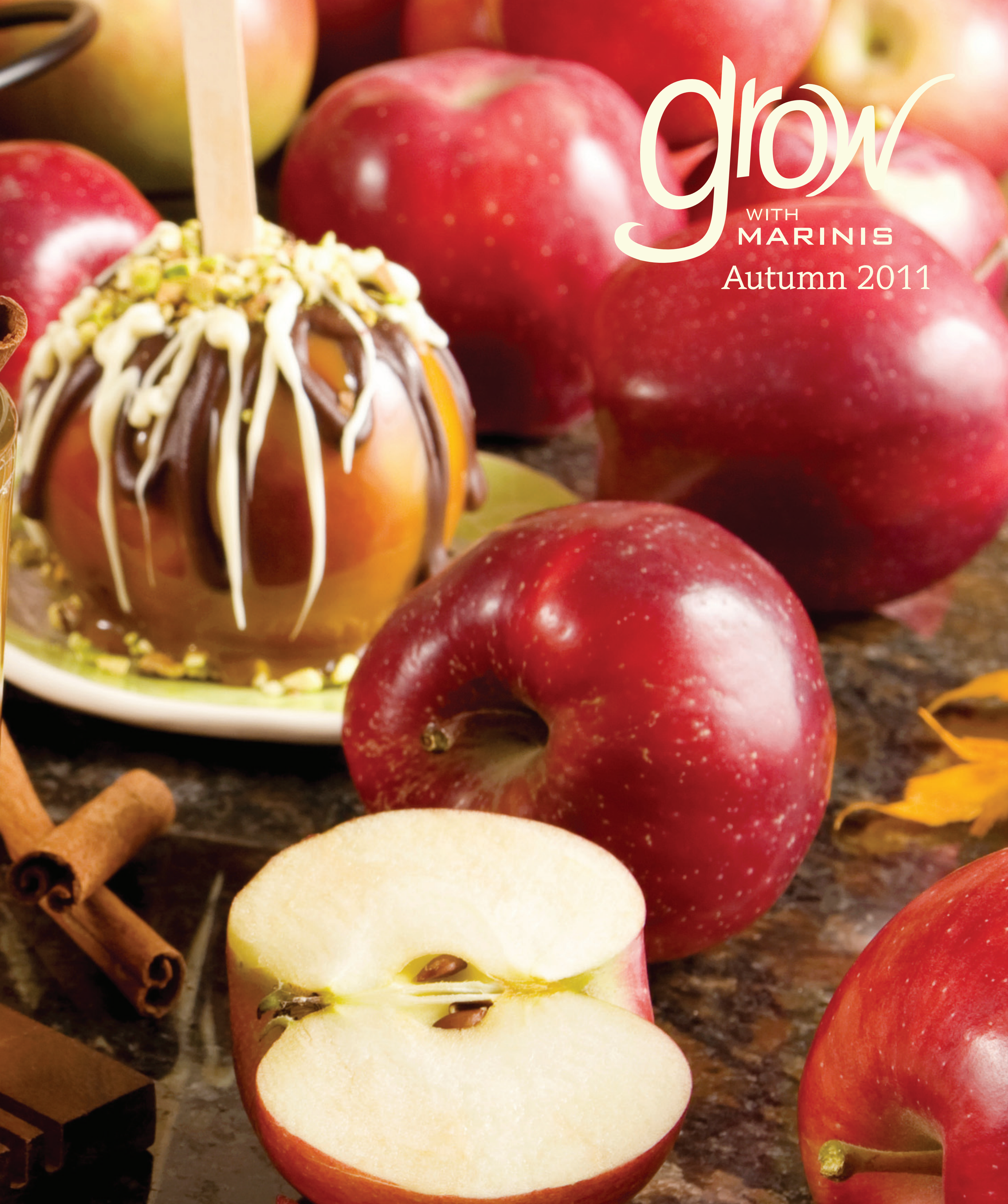
grow WITH MARINIS

Autumn 2011



MARINIS FINANCIAL GROUP

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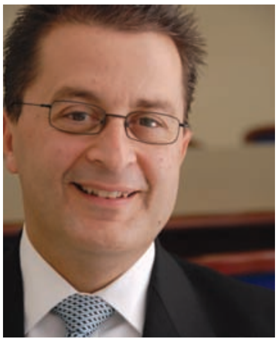
Editorial by Theo Marinis

So What Happens Next (Financially)?

