**Media Release No: 38** **18th June 2010**

# Experienced Advisers Plan for the Downturns

With this year's Federal Budget confirming the return of the normal minimum private pension draw-down to their pre-Global Financial Crisis (GFC) levels, financial planners should ensure that they always factor downturns into their strategies" says Adelaide based financial strategist Theo Marinis.

"As part of the package of stimulus initiatives introduced by the Federal Government in early 2009, the Treasurer Wayne Swan announced that the Federal Government would not force people with private superannuation pensions to draw down as much as normal, effectively cutting the minimum drawdown on private pensions by 50 per cent.

"By way of further explanation, under current legislation there is a requirement that a minimum level of private pensions be drawn-down each year. For example, if you are under age 65 the level of super which is taken as a pension must be at least four per cent per year. This level increases with age to a minimum level of 14 per cent at age 95 and over. These minimum percentages were halved by decree in early last year.

On the surface this was a good policy, as it was designed to enable those investors too exposed to deteriorating financial markets not to be forced to crystallise losses in order to pay the normal levels of pension required by the rules."

"It was my view, however, a change which left wiggle space for advisers without adequate cash strategies for their clients and those trying to go it alone with their investments.

"The Account Based Pension draw-down rules were put in place to balance responsibilities between superannuants and the taxpayer and while sometimes 'uncomfortable' for people with excess super savings, they are fundamentally fair from a national perspective.

"With the return of relative stability and the GFC a fading memory, particularly for Australians, the Federal Government has re-instated the previous policy.

"In the current bout of market volatility however, there are questions which may still remain: 'Why weren't financial advisers expecting a correction and building it into their strategies?' and "How prepared to weather the current (and future) volatility are those advisers and clients, at the present time?

"As experienced financial advisers, 'living in retirement' strategies for our clients should include a significant cash buffer (for example, 2 -3 years income requirements) to protect the fire sale of assets when market values are low. To do otherwise would be to fail in our obligations – namely, to grow and protect our clients' wealth." Theo said.

**-o0o-**

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

Disclaimer

The information in this article reflects Theo Marinis' understanding of existing legislation, proposed legislation, rulings etc as at the date of issue. While it is believed the information is accurate and reliable, this is not guaranteed in any way. The information is not, nor is it intended to be comprehensive or a substitute for professional advice on specific circumstances.

The information given in this article is of a general nature and has not taken into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision on the basis of the advice above, a prospective investor needs to consider, with or without the assistance of a professional adviser whether the advice is appropriate in the light of their particular investment needs, objectives and financial circumstances.


Financial Strategies (SA) Pty Ltd trading as Marinis Financial Group ABN 54 083 005 930
Australian Financial Services Licence No: 32640