

# grow

WITH  
MARINIS  
Spring 2010



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Special thanks to Marco & Daniela Piteo  
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Editorial by Theo Marinis

# Superannuation is Actually Getting Better

The great news is that superannuation is actually getting better and that it is now officially too important for governments to mess with - except around the edges.

Well, that's my helicopter view after the Federal Government has spent millions of our dollars on the Henry, Cooper and Rippol reviews.

But what do they all mean for Australian citizens such as the clients of Marinis Financial Group (MFG)?

The big news is that mandatory superannuation contribution will increase from nine per cent to 12 per cent. In real terms, that is about half the increase our children need.

I have long argued that 15 per cent contribution over a lifetime is the "safe" level of funding for retirement.

For those of us already established and contributing to our personal accumulation fund – essentially Baby Boomers, Gen X and those working members of Gen Y, this increase will help, but of course we all need to take personal responsibility and contribute as much as we can up to the statutory limits – \$25,000pa for under 50's and \$50,000 pa for those over 50.

Once it becomes legislation, this change in rate will become a huge benefit for Gen Y and the millennium babies – making them much more financially sustainable in their retirement (which removes the need to leave a significant inheritance – but that discussion is for another day!)

Going forward, now that we have the election out of the way, I expect we will see a period of sustained economic growth in Australia. This will largely be driven as always by the reduction of fear in the US and the continued growth of China and in the medium to long term, India.

I expect real estate values to increase due to the low unemployment rate which has been steady around five per cent and the continued intake of 120,000 migrants every year. I predict investment balances will increase over the next 12 months but not in line with the pre 2008 decade. We will, however, see more caution rather than irrational optimism and that a new conservative frame of mind will dominate domestic thinking about investment.

Regulators have done their bit to take out some of the "sting" in the economic system however, if we effectively outlaw risk we are making returns impossible. In an ideal world everybody would behave ethically and treat each other in the way they wanted to be treated themselves, but the reality is that greed dominates the money markets and the only thing we can really do as investors is make sure we spread our risk and take a long term view.



I also always advise retirees to ensure they have what has become known as "A Marinis Buffer." Basically, I advise people in the draw-down phase to have sufficient cash on hand to fund themselves for at least two years. This way, if markets do collapse, clients' lifestyles will not be immediately affected and it provides a buffer to allow the markets to return.

One of the great benefits for clients of financial advisers which has emerged from the various Government sponsored enquiries, is the push for greater transparency in fees and charges in particular, the end of commissions. I have been working with my clients to migrate them to a new-world position of fee-for-service, rather than relying on having the business funded through payments by product providers.

The MFG position is that we want everyone to know exactly what we charge, why we do it and most importantly what our clients get for their money.

The past three years have been very trying for all investors as many have seen their financial expectations dampened. What this has reinforced to me as a financial strategist is the need to have a plan which anticipates changing circumstances (including appropriate insurance) which is prepared to give up some of the heady gains to limit the pain of losses and the need to buffer.

Going forward, I have set some challenges in place for my key members of staff, qualified financial planners Dino D'Aloia and Michael Callisto. These fine young men will take on more responsibility within the business as we broaden our skills base. I have been delighted with the way they have both subscribed to my philosophy of treating everyone, staff members and clients alike, as part of the one family.

In conclusion, I would just like to take a moment to thank you, our loyal clients, for your continued belief in us. It is our privilege to be your financial adviser, and I hope we always live up to the faith you have invested in us.

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

## Our People

# Mark Laing

### Business Coach



One of the many secrets to Marinis Financial Group's ongoing commitment to its clients is the use of Mark Laing as our Business Coach. Put simply, Mark keeps our business on track and kicking goals!

Originally from Adelaide (having grown up in various family owned pubs around the city) and being a graduate of Port Adelaide Primary and Royal Park High School, Mark now bases himself in Melbourne but gets back to the city of his birth at least monthly.

According to Mark, the holder of an MBA and a Bachelor of Business, a well run 'back-office' means a business is much more likely to provide outstanding client focus. He sees it as his job, therefore, to challenge the management and staff of MFG to ensure it has its goals, targets and process in alignment with its philosophy.

"I have a raft of clients based in Adelaide, Melbourne, Brisbane and Canberra, but what makes MFG different is that it is probably one of my smaller challenges as it is my most compliant. In other words, what they agree to do, they deliver on.