Dear Friends,

Welcome to the Autumn 2011 edition of our Grow Magazine – it is one I hope you will keep, share with friends, family and find really useful.

You see, this edition is a little different.



This edition aims to help all its readers understand what happens to a person's money when they eventually pass on and it gives some good (general) advice on how you can save literally thousands of dollars in what are essentially "death duties" with a little financial planning. It is designed to help the reader to understand the value of life insurance and when to stop paying for it, and it offers some advice about wills and the benefit of having all your financial affairs "sorted" ahead of time.

It is not meant to be morbid, rather a practical guide to a reality that for our own personal reasons, we sometimes do not talk about.

However, I believe it is really important for everyone left behind that we plan, discuss and organise for the inevitable.

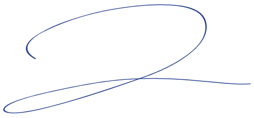
At this point, I should explain that I have undertaken (no pun intended) all the processes outlined in the articles myself. In fact, Marinis Financial Group recently finalised a plan that would ensure the continuity of our service to clients, the financial security of my family and the staff of Marinis Financial Group in the unlikely event of my premature departure. Therefore I am writing this from my experience!

Looking to the immediate economic future for Australia, I remain quietly excited about our prospects in both the medium to long term and we have governments of both persuasions to thank for the ongoing economic reforms which have opened our markets and made us so competitive.

In my view, we and our children are also entering into the second phase of what the now-departed academic Donald Horne described as "the lucky country." Australia's hard working population, natural resources, geography, language and legal system, combined with the emerging markets of China and India, make us uniquely placed for a booming rest of the century.

With the continuing economic malaise in the old world, I expect we will see a new wave of migration from the UK, Ireland and Greece – bringing some of the best and brightest from these countries to Australia – once again.

Our biggest risk is inflation or "theft of wealth" as I like to think of it, driven by pay demands from highly skilled workers. Provided that we can keep a lid on this risk and encourage the savings culture (which the GFC has actually helped), then it is my belief that this country is in for a great time.



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

Our People

Theo Marinis CEO

Theo Marinis, 48, was born in Adelaide in the early 1960's to hard working migrant parents and his childhood was marked by the peace and joy of this time of prosperity for the country. He went to Blair Athol Primary School and then on to Adelaide Boys High School (which became Adelaide High School during Theo's time there in the mid 70's).

Tragically at the very young age of 11, Theo and his family were involved in a fatal motor vehicle accident which claimed the lives of both his Mother and Aunt. Theo, his father, uncle and younger sister were fortunate to survive.

This most awful event fundamentally shaped the youthful Theo. He had to draw strength from his Christian faith and as he grew from being a boy to a man very quickly as his widowed father struggled with grief and loss.

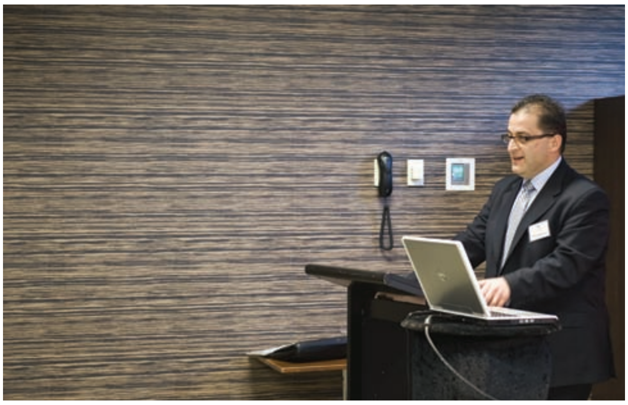
Theo went on to gain degrees at Adelaide University in Economics and Accounting and during his student days met and proposed to Julie, now also a shareholder of Marinis Financial Group (MFG) and the mother of their daughters Sofia and Zoe.

