

the evolution edition





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Editorial by Theo Marinis

Welcome to our Spring 2012 Grow Magazine A "Grand Finale" Edition



Welcome to the final hard copy edition of Grow – we have decided to "save the trees" and only send it out via email as eGROW from now on following feedback from our recent survey.

In addition, we are also launching our revamped website www.marinisgroup.com.au. The site has a fresh new look and feel, contains all the learning materials (media releases, articles, letters to the ATO and federal politicians etc) which existed on the previous website and is much easier to use.

I welcome any feedback when people have had time to browse the new site.

This issue is all about "Getting it Right". In other words, to look at the relief, joy and peace of mind of people who have retired comfortably. That, in my view, is my aim.

On the economic side, I believe that Australians have been victims of one of the greatest 'con jobs' of all time. By any stretch of the imagination or the figures, we are booming. For their own selfish reasons, our political leaders and commentators have been telling us times are tough. It is my belief that they are not.

When I left university in the 1980's unemployment was double what it is now, the Australian dollar was worth around 75 US cents (25% lower than today) gold was around \$300 per ounce (now around \$1,750) and Carlton had won AFL flags in 1981/1982 and were steeling themselves for 87... yes, the good old days.

I believe that it is an important part of my role to remind my clients and friends not to panic and to help them set up financial structures that will see them through the inevitable waves (or ripples) which will come our way.

Anyone who is a retiree today knows what I mean. If they are 65 or older then their early lives were shaped by World War II... but don't forget they also lived through the Korean War, the Malayan Emergency, the Cuban missile crisis, the Vietnam War, the Cold War, Gulf War I & II and of course the Afghanistan War. They have lived through the rise and fall of communism and the near-death of capitalism (several times) if you believe the commentators. These people KNOW life is tough and unpredictable – but also that it is never as good as everyone says and never as bad.

My mantra is always to be conservative with money. Once it is gone you can't get it back. Also, I believe it is worth giving up a few dollars of excess profit to ensure you don't suffer excess loss.

Getting it right in retirement is all about maximising what you have.

Ideally, a person will have seen a financial planner when they are in their 40's and with a savings culture already established. We can then steer them through the tax traps and help them make the most from what they and their partner may have and from any windfalls along the way, for example, an inheritance.

When it comes to retirement, I believe in setting up a financial "machine" which rewards the investor. In other words, an investment platform which delivers a predictable income, maximises any Centrelink entitlements and looks at life-long needs while providing a cash buffer to ensure that investments do not need to be sold cheaply to live.

I love the look of satisfaction that so many of our retired clients have. In many cases, they are able to retire with a similar after-tax income and this enables an enormous amount of freedom. Some retirees like to travel a lot, others like to help their children out with school fees or mortgage contributions – but they all love the freedom.

I encourage all of my readers to sit back and think about their own financial situation and that of their family. Is it really as dire as what the commentators are saying?

If it is, come and see me immediately so I can help you do something about it – however, I firmly believe very few will be in this situation.

To partly borrow from Charles Dickens, in my view, these are the best of times... I just wish our leaders and commentators would help us to recognise this!

Yours sincerely

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

Our People

*Julie Marinis*The Best of Both Worlds

With a background in promotions with the Phoenix Society Inc and in Personnel with the Commonwealth Government and now her role as Administrative Assistant at Marinis Financial Group – Julie enjoys her work in the family business.

"It's the clients I enjoy meeting. They are really lovely people," says Julie.

Working three days a week in the business and the other four managing the family home, Julie says she has the best of both worlds. "I get to spend time understanding our business, our clients and our staff and I also have family-friendly working hours which enable me to do the school runs.

"While I am sure at first the staff may have thought of me differently because I am Theo's wife, I feel it does not take them too long to realise that I am a member of the team and am there to help everyone achieve the best outcome for our clients."

Julie and Theo have been married for over 25 years and she has been a partner in the business since day one.

"My parents ran their own business for many years, so I have an understanding of both the pressures and challenges that can result from owning your own business. I strive to bring the best of my personal and professional experience to work," says Julie.