"Some would call me a corporate doctor but I'd prefer to describe myself as a corporate personal trainer or coach, helping businesses like MFG get the very best out of themselves.

"What I bring to the table is based on both my academic study and 30 years professional experience as a senior manager in the insurance industry, having left Royal Sun Alliance nine years ago to establish this business. I also have a habit of keeping people to their word! (My secret is that I take very good minutes of my meetings and produce them at the crucial time so my clients know that their promises are being recorded.)

"I've been working closely with Theo for four years now. One of our major successes has been in realigning the business away from the commission model. It greatly amuses me when I read articles quoting financial planners saying the new government imposed regimes, will send them broke or ruin the business. They clearly didn't see that these changes were inevitable as they are best for our end-clients. Businesses that don't proactively adapt to change will go under.

"With Theo we have built a new model of remuneration which is based on fee-for-service. Every part of the transaction is transparent – and client feedback tells us 98 per cent prefer it this way – with just a few saying they would rather not know how much the MFG service costs.

"One of my great joys is working with Theo because his view of the world and mine are closely aligned. We are both family people, my wife Linda and I have three young adults living with us and Theo and I both believe in working smarter, not harder, being better informed than our competition and being honest and transparent in everything we do.

"Our business philosophies are aligned.

"I've suffered with a degenerative eye condition and would have been almost blind today except for the incredible generosity of two people who donated their corneas to me, therefore I feel I am living my life for the three of us, myself and the donors, not just myself alone and I love the purpose and drive this thought gives to me.

"Going forward, I hope to continue to work with MFG on keeping the business heading in the right direction. I anticipate I will continue to be involved in the recruitment of the staff and in developing a fair reward and recognition program for them which closely aligns their interests with those of the clients.

"I wish all my clients were like Theo who anticipates the needs of the market and places himself ahead of the curve as MFG does."

#### Note from Theo Marinis:

My approach is to identify and recruit a range of external suppliers who are considered amongst the best in their area of specialty and who have similar values to my own. That way, I get the expert professional services provided to me and my clients without the cost of a large team. I consider all our external consultants part of the Marinis Financial Group family.

## Client Profile

# Marco & Daniela Piteo



Accountant Marco Piteo doesn't just refer his clients to Marinis Financial Group (MFG); when he set up his new firm he sought advice from them for himself.

"I've been offered financial incentives to recommend clients see other financial advisers but I've never taken up these approaches," Marco said.

"I look for people I can trust, how welcoming they are and how highly qualified their business is. If any of those elements are not in place I would not do business with them. I would not recommend my clients to do anything I wouldn't do personally."

Marco (30) and his wife Daniela (29), a teacher, have recently become Wealth Protection or insurance clients of Marinis Financial Group as a result of Marco's new role.

"It dawned on me that I needed to consider the entire risk equation. I understood the business and partnership dynamics I had signed up for, and the targets we needed to achieve to reach our goals, but the gaping hole was: 'What if something goes wrong and I become sick, or worse!?'"

"I did not want to leave Daniela with an enormous financial liability, and because of discussions over the last decade or so with Michael Callisto, one of MFG's advisers, I realised that there is a cost effective and intelligent answer.

"Nobody buys life insurance hoping to use it. What I have bought on advice from MFG, is peace of mind. What I got with MFG was advice on what my financial exposure was over the years and what is the most tax effective way for Daniela to receive such payments in the unlikely event they are required.

"Daniela and I are young and hope to do a bit more travelling, finish building our home and perhaps start a family. We are both well qualified and thanks to the work ethic our parents instilled in us, we feel as if the next 60 years are going to be great – but we also recognise that we need financial advice to achieve our end goals.

"As an accountant, some people may think I know all the answers but financial planning is a different skill set. It is a bit like a heart surgeon going to see an orthopaedic surgeon about their hip replacement – similar field but very different expertise.

"The best thing about MFG is their honesty. My dad is a retired panel beater who migrated to Australia from Southern Italy and did it tough. His advice has always been 'Keep your face and your word' and that is exactly what I find with Theo, Dino and my old mate and some-time soccer rival, Michael.