In preparation for his future life as a financial strategist, Theo worked in the superannuation area of the Australian Taxation Office, moved to the Insurance and Superannuation Commission and then on to Centrelink, before leaving the public service to establish MFG almost a decade and a half ago.

> "In many ways, it feels like my whole life was geared around preparing myself for the role I am currently in."

"Losing my mother so young made me focus on what is really important in life, which I believe are the people we love and are around right now. I also found a lot of motivation in achieving my best in whatever I was doing to thank my mum for her gifts and to live up to the challenges of the faith my parents passed on to me," Theo said.

"I used to think my life was different to most people's, but it is amazing when you open up about what you consider is a unique situation, you find so many others have had similar challenges, either through losing someone to whom they are close, or through personal health issues.



"I have formed what I like to describe as a 'Distinctly Different' point of view about life which I try to incorporate in my business life. I like to think of our clients and staff as part of the Marinis Family and I want us all to work together to support each other in the best possible way we can.

"My strategies are always conservative, about debt reduction and about maximising the opportunities legally allowable under the current legislation. I do not believe in 'get rich quick' schemes or bending the spirit of the law. I like to work collaboratively with a client's accountant and lawyers so we get the best outcome for our client. I also believe in protecting a client through appropriate insurances – as well as advising them when they no longer need such products.

"I changed our fee structures some time ago to reflect my views as I wanted to offer clients a fully transparent service – no hidden commissions etc. I want everyone to see how I get paid and also what they get for the work we do.

"My goal for the next decade is to grow the MFG business by passing on my experiences and beliefs to the staff and ensuring everything we do is about our clients. I do not plan to get rich financially, just personally, from the knowledge that I have helped so many clients and staff to reach the secure and comfortable retirement they deserve."

Client Profile

Mary Varsamidis

Mary Varsamidis is not the sort of person to leave her future to chance. Subsequently, when she decided to develop her financial goals, she took her dad's advice and enlisted the help of a trusted and respected professional.

"I originally went in to see Theo Marinis with consolidating my superannuation in mind as I had worked at a number of places in the past," she said.

"Theo is a great strategic thinker and together we worked through my financial priorities. Theo explained everything thoroughly and meticulously, without the financial jargon that can often be confusing. I was really impressed with him and with the other professionals in his team. Theo has clearly gathered together a very like-minded group of people who share his values."

Mary has just launched her business 'Sponsorship Studio' (www.sponsorshipstudio.com.au) which is aimed at bringing together potential sponsors with rights holders such as sporting clubs, events and not-for-profit organisations through a fully interactive website.

"It is really exciting at the moment as I launch my new business, but I also have a sense of security because with Theo's help I have put in place a range of appropriate insurance covers which will protect me financially if I get sick or am injured. My superannuation is now in one place which saves me a considerable amount in fees and charges," Mary said.

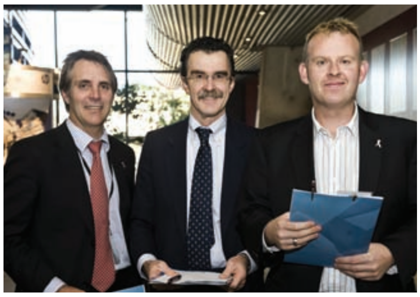
"My only regret about financial planning is that I didn't see Theo sooner. With Theo's holistic approach I feel very comfortable. I now have short, medium and long term financial goals and know where I am going and how I am going to get there.

"I am an independent type of person and wanted to make sure I had all my financial affairs in place before I got married in 2010. I have since referred my husband Peter to Theo so he can acquire the same sense of wellbeing.

