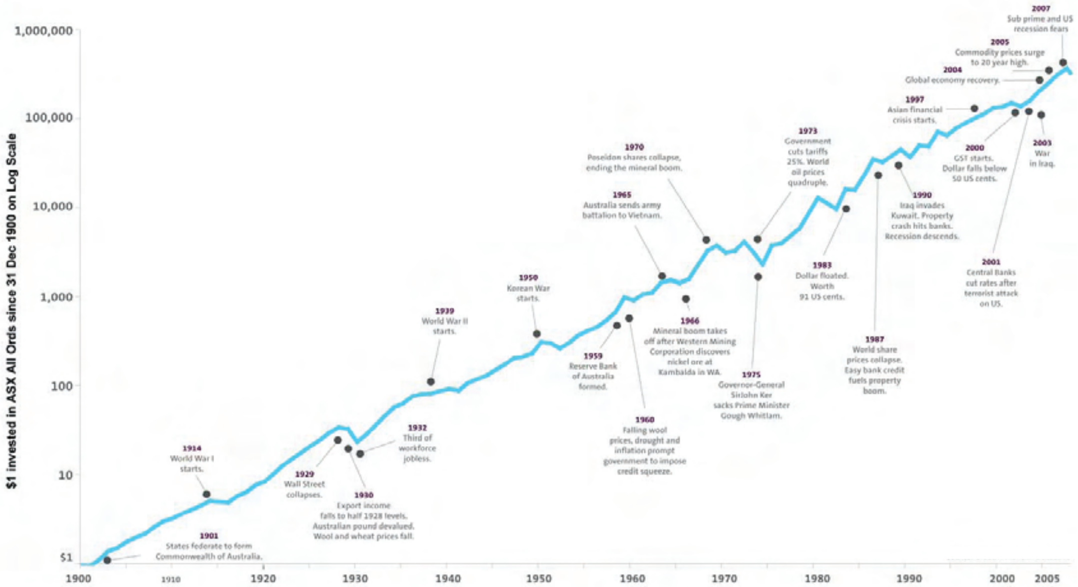
"It is as close to 'having your cake and eating it too' as you can get in the retirement savings area!"

"For those who have retired, it is also a good time to review, with their adviser, whether they are drawing down enough, or even too much, from their savings. Many people make the mistake of thinking that how much they receive in their personal pension is fixed at the rate at which it starts. While the government does mandate minimum percentage draw downs in particular circumstances, a well informed adviser can make changes for you if required".

CHART 1

The Australian sharemarket

1900 – 2008

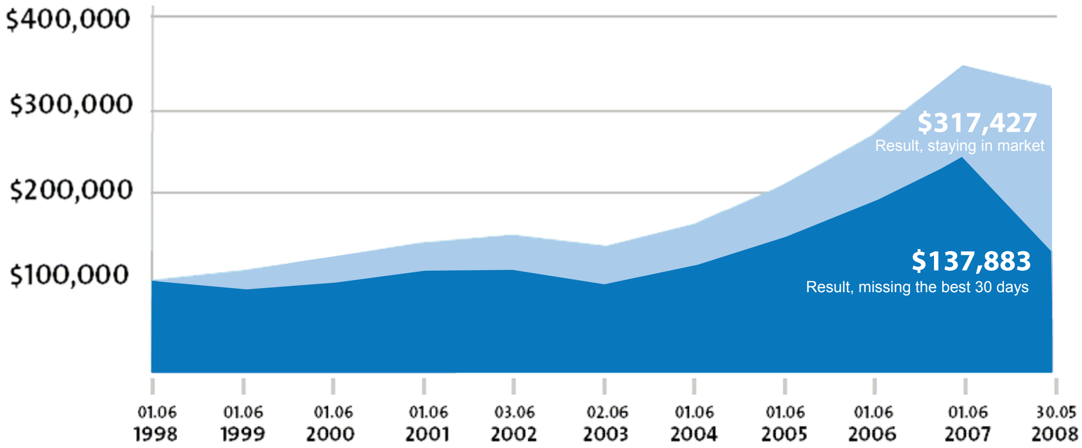


Past performance is not a reliable indicator of future performance
Figures as at 31 March 2008

Source: Datastream/AMP Capital Investors

CHART 2

Investing $100,000 on ASX 200 for 10 years vs missing the best 30 days



$100,000 invested in the ASX 200 Accumulation Index with dividend reinvestment. Missing 30 days based on taking out the top 30 daily returns from the ASX 200 Accumulation Index and replacing them with a 0% return. No allowance for taxation or transaction fees.