"Like everyone, my hope is that my wife and I will be able to have a financially comfortable, happy and fulfilled retirement and I recognise that this is a long term plan. By getting together with financial advisers who are similar ages to myself, I expect Dino, Michael and I will be partners on a journey, and I believe that when everybody works together, everybody grows together.

"Given my own professional background, I anticipate that over time Daniela and I will establish a self managed superannuation fund and Michael has already given me some good tips about this. I like the idea of having more direct control over my super assets but I realise that with this comes a raft of administration and compliance which I will need to do myself – but I have never minded rolling up my sleeves.

"Our big picture dreams involve growing the accounting business, helping our clients to succeed and benefiting as a result of this. Daniela and I would love to have a little place by the beach where we could get away with our friends (and in time, hopefully, with our kids) but we recognise this will all take planning, discipline and commitment.

"The advantage of developing a financial plan, as I see it, is that it will give us a road map.

"In many ways, we are still in the accumulation phase and at present we seem to be pretty good at accumulating debt – but it is positive debt in that it relates to debt for our home, and debt for our business.

"We are protected by insurance against untoward health or accident challenges which would stop us achieving what we want - it is really now simply up to us and our ability to work hard.

"In fact, I've known Theo since I started my professional career over 10 years ago when he worked in the same complex at Prospect. I have always seen him as a man who can provide sound advice, and his conservative wealth creation approach has been proved correct time and time again. I am very happy to put my own family's 'lot' in with MFG and to recommend the firm to my accounting clients."

*Marco Piteo is a Certified Practising Accountant with Adelaide Accounting firm Cutone Gaskin Piteo Pty Ltd.*

# Hosting Interstate Speakers

+ COI Function with Dr Chris Caton

Marinis Financial Group (MFG) has decided to take the lead in bringing together financial advisers, lawyers and accountants in Adelaide, and has been hosting a series of events for members of these professions to hear directly from interstate speakers.

"Our guests often ask me why we are doing this," Theo Marinis said. "It's simply because it is in our clients' best interests that all their advisers know each other and share a level of education and understanding."

Over the past six months MFG has hosted a range of interstate visitors including Chris Caton of BT, Robin Bowerman of Vanguard Asset Management and Andrew Pease of Russell Investments at the National Wine Centre.

"The most important part of these events is the informal bit. It is when our guests get to mingle and exchange ideas. I see that as the organic aspect and out of this experience relationships grow and flourish," Theo said.

"The laws relating to retirement savings can affect all three disciplines, so it is useful for us all to have exposure to national identities whose views are listened to both in the media and in Canberra.

"We structure these events as an intimate get together rather than a professional development event and the great thing is the feedback from our speakers, as they often don't get many chances to deal with coal-face advisers like the groups we invite. It is sometimes hard for such guests to get away from the 'Ivory Tower' and talk with real people.

"Where timetables have allowed, and where we believed some clients may have specific interests in topics, we have also invited a few clients along to hear the same speakers.

"Of course I chose the National Wine Centre because it so beautifully showcases South Australia to our guests.

"I have made sure I have included presentations from both our invited guests and myself on the website at [www.marinisgroup.com.au](http://www.marinisgroup.com.au) so anyone who is interested can have a look and see what has been discussed."







# It Pays to have your Planner, Lawyer and Accountant as your Professional Friends

Clients of financial planners owe it to themselves to make their planner, lawyer and accountant a close professional friend or they risk parts of their financial “whole” slipping through the gaps.

Australia has invented a convoluted legislative system for managing our citizens’ wealth growing and tax paying obligations, let alone how we transfer anything that is left to our loved ones or favourite charity.

Traditionally these streams are managed in silos and the law sometimes mandates this. For example, accountants are barred from giving financial advice, despite the fact they are usually responsible for advising a client to establish a self managed super fund (SMSF), structures which are regulated by the Australian Tax Office.

Similarly, an accountant may recommend a tax structure (a trust, for example) which may provide a personal solution at the present time. By effectively locking up funds via the trust, however, your personal estate may be rendered negligible, leaving your family in a situation that your estate lawyer would be unable to remedy.

A financial planner may recommend a dividend re-contribution strategy to grow your retirement wealth based on the income figures you have provided, not being aware that your life partner owns the property your business operates from because it has slipped your mind. Your accountant, however, is well aware of the structure he has established for her as an SMSF.

These are just a few of the situations which can easily occur through a silo approach.