"I love being part of Marinis Financial Group. It allows me to understand the stresses Theo is constantly dealing with – and so I try to make life on the home front as easy as possible for him."

"Sometimes the pressures of juggling both family and professional life can create difficulties, but I manage them with the help of a very good husband and excellent staff who are around us at Marinis Financial Group. We are truly blessed."



Client Profile

Ms Esther Maskrey 'It's Never Too Early to Start'

A conservative long-term approach to property has been the hallmark of Esther Maskrey's working life as she used the lessons learned from her Scottish mother to save for the future.

Formerly a teacher and school Principal, turned multi-award winning real estate agent, now retired head of Raine & Horne Blackwood, Esther has sold her sales operations – but has retained ownership of the property management side of her old business, mainly because she wanted to ensure the ongoing jobs of her seven staff.

"Real estate has been very good at reinforcing some of the basic lessons of life. It is a long-term investment. I don't believe in get rich quick schemes and I firmly believe in cautious investment," Esther said.

"Also, I don't believe in investing in just one asset class. In my case, property has been a rewarding experience, while my superannuation, along with everyone else's, has been disappointing over the last few years. To be blunt, it has lost money. However, the benefit of super is its liquidity and tax effectiveness and I remain hopeful it will improve in the medium term.

"People should treat their superannuation with caution, I believe. I think it is risky, for example, to purchase an investment property by drawing money from a super fund. And yet in my 25 years as a real estate agent I have seen it time and again.

"The people I find hardest to understand are the ones who spend everything they earn. Too many live their lives for today and do not plan for the future. It will come



as a shock to many when they retire that the pension does not replace full time wages and their lifestyle will change dramatically unless they have alternative funding arrangements.

"My childhood was a bit different. As the daughter of a minister of religion who was responsible for establishing new churches, we travelled constantly. I went to 16 different primary schools in different countries.

Mum and Dad had to juggle the finances to provide for their daughters, one with a disability, in an often poorly paid situation, so we had very little as a family.

"However, as a child, I learned to appreciate the value of working hard, saving what I could and to value what is important in life – family, in my case my sister and brother-in-law and my dear friends.

"Now that I am retired I am taking the opportunity to travel, something which I didn't do a lot of during my working life. Having recently been in Greece and Italy I am absolutely convinced Australians don't realise how lucky we are. Highly educated young people in these countries

are being laid off or driving taxis for a living. Some are working for no pay, just to keep busy - it is unbelievable.

"Australia is not perfect, but we are very close to it when you compare us with the rest of the world. So I am grateful to live in this 'lucky country'.

"Young Australians should be making the most of these good times by purchasing their own homes, where they can, and also putting a little extra, even if it is just \$20 per week, into their superannuation to provide for themselves when they get to my age.

"Going forward, I will continue to manage my property assets and when my adviser Theo Marinis indicates the timing is right, I will move more money in a tax-effective manner into superannuation.

"I want the liquidity of superannuation and the long-term security real estate provides me with.

"After years of long working hours, I want to continue to travel while I am young enough to enjoy it. Too many people leave this sort of adventuring until they are too old to get around easily. Being financially independent I am fortunate to live the lifestyle I want and be able to continue to support my World Vision children, those in need, and my local church.

"Retirement is an exciting time in my life! I am glad to have some good advisers around me and also to have listened and learned about preparing myself financially for the future. "It is never too early to start," Esther said.

Various Guest Speakers

Enoteca Diamond Function 2nd May 2012





















Article by Michael Callisto, B.Bus., DFP

Getting it Right - Your Self Managed Super Fund when you Retire

Want to pay no tax on your income in retirement – and have control over the assets in your fund to maximise the returns?

Perhaps a Self Managed Superannuation Fund (SMSF) – established through an accountant or specialist administrator and advised by a financial planner is a solution you should consider, says Marinis Financial Group's SMSF expert Michael Callisto.

"The entire purpose of superannuation is to eventually provide an income in retirement and it achieves this by offering a very low tax environment and strict rules about access.

"However, making the right choices about the kinds of assets you invest in, which member of a relationship 'owns' them and the timing of their sell-down can make enormous differences.