Past performance is not a reliable indicator of future performance.

Source: Bloomberg/AMP Capital Investors

"In fact, it is not unheard of for people who had been drawing down from their fund and find that they have excess money, to start another form of investment – which is probably the ideal situation as they are making additional money on their savings!"

"For those who are actively involved in the work force and have the ability, now is a great time to increase your super savings – ideally up to the maximum allowable tax deductible contribution of $50,000 per annum – or up to $100,000 till 2012 for those aged over 50".

"The reason for this is that you can currently buy units at around 75 per cent of what you would have paid 12 months ago – which means they are very cheap. You could think of them as being 'on sale' at up to 25% off last year's prices! Over time I would expect these units to increase in value, causing your super to gallop ahead."

"If you look at the historic chart (chart 1 on the previous page) you will see that since the post war years the Australian share market has a fantastic track record of healthy growth. Despite periods of great volatility, the trend has always been upwards in the long term."

"It makes sense to expect a similar pattern going forward, although previous performance is no guarantee of future outcomes.

Superannuation (like the sharemarket) requires a long term perspective. "You need to keep your eyes on the horizon, not the waves rocking the boat!"

It is vital that we 'stay in our seats' during volatile times. Trying to 'time the market' by moving to cash and fixed interest investments is very difficult and fraught with danger.

Chart 2 (Investing $100,00 on ASX 200 for 10 years vs missed the best 30 days) above demonstrates the value of this investment philosophy of 'staying in your seat'.

The Chart above, is based on investment of $100,000 over ten years to 31 May, 2008. It is designed to demonstrate the cost in dollar terms, of attempting to time the market, versus staying with a strategy over this period. If, therefore, as a result of exiting and re-entering the market at various times, you missed the 30 best days on the market in 10 years, this action could have cost almost $180,000!

This chart demonstrates very clearly the benefits of 'Keeping your head when everyone else is losing theirs'. "Time in the Market" NOT "Timing the Market" is the best strategy for investors.

"As always, I would advise you to seek the advice of a qualified financial planner before making any serious decisions about your personal situation."

The Book Is Here! Sexy Super? Share it with your friends!

By now you should have received your household copy of my new book Sexy Super?

I wrote the book as a way to fill the gap between newspaper articles, which can be very lightweight and financial planning textbooks which are very dull and heavy!

I want everyone who takes the time to read Sexy Super? to be equipped to have a rational and sensible discussion about financial planning with a qualified professional. I don't want people to be dazzled by jargon but rather to have a full and developed understanding of what the professional is telling them.

In particular, if you know people in their 40's it would be very valuable for them to read the book and start thinking about how they are going to provide for themselves in the future.

Sexy Super? is available as an "e-book" – which means it will live on the marinisgroup.com.au website and on the dedicated sexysuper.com.au website, so I can update it every time there is a legislative change and people can download it.

Sexy Super? has a cover price of $19.95 – but I am providing it free to all our clients in recognition of their support of the business. Limited additional hard copies are available and the recommended retail price is simply there to cover our postage and handling costs.

All of the proceeds of any e-books sold will be donated to one of the charities or foundations we support, as nominated by the purchaser.

They are:
- Make a Wish Foundation.
- Childhood Cancer.
- Neo-Natal Intensive Care Unit (NICU) at the Adelaide Womens & Childrens Hospital.

Please encourage people to not only read Sexy Super? but to buy their own copy and in doing so, support a great cause.

Retirement planning is too important just to leave in the hands of planners. I want individuals to really understand the advice they are being given, how the industry works and how to access what are the sensible strategies.

