# grow WITH MARINIS

## Spring 2011

MARINIS FINANCIAL GROUP

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Editorial by Theo Marinis

# Welcome to our 'Pink' Edition

**Welcome to our Spring 2011 Grow Magazine – the 'Pink' edition.**

Our theme for this quarter is about women becoming serious about understanding and taking control of their own financial situation and we profile two very impressive women, Dr Margaret Arstall and our very own Jennifer Kulow.

In Australia, on average a female born in 2010 has a life expectancy of 84 years, five more years than a male.(1) Also, on average the age of a couple at their first marriage is 29.6 for a man and 27.7 for a woman.(2) As a result, in the world of statistics, a female is likely to be widowed for seven years, which is exactly why we want women to increase their awareness of financial matters. It is clearly in their best interest.

As my friend Eddie Lees famously said: "I was lying on a hospital gurney waiting to die after my heart attack and I realised that my dear wife Anne had no idea of where the deeds to our property were, how much debt we had, what life insurance cover was in place..." (Fortunately Eddie lived, but his experience caused him to create the Now Sorted! system of record storage.)

Now, looking forward, things have changed!

I believe the whole notion of a traditional ageing of women and men will be turned on its head. I anticipate Australia will become a nation of part-time workers over 55 – by choice.

Government provided pensions, which were originally intended to fund the frail and widowed, have now become a 20-year reward for your contribution during your working life. They have indeed become more difficult to get, women have had their eligibility age extended by seven years and men by two, in recognition of our increased life expectancy.

As a result of all this, Government in Australia and in every developed country have recognised that unfunded retirement policies will send them broke in 20 years.

The great news for Australians however, is that we have had almost 30 years of compulsory superannuation. It is now in our national DNA and for those smart enough and who have a little extra to spare in terms of cash, there is a tremendous opportunity to have a fully funded lifetime holiday. But it takes planning and diligence to achieve.

The best thing both women and men can do is increase their financial literacy and start planning early. Read on for information!

Turning to a related issue, people who read our website regularly will have noticed I have become very cranky with the Federal Government over its Excess Contributions Tax – or ECT – given errors can result in people inadvertently paying too much in superannuation (as much as a tax bill for 93%!)

As a result, I have written a number of media releases on the topic which have attracted the media's interest and I have been in correspondence with Mr Bill Shorten, the Federal Minister, Mathias Cormann, his opposition counterpart, the ATO and also the Financial Planning Association. The last budget had a token "fix" for the problem, allowing one mistake of up to $10,000 to be unwound which, in my view, is simply ridiculous. Having said that, the fact the Federal Government made this change is evidence it is listening to the groundswell of criticism which is currently being expressed.

Turning to the bigger picture, I would like to see a more reasonable system of super savings, one which had a lifetime limit – say $1,500,000 adjusted for CPI.

As I get older, I become increasingly enthusiastic for a wholesale change in superannuation policy in Australia. I believe that the current system is skewed towards those (mainly males) who earn regular and predictable incomes over a lifetime.

I would like to see a more reasonable system of super savings, one which had an indexed lifetime limit per person of, say, $1.5 million. From this pool could be drawn a retirement income stream of up to $75,000 per annum, with provision for residual benefits to be transferred to the super funds of beneficiaries (or to nominated charities) on death.

Such an approach would allow people with fluctuating incomes, (e.g. farming couples with a first bumper year after drought to contribute above their current age based limits, mothers returning to the workforce, the self employed or those who earn bonuses) to catch up on missed super savings without running the gauntlet of the current tax penalties.

Finally, to the economy. Where do I see Australia going over the next six months, 10 years and 30 years?

The short answer is I expect the country to boom and plateau. China, India, Vietnam, in fact most of our region – will drive our economy for a period probably equal to the rest of my lifetime. However, we need to share our wealth – and by this I don't mean consuming it. I would like to see money contributed to a future fund which will help Australia during the inevitable bust which will occur.

The concerns in the short and medium term are actually driven by external issues, in particular the US and China.

The US only understands how to "consume its way" out of bankruptcy and China only understands austerity. And as usual, the poorest in both great nations carry the burden.

A strong US economy and a stable China are very important to us.

The US will start to grow again once it gets half the unemployed back to work – 10% of the population idle is just too big a drag on the economy. I anticipate the US spending on its military will be significantly cut in the early days of the next Presidential term when partial withdrawal from Afghanistan occurs. Also, I expect China will forcibly control its rampant growth of between seven and nine per cent per annum.

There will be some big "bumps" for Australia to deal with – but fortunately we sell what the rest of the industrialising world wants, grain, coal and iron ore.

(1) Australian Institute of Health & Wellbeing
(2) Wikipedia

Our People

# Welcome Jennifer Kulow

**Jennifer Kulow is a woman on a mission!**

This highly motivated 23-year-old graduate of Modbury High is the latest recruit to Marinis Financial Group and has already started work on obtaining the Diploma of Financial Planning whilst she works as an administration officer within the firm.

"I am aiming to become a qualified financial planner over time and have already started the course. This is a great environment to learn on the job and also to get any help with my studies. There is an awful lot of technical information a planner needs to know!

"Getting this job and the opportunity to build my own career has been fantastic. I already have my Certificate III in Business studies, so the sky's the limit," she said.

Jennifer comes from a family steeped, in financial services, with her Dad heading towards 40 years' service with ANZ bank. Prior to MFG, she previously worked for CPS Credit Union and Employers Mutual.

"I guess I had the importance of money drummed into me from a very young age, but it wasn't until I got to Marinis Financial Group that I had my own life insurances sorted out. Dino and Michael were terrific in helping organise this!