My advice is simple. Start with your financial planner and tell them everything. Provide them with your tax returns and acknowledge anything that you may have done in the past or tucked away. This way they can work to resolve any issues before they become problems.

Once you have seen and understood your Statement of Advice (SoA), go and see your accountant and pay them for an hour or two of their time to read the document and provide you with a written opinion, including any oversights or points for consideration, bearing in mind that they are currently barred from giving advice.

Then do the same with both the planner’s SoA and the accountant’s comments – take them to your lawyer and ask them to review the plan from an estate planning point of view and give you their thoughts in bullet points (beware the long winded lawyer who will charge you for writing what you already know!)

The final “expert” to be consulted is yourself.

Take an afternoon out of the office. Switch off the phones and sit somewhere, like in a public library where people can’t find you and read all of the documents, making notes along the way. Once you personally understand the situation, it is time to go back to the planner.

In an ideal world both the accountant and lawyer will have given the SoA a tick and you can sign the authority to proceed. If not, now is the time to get the planner to incorporate the advice from the other professionals – and it may be necessary for you to arrange telephone meetings with you present to enable the best outcome to be achieved.

If the planner is not prepared to listen to the other professionals – or vice versa – it is time to seek new counsel. These people are all being paid by you to get the best possible outcome with the least amount of stress.

If it comes down to push and pull when deciding your financial planning issues, I’d always recommend that you defer to your planner’s advice.

By Simon Morgan BA (Comm.) Dip Fin Services (FP)

Simon Morgan was previously Group General Manager, Corporate Affairs at Aviva Australia and has more than 15 years experience as a financial services executive.



# Trauma / Critical Illness Insurance A Hidden Need

by Dino D'Aloia, Financial Adviser, Authorised Representative.

I've got a confession to make - until earlier this year I did not really think that Trauma, or CI (Critical Illness) insurance as it is called, was an important part of an individual's overall insurance needs.

However, that all changed when Marinis Financial Group (MFG) presented a session on 'Risk 101' to a group of young Doctors.

Whilst researching for this presentation I was shocked to learn that Trauma/CI insurance is the most claimed upon when comparing this to Life, Total and Permanent Disablement (TPD) and Income Protection insurances and yet only three per cent of Australians hold this type of policy.

I then put myself into the frame, when I considered what was at stake for my family, given we had just moved into our new home with our toddler Luca, I realised we could not afford to be without it.

## So what exactly is Trauma/CI insurance?

It is a payment that provides you with a lump sum of money if you are diagnosed with one of a number of Trauma/CI conditions such as cancer, heart attack or stroke.

These funds can then be used to pay for medical treatment, clear any debts or help you make the lifestyle changes you need to get back on your feet. Sometimes it is called Life Insurance for the Living.

## So, do we really need this insurance?

Most of us are aware that, broadly speaking, the average life expectancy for an Australian man is 80 and 85 for a woman<sup>1</sup>. So a 30-year-old woman would be hoping that over the next 55 years she won't become seriously ill... but I was shocked to discover that is actually a big gamble because:

- One third of women and a quarter of men will suffer cancer<sup>2</sup>.
- Half of all Australians over age 30 will suffer from one of seven serious illness conditions<sup>3</sup>.
- Cardiovascular disease affects two out of three Australian families<sup>4</sup>.

A male aged 25-45 is around 2.5 times more likely to claim on his Trauma/CI cover, than to claim on his Life insurance, and three times more likely to claim on Trauma/CI than TPD.

Statistics show that a female aged 25-40 is around five times more likely to claim on her Trauma/CI, than to claim on her Life insurance, and six times more likely to claim on a Trauma/CI policy than Total and Permanent Disability insurance<sup>5</sup>.

## So, how much would an illness really cost me?

Here are three examples of costs that were sourced from Dial-an-Angel. As you can see, the cost of illness can vary. However, no one can be sure which one they may suffer.

### Heart triple by-pass:

Costs include transportation and assistance with daily activities. Total cost of care is \$5,062 over an eight-week period.

### Multiple Sclerosis:

Costs include assistance with daily activities five times a week, transport to physiotherapy, occupational therapy, transport for children and assistance with shopping. Total cost of care is \$186,087.