"My Dad was one of Theo's early clients – even before Marinis Financial Group was formed and Dad believed passionately in the benefits of financial planning. Dad was delighted when I told him I was going to see Theo.

Adelaide Wine Centre

Robin Bowerman Function



If you are interested in seeing the slides Robin used
for his presentation, go to www.marinisgroup.com.au

Article by Michael Callisto

Self-managed Super Funds Australia's Wealth Transfer Vehicle

One of the many exciting benefits of running a Self Managed Superannuation Fund (SMSF) is the opportunity it provides a family to transfer wealth inter-generationally in a tax effective manner. It can mean trustees are left with much better options when a member passes away.

Many people do not realise that there is an effective "Death Duty" of 16.5 per cent on certain superannuation money which passes to non-dependents, but with careful planning this can, in many cases, be mitigated.

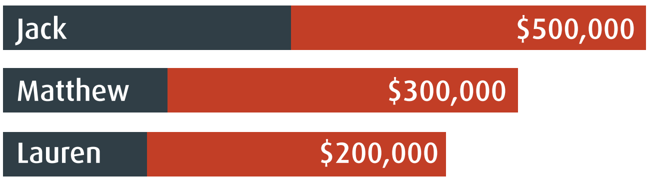
As more than 800,000 Australians have already come to realise, SMSF's provide their owners with investment choices and direct control over their own assets - however, they also require some hands on management and reporting in order to comply with the relevant legislation. Having worked in the 'back office' of an SMSF administrator for more than four years, I can testify to this! As a result, I would always recommend people considering an SMSF seek advice from an experienced and qualified financial adviser before setting off on this path.

When I speak with a client about their SMSF I always ask them to also think about their choices in terms of Estate Planning, which is much more than just making a will. Many people don't realise an SMSF can have up to four members and in a family business scenario this can be very useful, as the following example demonstrates:

Example

Jack (75) runs a successful manufacturing business and has recently been joined by his adult children Matthew and Lauren. His wife Lola is not involved in the business. Under advice from their financial planner a decade ago, Jack commenced an SMSF and transferred the property from which the business operates, into the SMSF. He recently added his children as members and trustees, and both Matthew and Lauren transferred their superannuation which they had accumulated prior to joining the business, into the SMSF.

Current Member Balances:



Total investments held by the SMSF are now: $500,000 in Business Real Property and $500,000 Cash and Fixed Interest.

In this example Jack passes away and has a nominated beneficiary, his wife. The surviving trustees, Matthew and Lauren, use the cash and fixed interest investments to pay Jack's death benefit to their mother Lola from the fund and keep the business premises in the SMSF – obviously there was no need to sell it and so the successful business continues under their control.

In an SMSF, your nomination of beneficiary determines what happens with your money on your death. A binding nomination means the remaining trustee/s must abide by your wishes, however, a non-binding nomination or no nomination at all allows the remaining trustee/s to determine to whom your death benefit is paid to.

An SMSF offers great flexibility and control for the trustees and with that comes opportunity – for example, the ability to be able to leave tax advantaged (sometimes tax-free) income streams to dependant beneficiaries, such as wives or same sex partners, with control around when they receive a lump sum. The SMSF structure can allow you to effectively look after children under 18 and other tax dependants in a way that no other structure can match.

As we saw in our example above, another potential benefit is the ability for a "business real property", which is what the ATO calls the premises a small business owns and uses, to remain in an SMSF and therefore possibly be capital gains tax exempt.

Article by Theo Marinis

How to avoid Death Duties.... Yes, they still exist, just under another name

Most Australians think Death Duties went out with Sterling currency, but for those of us in the superannuation world the dreaded tax grab still exists. However, something can be done about it!

Basically, when you die, any taxable component left in your super fund which is transferred to others in accordance with the terms of your will, to people other than dependants as defined under current superannuation laws, will attract a 16.5 per cent tax.

Generally there is no tax payable if your spouse, child under 18, or other financially dependent person, such as a live in partner or disabled child over 18 inherits your super.

