Grow with Marinis

From: Grow with Marinis
Sent: Wednesday, 9 January 2013 1:09 PM
To: Grow with Marinis
Subject: Happy New Year from eGrow @ Marinis (D)
Attachments: 2012 12 31 - Advertiser YM - Make 13 a Lucky Number (Email).pdf; Media Release No. 48 - 2013 01 02 - Don't Just Throw In the Towel.doc; Ceteris Paribus - The US Election 2012

From: Grow with Marinis
Sent: Wednesday, 9 January 2013 1:07 PM
To: Admin at Marinis
Subject: Happy New Year from eGrow @ Marinis (D)

Dear Friends,

We hope you have had a joyous Festive Season.

Whether you are now back from holidays for the New Year or fortunate enough to be preparing to return in the coming weeks, we wish everyone a happy, healthy and prosperous new year and beyond!

To kick the New Year off and get us all thinking about how to make the most of the year ahead, we have three attachments for your reference.

The first is an article which appeared in The Advertiser on Monday 31st December 2012 titled "Make 13 a Lucky Number."

Theo Marinis is quoted along with a number of other financial experts and there are some excellent strategies mentioned in this article which makes it worthy of your consideration.

We have also attached Theo's first Media Release (MR 48) for 2013.

MR 48 is titled "Don't Just Throw in the Towel" and was released on Wednesday 2nd January 2013.

The media release is an actual case study of one of our new clients (though their personal details have been withheld to protect their privacy) and a case we are very happy to share with you.

Whilst the client did not have a significant level of assets, we are proud of the strategy we implemented which doubled their available funds and with some Centrelink support, has enabled this client to retire due to ill health but NOT have their income and lifestyle compromised as a result.

Finally, we leave you with a summary of the latest on the so called "fiscal cliff" (which we addressed in our eGrow "Ceteris Paribus - The US Election 2012" on 9th November 2012 which is also attached for your reference).

As we are sure you have heard in the media in the last week or so, the US congress did manage (but only at the VERY last moment) to avoid much of the negative economic impacts of the fiscal cliff, with a deal in the early hours of 1st January 2013!

Quite clearly however many of the issues (including the impending US debt ceiling) have only been postponed until late February or early March 2013. The US congress has merely "kicked the can down the road"!

There will be ongoing speculation about a long term deal in the weeks ahead. Whilst no one has a crystal ball, as President Obama is in his second and final term of office and is therefore not concerned about poll results, this last minute short term agreement seems to suggest (no doubt once again at the very last minute) that a long term agreement will be achieved.

Regardless, as we suggested in our November 2012 eGrow are:

"mantra remains the same as always: "Stay in your Seat" and do not allow yourself to be spooked by any market pull back that may, or may not, occur in coming months.

Focus on the long term and remember your 'Marinis Buffer' acts like the shock absorbers on your car to smooth out the ride. Keep your eyes on the road and on where you are heading, do not get distracted by the colourful scenery and movement on either side of the road."

As always, if you have any questions or concerns, please do not hesitate to call us.

GROW @ Marinis

Financial Strategies (SA) Pty Ltd | **ABN** 54 083 005 930
Trading as **Marinis Financial Group** | Australian Financial Services Licence No: 326403

P 08 8130 5130 | **F** 08 8331 9161 | **E** grow@marinisgroup.com.au
A 67 Kensington Road, Norwood SA 5067 | **W** marinisgroup.com.au

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Make 13 a lucky number

Now is the time to start thinking about how to boost your finances in 2013. **Anthony Keane** outlines 13 ideas

1 Set year-end targets now
Write down where you want to be in 12 months, and set dates every three months to check your progress.
Prescott Securities senior economist Alan Hutchinson says take into account your income and expenses, how you structure and diversify assets, and your tolerance to risk. "You can then make decisions about your portfolio in a clear and structured way without being blinded by emotion."

2 Forget about the Joneses
Trying to keep up financially with friends and family is dangerous, and we shouldn't think success is determined by material things, QT Financial Planning says.
"We always look up – we never look down," QT financial planner Meredith Ward says.
"You don't know people's situation – maybe they are in debt up to their eyeballs. The happiest people I know live on a modest income."

3 Build a team
Going it alone when it comes to money can lead to big problems.
Advice from financial experts is usually free at first, so tap into the expertise of people who deal with money for a living.
"Professionals will think about it, break it down and create a strategy that makes it easy. Usually your financial position is better than you think," Ward says.

4 Create an inflation shield
Australia's annual inflation rate is just 2 per cent, but even that will eat away at your assets if you have nothing that can grow over time.
Prescott's Hutchinson says: "Our preference is to invest in businesses or real assets that have inflation linkages through regulatory resets, rent reviews or toll increases".
"Investment in property, infrastructure and equities can all offer ways to hedge against inflation."

5 Don't chase yield
Many Australians have lost their life savings chasing higher incomes from investments they mistakenly think are cash. This year it was Banksia Securities. "Investors all too often see high yields advertised and invest without asking questions," Hutchinson says.
"Now is the time to tread carefully and for investors to truly understand how the income is being generated."

6 Cut credit card interest
Financial strategist Theo Marinis says with credit card interest rates near 20 per cent, you essentially pay for a purchase twice every five years. "Pay the cards off as soon as possible – and consider getting a debit card which gives access to points and uses your own money," he says.
Having cash sitting in deposit earning 4 per cent interest or paying extra off the mortgage to save 6 per cent interest makes little financial sense if you're paying 20 per cent on the credit card.