"Probably the most common mistake I see is people retiring after age 60 and withdrawing their super balance as a lump-sum. The proceeds are invested in a bank account, term deposit or investment in the client's own name, and therefore they pay tax on the earnings at their marginal tax rate of up to 46.5%! The better option is to convert their super balance to a private pension where the income generated (and future capital gain) is tax free, as are the pension payments or cash!

"By making the right investment decisions you can really maximise the tax free status of the underlying assets in your private pension. One example is that there may be no tax payable on rental from a property. Another is deciding to invest in Australian shares that traditionally pay fully-franked dividends so that your fund receives all imputation credits as a tax refund. Both approaches 'Supercharge' the cash you receive in retirement – and still allow access to lump-sums if you want a new car, or to travel, for example.



"Probably the most overlooked aspect of retirement funding for SMSF holders is the role of Centrelink. With a bit of careful planning, many Australians can make themselves entitled to a part or whole Government pension – and importantly, the benefits in discounts this right brings.

"I have many clients who, through a combination of their private and Government provided pensions, earn as much take-home cash in retirement as they did when working full time!

"However, SMSF's are not for everyone. You need a higher level of sophistication and dedication to run a fund successfully and to make the right decisions. In my experience the best SMSF's are balanced on three pillars, the investor, their accountant/administrator and their financial planner. If either of these elements are missing, they tend to topple.

"The financial planner's role is less obvious than the accountants/ administrators. Most people see us as 'stock pickers', but we provide much more value. We ensure your investment mix is appropriate to your risk profile, that you are maximising your opportunities, that you are maintaining a cash-buffer to help ride out the rough patches and that your Centrelink and inter-generational wealth transfer strategies are best practice."

Article by Simon Morgan, BA (Communication)., DIP FS (FP)

Getting it Right - The Last Few Years of Work

Timing your exit from the paid workforce can be critical to funding your retirement. If you are in a position to make this decision, it is very empowering.

Assuming that you have decided to retire on your 65th birthday and that today is your 60th birthday; you should see your advisor immediately and decide what the priorities are. However, in simple terms, the goal will be to get as much money as possible into your superannuation funds.

The law will allow you to commence a transition to retirement pension, saving you at least 15 per cent in tax – which in turn you can use to super charge your savings all the while giving you a good income.

You should also look carefully at your partner's superannuation fund position – it is far more beneficial to you both to have two super accounts worth \$499,000 than one worth \$1million.

Now is the time to consider your financial outgoings. If you still have a mortgage, it may be sensible to start paying interest only and to redirect your capital contributions to super. If you have a margin loan on an equities portfolio, now is the time to go conservative rather than to maintain a risky financial position.

Of course, at 60 most people will have paid their home off and their children will be independent – and at this stage life insurance premiums become very expensive. Perhaps you should consider, on advice, cancelling your non-super life insurance and putting the money into retirement savings.

Similarly, now may not be the time to replace the car, renovate or to go on an overseas holiday – you can review all these expensive activities once you have retired. Now is all about making sure you can fund your lifestyle in old-age.

Take into account your health. If you are able to maintain your income protection insurance, it is very sensible in case you need to retire early. Similarly, it is wise to maintain private health insurance, particularly if you have used it in the past.

There are some tremendous opportunities for those in the work force and aged over 60 to maximise the financial benefits in retirement by developing and following a sound financial strategy. The most important part of this, of course, is to have an experienced financial planner guide you on the journey, as successive Governments have established a number of very substantial financial 'bear traps' which can cost the ill-informed considerable cash in unexpected taxes if they get it wrong.



Article by Dino D'Aloia, ADFS., ANIA

Getting it Right with Insurance

I'm fond of pointing out that the "moment of truth" in Life Insurance is when you make a claim, and I recently found a brilliant example of where this often overlooked product really came into its own.

The really interesting thing, from my point of view, is that we at Marinis Financial Group were able to advise our client that he had a claim – not the other way around!

Due to a number of very serious health issues, our 63 year old client, a low paid manual worker, decided to retire after 40 years with his employer. In his mind that meant living off his retirement savings of \$50,000 until that ran out, going on "the dole" and then taking a pension (at age 65, in his case).