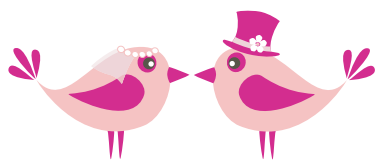
### Bowel Cancer:

Costs include nursing care, housekeeping assistance, handyman assistance, visiting attendant care and palliative nursing care. Total cost of care is \$326,750 over 15 months.

Please note: In addition to these costs you may have to cope with loss of income as you will more than likely not be working while you recover, depending on the severity of the condition you have suffered

Needless to say, I have now become the proud owner of my first Trauma/CI policy – and I recommend it to everyone I discuss the topic with!

- 1 ABS statistics
- 2 Cancer Council: Cancer in Australia an overview 2008
- 3 NATSEM Health & Income in Australia 2003
- 4 National Heart Foundation stats 2009
- 5 MLC actuarial



Our Staff

## Congratulations Michael & Aspa!

Marinis Financial Group financial adviser, Michael Callisto married his fiancée Aspa on 1 May 2010 in a whirlwind of ceremony and celebration and then the lucky two headed to Europe for a dream honeymoon.

"One of the fantastic experiences for Aspa and I was catching up with friends and family overseas," Michael said. "It really makes travelling so much more fun when you get in touch with the locals.

"With Aspa coming from a Greek family background and mine being Italian, we had those two countries covered. Surprisingly, our language skills as first generation Aussies were fairly good and it was fantastic experiencing the culture of two amazing nations.

"Coming back to the reality of our lives together in Adelaide has been terrific as well, although the mind occasionally wanders back to the sights and sounds of Italy and Greece!

"Inevitably, as a financial planner, my mind has turned to how we should best be organised.

"I have begun reviewing our superannuation funds to ensure they are all in the one place to reduce the costs and to make it easier to keep track of.

"Also, I have looked at the level of wealth protection we both have in place. God forbid if one of us should either become seriously ill or pass away, but if this unlikely scenario did occur now that we are a 'family', we need to make sure we have sensible levels of protection in place.



"Fortunately, Aspa is a finance officer at Optus therefore she understands these issues and supports my attitude to being organised financially.

"I guess getting married is a major trigger point for a lot of people to sit back and think about these issues. I just want to be able to sleep at night knowing that I have done the right thing by my wife and that she will always be able to live the life we had both planned if the worst were to happen.

"I think it's an age thing – I am starting to find myself in a lot of discussions with my friends about these issues and also at work I am starting to see a lot more younger clients who just want some tips on how to get organised so they can start their lives off in the right direction."

Note: Michael Callisto and Dino D'Aloia are both Authorised Representatives of Marinis Financial Group and are fully qualified financial planners.

# NICU - Simply Amazing!

Why we support the Neonatal Intensive Care Unit  
at the Adelaide Women's & Children's Hospital

Every day of the year the Neonatal Intensive Care Unit (NICU) at the Adelaide Women's & Children's Hospital performs miracles – literally cradling the tiniest people at their most vulnerable stage of life following their premature birth, and nurturing them to a point of independent viability.

On behalf of our clients, Marinis Financial Group is delighted to be playing a small, but important, role to support such miracles.

NICU is a tiny part of the hospital, holding only 14 beds in which babies delivered as early as 20 weeks start their battle to survive. Incredibly most of these wonderful little, and often seriously ill children manage to go home and thrive, while just 20 years ago it is highly likely they would not have survived.

MFG team member Ivana Samra said that when Theo asked for recommendations on which worthy organisations the firm should contribute to financially as part of its “family” approach, she was quick to nominate NICU.

“I find the work NICU does is extraordinary. The level of care and support the team working there put into their patients and families is beyond description.

“It makes me feel great that over the years MFG has been able to make a distinct difference when it comes to putting some of its resources into such a worthwhile organisation.

“My family think the world of NICU and we are thrilled that the Marinis Family, which Theo describes as not just he, Julie and their daughters, but the staff, the clients and all our suppliers, are able to help out a little,” Ivana said.

“My family think the world of NICU and we are thrilled that the Marinis Family, which Theo describes as not just he, Julie and their daughters, but the staff, the clients and all our suppliers, are able to help out a little,” Ivana said.

If anyone would like to find out more about NICU, please see the website:

[www.wch.sa.gov.au/services/az/divisions/wab/nicu](http://www.wch.sa.gov.au/services/az/divisions/wab/nicu)