As a result, I hope you will share your edition of Sexy Super? with your friends and family. It doesn't matter to me if they use another financial planner, it just matters that they have the right basis on which to have a discussion.

Sexy Super? was officially launched on 15th July 2008 at the National Wine Centre, Adelaide by the Honourable Michael Atkinson MP.

If you have not received your copy please call us to have one sent out to you.









Sexy Super? Book Launch

Who needs life insurance?

Anyone who has a financial obligation should seriously consider getting life insurance, says Theo Marinis. Conversely, he says, if you have no obligations you don't need the product at all.

"I tend to think of Life insurance as a critical part of the years of raising a family. Typically, a mum and dad will be heavily mortgaged to pay off their home, will be struggling to put away a few dollars into superannuation for their future and may be dealing with hefty school fees and other related costs of having children," Theo said.

"Of course, it is during this period of life that their finances are 'maxed out' to use the vernacular, but the challenge for them is to ask the simple question 'How will we afford to maintain this lifestyle if one or both of us either dies or becomes unable to work through illness?'

"The harsh reality is if the unthinkable happens and either mum or dad is no longer around to keep contributing to the family finances, the usual situation is a massive reversal for the family".

"A big mistake people also make is thinking that if this situation occurs, it will only matter if it happens to Dad – but how is he going to be able to hold down a day job and look after the family as well? The answer is he can't. He will have to either change his employment or employ someone who can do this important domestic work".

"The good news is that just as you can insure your home or boat, life insurance will help fill the financial gap if a loss occurs. It won't bring that person back or make them well again if they are suffering a debilitating illness, however it will remove one very significant stress at a difficult time".

"Contrary to popular belief, life insurance is not overly expensive. For around $450* per year, a 40 year-old male, non-smoker can get $500,000 of life insurance on it's own; more than enough to pay off the average Adelaide home loan.

"Now, there also comes a time when you no longer need life insurance. Once all your debts are paid and you have sufficient funds to give the family a comfortable retirement, you should consider dropping the product and diverting the money you are currently paying in premiums into your superannuation".

"As we get older, our life insurance becomes increasingly expensive based on the fact the longer we live the closer to death we are – therefore our risk increases. Therefore it is quite rational in our mid to late 50's, when our children are no longer financially dependent on us, to consider dropping a policy".

"Of course, every individual is different and you should seek advice from a qualified person before making this choice".

"At the other end of the scale life insurance for young singles has less appeal as they generally have no dependents. However, should a young couple set up home together, as is the fashion these days, it is wise to rethink life insurance as it would be a great tragedy for a young man to be killed or become terminally ill just as his partner discovers she is pregnant".

"Young people can very easily increase their life insurance protection via their superannuation if they don't have a relationship with a financial adviser. As they grow older, probably around their 30th birthday, they should make the time to discuss their personal situation with an experienced financial adviser who can help them understand the various exposures we all have during our lives and how to protect our assets while saving for a happy retirement".

* Source AVIVA (Autumn 2008)

Our People: Introducing Dino D'Aloia

Dino D'Aloia is a passionate man: passionate about his family, his footy teams and his work. What stands out about Dino is that he not only cares but also follows through with the delivery!

At 33 Dino, whose surname is pronounced D'Lawyer, has already gained a wealth of experience, having started in financial services in 1993. He has gained a swag of qualifications along the way – including the Advanced Diploma in Financial services and an Associate Diploma in Accounting. Dino was also selected in the first intake of advisers in the MLC Scholarship Program, which was held in Melbourne over two years.

"I met Theo about five years ago and was struck by how similar our values were. At the time I was working for Australian Executor Trustees (AET) and Theo was one of our clients. I got to know him better as time went on and I joined Marinis Financial Group a little over a year ago," Dino said.

"My time at AET was really important. I started off in the mail room and worked my way through to being a senior administrator, learning the whole way. This experience gave me a great insight in to how the financial services companies which administer our client's products work, how to get problems resolved and how to make sure the lines of communication between Marinis Financial Group and our service providers are always open.

"I also learnt at AET just how important it is to listen intently to people so I could find out what was important to them," he said.