However, we knew that through his superannuation he had Life, Total & Permanent Disability (TPD) and Salary Continuance (with a maximum 2 year benefit period) available.

On behalf of our client, we instigated a claim for these benefits, and after much ground-work and negotiation with his insurer, a claim for TPD of approx \$54,000 was paid, much to his delight.

But we did not stop there. We advised our client to put the payment into his super fund. This meant he now had a balance of over \$100,000. Consequently, in order to take advantage of a number of tax benefits, we recommend he commence a tax-free account based pension drawing approximately \$3,000 per annum as a minimum pension.



Next, we assisted him with a claim for his Salary Continuance of \$30,000 per annum for at least the next two years.

These funds, in addition to a Centrelink Disability Pension that his wife receives, will more than comfortably meet their current cash flow needs.

After the salary continuance benefit ceases, our client will apply for a Centrelink age pension. The couple will then have a combined income of \$29,614 per annum in pensions based on current age pension rates – which is very close to what the family took home after tax and super was deducted from their pay.

Should the need arise, any shortfalls in cash can be made up by tax free income from the account based pension – and his estate now has a significant asset.

Therefore, by being able to claim on salary continuance benefits rather than retiring and using up the little super he had available, for the next two years our client is able to take home much the same in retirement as he did when he was in the workforce. He also has a nest-egg generating some very useful extra cash every year and can look forward in the knowledge that he will be able to receive an age pension at age 65, when his salary continuance payments have ceased.

Needless to say, he and his wife are very happy that with our help, they got it right!

Article by Ivana Samra

Goodbye GROW... Hello Electronic Grow and Our Revamped MFG Website

Listening to our clients is one of the most important things that we believe sets us apart, says Marinis Financial Group's Administration Manager, Ivana Samra – and that is why we have evolved both our website and this magazine.

As from 1st September 2012, the new, more client friendly and easier to access Marinis Financial Group website will replace the original version which has been operating since 2006. Please feel free to visit us at www.marinisgroup.com.au

In addition, our much loved GROW magazine will now become an online emailed communication – renamed Grow @ Marinis. This basically means that 'news and views' can be shared more quickly with our clients. This decision stems from our recent client survey which showed most clients prefer to receive their information electronically.

"I am really excited about these changes," says Ivana.

"The updated website and the new electronic Grow will help us improve our speed and efficiency in getting our important messages out there.

"What was clear from the Autumn 2012 GROW survey was that readers did not feel the need for a hard copy and they wanted information as soon as something happens. Grow @ Marinis will carry forward the personality and feel of the hard copy editions but will also have a more 'current' online feel.

"As always, we aim to be a learning organisation; therefore any feedback or constructive criticism is really appreciated and noted.

"We realise it will take a little while for clients to get used to the updated website and the new format of Grow, however we expect the benefits of speed and increased communication will help people comfortably transition to the new format – and it is in line with readers' clear preferences highlighted in our survey."



Charity Story

MFG are Proud to Support Autism SA



Just about everyone knows a family where a much loved member has autism, but unfortunately few of us really know what it is.

According to the Autism SA website, Autism Spectrum Disorders, which include autism and Asperger syndrome, are developmental disorders, which are characterised by:

- > delayed and disordered social skills
- > resistance to environmental changes
- > repetitive activities and interests (to the exclusion of others)
- > language disorders

Approximately, 75 percent of people with autism also have an intellectual disability.

Staggeringly, autism occurs in at least 1 in 500 people and there are 4 times as many males diagnosed with autism as females. Asperger Syndrome occurs in 1 in 250, with 10 times as many males as females being diagnosed.

Autism SA was founded by families in 1964. It is a charitable, not-for-profit organisation which provides services to individuals with an Autism Spectrum Disorder and their families.

Client numbers have increased from 580 in 1995, to over 4,600 at the present time. In 2008/09 there were 685 new clients registered at an average of 57 per month.

Marinis Financial Group has been supporting Autism SA for many years. We encourage all our clients and friends to consider joining us.

Please see the website: www.autismsa.org.au or phone 1300 288 476