7 A matter of life and death
Marinis says it's vital to take life insurance seriously. "If you are in an industry super fund, increase the number of units of cover you or your partner have to enough to replace their pay for 10 years," he says. "I've never heard a client say they wish their deceased partner had less cover."
Chan & Naylor director Ken Raiss says buying life insurance within your super is a good idea because of tax benefits and payments can be funded from your super, with no drain on household cash.

8 Borrow at a better rate
Raiss says you should use low interest rates to put a bigger dent in your home loan.
"Many borrowers have not been given access to what is called the professional discount, although most are eligible," he says. "This potential 0.7 per cent rate decrease applied to pay down a loan reduces the average loan by over $2300 a year.
"Honeymoon credit card rates can also be very beneficial to enhance the faster payment of debt."

9 Develop tax tactics
Tax planning is important for everyone, especially property investors.
Raiss suggests using a specialised property accountant. "Many investors forget to claim depreciation, which is a non-cash expense relating to the wear and tear of the building and fixtures and fittings," he says. "When doing a renovation, you should also prepare a scrapping schedule, which puts a value on everything you rip out and throw away."

10 Talk to your lender
Don't be a stranger when borrowing.
Assist Finance chief executive Jason Di Iulio says: "Your rapport with your bankers is a key part of access to cash.
"Communicating your strategy and identifying and addressing weaknesses are key themes. A borrower should always have an alternative banking plan and have relationships with more than one banker, as banks can and do change their attitudes."

11 A switch to shares?
Riccardo Briganti, the head of Macquarie Private Wealth Research, says if you exclude low-dividend mining stocks, our sharemarket is paying a yield of 5 per cent – above bank deposits and with added tax benefits.
"Investors who a year ago considered that the risk return trade-off favoured cash above equities ... should be reassessing their preference," he says.
"The Australian market now looks attractive purely on dividend yield."

12 Think about demographics
Prescott's Hutchinson says investors should keep an eye on broader global trends. "Over the next 35 years, there are expected to be two billion more people to feed," he says.
"Look for good-quality fund managers who can spread the risk across those involved in the production cycle from farm gate to dinner plate.
"As our population gets older, it is also living longer, opening up attractive investment opportunities with healthcare providers."

13 Keep it simple
Hutchinson says people should stay away from exotic investments they don't understand, and avoid complicated trust and superannuation structures.
Marinis says a great way to simplify your finances is to write a family budget. "Make it your new year's resolution," he says. "It is only by looking at what you earn and comparing it to where you spend your money that you can make decisions to be smarter with your hard-earned dollars."

Financial Strategies (SA) Pty Ltd trading as Marinis Financial Group
67 Kensington Road, NORWOOD SA 5067 T 08 8130 5130 F admin@marinisgroup.com.au
Financial Strategies (SA) Pty Ltd ABN 54 083 005 930 AFSL No: 326403
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MARINIS FINANCIAL GROUP

Media Release No: 48 **2nd January 2013**

Don't 'Just Throw in the Towel'

"Older working Australians may be missing out on many tens of thousands of dollars, if not more, by deciding to retire early due to ill health," says Adelaide based Financial Strategist Theo Marinis.

"I recently told my unwell 63 year old client (a manual worker all his life) when he came to see me about his plan to 'throw in the towel' that he was entitled to much more than he thought.

"Through his employer based superannuation policy I determined that my client had a Life, Total & Permanent Disability insurance benefit (TPD) and a Salary Continuance benefit (with a maximum two-year benefit period) available to him.

"To his delight, after much ground work and negotiation on his behalf with his insurer, Marinis Financial Group was able to secure the payment of a TPD claim totalling just over $54,000.

"Acting on our advice, our client made a non concessional contribution into his super fund in respect of this benefit payment, boosting his balance to over $100,000 and placing him in a position to take advantage of a number of tax benefits namely, a tax-free account based pension from which could be drawn $3,000 per annum as minimum 'private' pension.

"The next step involved assisting him with a claim for Salary Continuance of $30,000 per annum for next two years until his expected retirement age of 65. "These funds, in addition to a Centrelink Disability Pension that his stay-at-home wife (on our advice) now receives, more than comfortably meets the family's current cash-flow needs.

"When his salary continuance benefit ceases, my client will apply for a Centrelink age pension. The couple will then have a combined income (at today's rates) of $29,614 per annum in Centrelink pensions which is very close to what the family took home (after tax and super was deducted from their pay) whilst he was still working.

"Any shortfalls in cash can be made up by tax free income from the account based pension (currently generating $3,000 per annum and growing) should the need arise. In addition, his estate now has a significant asset.

"My client had expected to just retire and live off the little super he had managed to put aside over his working life, and then when he was eligible (aged 65 in his case), claim the age pension. Instead, for the next two years, he now takes home much the same in retirement as he did when in the workforce and has a nest-egg generating some very useful extra cash.

"As a result of this client's experience, I am reminded that any older worker considering retirement, or indeed the prospect of redundancy, regardless of their superannuation balance size, should get professional advice from a qualified and experienced financial adviser. There is often a lot we can do to maximise a person's final paycheque."

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For further information please contact:

Theo Marinis B.A., B.Ec., CPA., CFP®
Financial Strategies (SA) Pty Ltd
Trading as 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

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