If you are over 65, there are some steps which can be taken to help any non-dependants avoid having to pay this tax. One such approach is a 'cash-out and re-contribution' strategy for eligible holders of superannuation.

Essentially, this process means you 'take' your own super out 'tax free' and then put it back into super as an 'after tax' contribution (remembering the various contribution caps that exist and the harsh penalties for exceeding those caps).

It is best to plan such an approach once you become eligible to draw down on your super in the most tax effective manner – it certainly avoids unseemly "rushes" when death may be imminent.

The biggest mistake people make is to assume that their children are dependants. As soon as your children reach 18, they potentially face losing almost a fifth of what you had intended to give them, unless you have taken active steps to reduce the tax payable.

If, for example, you had decided to allocate individual assets to your adult children, such as giving shares to one and super to another, you could inadvertently create resentment because after tax one child may receive less than the other.

The best approach is to hold an ongoing dialogue with your financial adviser. This means that during the accumulation phase you will be keeping your adviser up to date with what assets you have and you will be working together to ensure you invest in the most tax effective manner, given your circumstances.

Once you plan to retire, your adviser can help you structure your affairs (which may include being unexpectedly eligible for a part age pension - with all the benefits a health care card provides a retiree) and to take steps to ensure that your financial legacy remains intact.

Article by Dino D'Aloia

How Much Life Insurance do I need?

Life insurance is, for the most part, the province of the young and middle aged, when the need for financial protection for family and assets is generally at its greatest. However, when we no longer have debts, the children are off our hands and there is sufficient superannuation, the need for personal insurance becomes less of an issue. This is probably fortuitous, given that life insurance costs increase with age.

Most of us understand term life insurance – we pay a premium, and should we die during the insured period, our beneficiaries (or estate) are paid the sum insured.

To work out how much insurance is needed, however, is a bit more complex, but this is something my colleagues and I do for our clients every week. The process would normally involve taking into account current salary or income, existing debts, plus the level of income which would be required to maintain the same quality of family life which would have existed before the death of the person to be insured.

As an example, a male aged 35, married with a child, a home mortgage of $200,000, a car loan of $20,000 (and expectations of private education funding for his children) could be well advised to buy life insurance cover of approximately $1 million, at an initial cost of approximately $50* per month.

This would be the lump sum calculated to:

- allow a surviving partner to settle all debts
- pay school fees in advance
- provide a cash buffer for shorter term support; and
- provide sufficient funds to generate longer term investment income.

In any comprehensive personal insurance program, there are other lump sum insurance benefits which should also be considered. These include Total & Permanent Disability insurance (providing cover in the event of a debilitating accident or illness preventing permanent return to work) and Trauma insurance, which provides cover in the event of a serious health trauma including heart attack, stroke or cancer.

Similarly, Income Protection insurance should not be overlooked. As the name suggests, this benefit can replace up to 75% of income (as opposed to a lump sum benefit) in the event of inability to work due to illness or injury. Should the insured person never be well enough to return to work, the income benefit has the capacity to be paid through to age 65.

When addressing insurance needs, there is still a tendency to focus only on the male member of the family. The contribution made by a female partner to the household, and the impact of her illness or demise in economic terms, should never be underestimated. The loss of this support (whether paid or unpaid) could require a male partner to give up work to provide full time family care (especially when young children are involved) or, perhaps, to employ someone to provide that care. It is also important to remember that although there is often no dollar value placed on domestic work, it does not mean that it has no economic value, particularly during times of crisis.

Should you ever need to make a claim on your life insurance:

The first thing you should do is to contact your adviser, who will initiate the claim on your behalf. If it is a death claim, you will generally need to provide a copy of the death certificate and proof as to the Executor of the will. Other proofs may be required in some less straightforward issues, and your adviser will be able to help with these.

If you have a claim for Total & Permanent Disability, Trauma or Income Protection benefit, your adviser will be able to contact the insurer, advise what kind of medical proof is required from your doctor, and submit the paperwork on your behalf. The adviser can also guide you through any additional medical consultations and reports the insurer will require.