Dino and his wife Michele have a new baby son named Luca. They are on the sleepless round-about so many new parents face but Dino doesn't seem phased by it at all.

"If losing a little bit of sleep is all that's happening, that's OK with me," he said. "We are not the first parents to go through this and we won't be the last!"

Looking forward 20 years, Dino says he would love to have equity in a financial planning firm and jokes that he will be at the right age to set up a transition to retirement (T2R) strategy for Theo.

"I have really similar family oriented values to Theo and feel very comfortable with the firm's client base. Who knows what will happen over the next decade or two. I'd like to think that I will be a significant part of Marinis Financial Group when the calendar rolls over to 2028," Dino said.

"By then I also hope to have experienced five more premierships from Port Power – and perhaps the same from my beloved Port Adelaide Magpies!"

Dino would love to see the Federal Government make some significant changes to superannuation between now and then, particularly on the tax side. "Super was set up to provide savings in retirement," he said. "I'd like to see Government stop taxing it all together."

"You see people who are desperately trying to grow their super by getting involved in risky strategies such as gearing at the moment – and when a market downturn comes along they get burnt. It would be far better if the super rules simply said "no tax" is payable on super. It would take away some of the temptation to get rich quick.

"I'd also like the Rudd Government, in particular Minister Sherry who is responsible for Super, to review the Statement of Advice (SoA) requirements which we currently operate under. The present rules mean we lose understanding for clients by drowning them in detail. We should be able to have a very clear, short form SoA which allows clients to judge the value of the advice we are giving in a very easy-to-read and clear manner."

If you would like to discuss any of these issues, or offer advice on settling babies or winning grand finals, please call Dino D'Aloia on 8130 5130.

Client/Staff Profile: Carla Bischoff

Mother, student, wife, office administrator, friend, daughter ... the list of roles filled by Carla Bischoff is amazing. She is someone who has learned how to juggle – while at the same time planning for the future.

In her mid 30's, Carla is well known to many Marinis Financial Group clients as one of the friendly team who greets them on arrival at the office. What readers probably don't know is the diversity of her outside life.

The mother of Emma (13) and Helena (7) is also studying speech pathology. Carla has a long term ambition of setting up her own practice and being able to work whilst her two children are at school and then to be around for them out of hours.

Carla has studied full time over the years while originally working for Mike and Lori Sherriff, who merged their firm into Marinis about two years ago.

"Mike was terrific. He was the first person to really talk to me about my life insurance and superannuation. Working with our clients it quickly dawned on me just how important these issues are," she said.

"Since we joined Marinis as clients I have also recommended to a few of my friends that they meet with Theo and discuss their financial arrangements. Most of them want to get a sense of what they should be doing while they are under 40, how they can protect themselves financially and to make sure they are getting all of their entitlements.

"Theo's advice has generally been based around the need to pay off the home mortgage first, but to make sure you are contributing to super along the way – and to pick up any special benefits such as the super co-contribution."

"Once the mortgage has been dealt with it seems it is then a matter of how much you can spare to put into your super to build up your nest egg in the tax advantageous environment," she said.

Of course Carla also recognises you need to balance your planning for the future with the need to enjoy your life today.

"We took Emma to Europe as a five-year-old and had a wonderful time staying with my husband's family, so we are planning another big trip in about 10 years time."

"I hope my super will be enough to allow us to travel quite a bit in our old age, as we both really enjoy it."

"I don't really expect to retire as such, I like the idea of working on a part time basis – I want to put all this study to good use!" Carla said.

Subscribe to Electronic Grow

We have been hard at work developing a newsletter that reflects the values of the company and our clients, imparting financial wisdom through clear, concise communication. The result is a newsletter designed to educate and stimulate. It is filled with relevant articles, information and news affecting both you and your financial future.

The purpose of Grow is to keep you in touch with the important things we know about superannuation. As superannuation developments are continuous, Grow is fundamental in updating your knowledge and maintaining your edge in achieving the future you plan for.

Your education through Grow is free.

To receive Grow as an electronic newsletter and help us be environmentally friendly simply subscribe on our website at:

www.marinisgroup.com.au


MARINIS
FINANCIAL GROUP