I have never heard anyone say “I wish Dad/Mum had less life insurance” when a claim is made – it is always the opposite. That is why your financial adviser can help you work out what is required initially, and help you to review your ongoing needs until the time when your insurance program can be safely wound down.

* Premium quotation based on standard non smoker rates provided by Asteron Life.

Article by Eddie Lees, MD, *Now Sorted!*

Getting Sorted!

I was lying on a hospital gurney in a state of shock after my heart attack when I realised that my dear wife Anne had no idea where our key documents were kept: the will, power-of-attorney, insurance policies, investment and bank details – I had the important papers all over the place and was completely unprepared to die! Plus Anne didn't have a clue.

Fortunately, and thanks to the great skill of the medico's who worked on me, I survived. But that lesson of simply not being organised burned into my subconscious.

On returning home I immediately set about writing "A Letter to Anne" which explained not only where everything was located, but also what we owned, what we owed, and the value of such things as insurances. I had no sooner finished the letter than I realised I had barely scraped the surface in organising the information relating to our modest family estate.

The next step was to meet with my financial planner and with him our lawyer and accountant to find out just what estate documents would really be needed if and when a disaster should occur again. This exercise was an eye opener and it drove me to establish a computer program that could not only store the information, but also produce a report on where everything was and what all the numbers meant.

In reality it took me years to complete, but once done it brought a huge sense of relief as well as peace of mind. Eventually every key document and piece of information was organised and summarised in the report. The final step was to store everything in a secure, flame and rodent proof aluminium case – one that was portable in case we ever had to 'run for the door' in an emergency.

Speaking with friends and family I quickly realised there was real demand for this service and a business model emerged. We gave it the name Now Sorted! as that is exactly what had been achieved: all the family estate information was now sorted out.

A huge benefit emerged as a result, my lawyer pointed out that the executors of family estates would shave their fees considerably in light of the time they would not need to spend searching for all the important estate documents. A terrific outcome.

One of my first paying clients was Theo Marinis and his wife Julie who, before setting off on an overseas holiday, made sure they sorted out their financial affairs.

"We went away knowing that in the unlikely event of anything going wrong, all our affairs were easily resolved because the details were recorded and original documents filed together," Theo said.

As a result, MFG offers interested clients the Now Sorted! service. It is part of the standard offering for Diamond clients and other clients can select to buy the service for $1,200 GST inclusive for the initial establishment of the service and $660 pa GST inclusive for ongoing updates and reviews.

The essence of the story is captured in a simple sentence: Now Sorted! delivers the right information for the right people at the right time. In short, peace of mind.

Proud to help out

Childhood Cancer Association Inc

Marinis Financial Group is a proud partner of Adelaide's Childhood Cancer Association Inc – one of the many members of our extended "family".

According to their website, each year more than 60 children here in South Australia are diagnosed with cancer and of those 12 will relapse. The impact of childhood cancer on children and their families is incredible. It affects not only the child but also their brothers and sisters, parents, grandparents, friends and the whole community.

We love that the Childhood Cancer Association is different – according to our Practice Manager, Ivana Samra: "When funds from donations are received they are allocated directly to assisting the actual child with cancer and/or their family. This support is delivered via a range of services including: peer and family support, sibling support, free accommodation to country families whilst their child is having life saving treatment in the city, respite accommodation, financial assistance, educational assistance and bereavement services. The Association also provides funds for paediatric oncology research and clinical trials.

The Childhood Cancer Association receives no ongoing government funding and therefore relies heavily on the generous support of the community, to enable it to continue to provide vital services and support to families in need and research into childhood cancer.

Seven dedicated staff, with the assistance of volunteers, work all year round to support the association and the work it does.

If you are interested to know more about the Childhood Cancer Association please visit their website www childhoodcancer.asn.au, or if you would like to know more about the other charities and organisations supported as part of our "Marinis Financial Group Family," please visit our website www.marinisgroup.com.au

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