"I love working with our MFG clients as well, as they are simply wonderfully nice people. I have really landed on my feet.

"I guess the big picture for me is that in thirty years time I would really like to have a good work / life balance and to perhaps own my own business in financial services... I must speak to Theo and Julie about that," Jennifer jokes.

Client Profile

# Dr Margaret Arstall

**Closely monitoring every beat of people's hearts must give you a unique perspective on life and Dr Margaret Arstall, a long time MFG client and head of Cardiology at Adelaide's Lyell McEwen Hospital, is not shy to spread her observations.**

"Don't smoke – and don't play the pokies. Both addictions destroy lives," she commented.

Dr Arstall is one of Australia's leading cardiologists, and rather than use her skills and training to set up a highly lucrative practice in Sydney or Melbourne, this Northern Adelaide local has chosen to help out the people she went to school with.

"I grew up in this community and I love it. I see people I have known all my life as patients at the Lyell McEwen Hospital and it is fantastic that one of my best Elizabeth High School friends is a psychiatrist here – we did our medical training together, hence it has been a terrific journey," she said.

Along the way Dr Arstall has been very pragmatic about planning for her future.

"It occurred to me quite early on that if I was going to be able to afford to do the things I want to do in retirement I needed to take responsibility for myself and put away as much as possible," she said. "I plan to work until 65 and then, depending on my health, I might do something completely different. Who knows, you might find me as a volunteer at Adelaide's wonderful zoo one day!

"Superannuation is not the most exciting subject but what it allows a person to do is exciting. I think it is incumbent on women to take responsibility for their own retirement whether they are single or in a relationship.

"So often in my work, I see families who have relied on a male partner to fund retirement only to discover he becomes ill or passes away. Suddenly the female is the breadwinner and only barely makes ends meet. A bit of long term planning, some insurance and a shared commitment to retirement would have improved everybody's lot.

"I also see an incredible amount of people waste so much of their disposable income on pokies. This money goes straight into the pockets of the gambling companies and causes untold distress. If the same resources were put into long term savings, the outcomes would be so incredibly different.

"AND as for smoking, it is very expensive and will kill or seriously damage you. If you put the $10 per day you spend on cigarettes into your retirement fund, you can make an extra $3,500 a year in super savings. This will mean, not only will you have a longer and healthier life, but you will have more money to enjoy your retirement!"

Lenzerheide Restaurant

# Phil Hoffmann Diamond Dinner

Article by Dino D'Aloia

# Insurance Sanity Check

**Women, I'm afraid it is up to you to get the insurances right!**

**Time and again throughout my career I have found that when the female partner recognises just how much at risk she is of being left "holding the baby" action quickly occurs to get the right insurance protection in place for the couple.**

On reflection, I would guess this is because we men tend to think we are indestructible, while women carry the greatest financial risk if something happens to their partner.

There are "No Brainers" with insurance. You must insure your house, your car and any other material asset but also your BIGGEST asset.... your potential to earn money.

Sit back and think for a moment, "How will this family survive on one or no income?" The answer is highly likely to be that it won't.

For some crazy, perhaps superstitious reason, many men are reluctant to buy insurance against becoming ill or dying – yet the $35,000 Commodore in the driveway has full comprehensive cover and a $100 excess!

Income protection insurance provides 75% of a usual wage when someone becomes unwell or is injured, and please note the premiums payable on such a policy are tax deductible. Therefore, it makes perfect sense to have such a policy in place, particularly during the "high expense" years of kids and mortgages.

I often say, for smart people Life insurance is not forever. If you have no dependents and no liabilities, there is no reason to pay for such cover.

To do an insurance sanity check, I recommend a person sit down with their financial adviser and review their assets and liabilities – both now and into the future. If the bottom line is that you need some extra cover, get it immediately. If you already have too much, you can choose to either cancel or reduce your level of cover and use the savings as extra payments on your mortgage, or put it into superannuation.

Article by Simon Morgan

# Ladies: how to get out of your looming retirement crisis

**Losing your job, being in the midst of a relationship breakdown or owning your own business can all mean many women have minimal or no super savings by the time they reach the wonderful age of 50, which is traditionally 10 years prior to retirement.**

The best advice is not to panic, seek out an adviser, become financially literate, make and then stick to a plan… and drop that "fear" of retirement. Australia is the best country in the world for people over 65!

Sounds simple – but what sort of things can be done?

In the event of losing your job, a relationship breakdown, or another life changing scenario, the first sensible step is to remove as much debt out of your life as possible. This means accepting that your life has changed and being prepared to move forward again – essentially recalibrating what your expectations are to what you will be able to afford. Do not expect a white knight to ride up on his horse and rescue the situation – it is realistically up to you!

Re-evaluate your whole lifestyle. Expensive debt, such as credit cards and personal loans, should be paid off first as these can quickly drain your resources. Challenge your spending: do you need the car you drive, do you need to socialise so expensively – and focus on what is really important in your life.

If you own the family home the hard question should be addressed – is this an emotional or rational asset? How much will it cost to keep the house and should I consider downsizing to possibly a townhouse or unit? If I decide to do this will it free up money to live on?

If you are over 50 and decide to move into cheaper accommodation, you may be able to transfer $50,000 pa into the very tax effective superannuation structure per year – and draw down on it in a highly tax effective manner through the Government's transition to retirement provisions.

Alternatively, you may consider taking in a boarder or tenant and putting this income directly into your super.

Do not forget that there is a huge array of services available through Centrelink. You should go online to learn about them and then speak face to face with a Centrelink Officer; they really are there to help.

## Losing Your Job

Before cashing your redundancy cheque, make sure you see a financial adviser immediately. Depending on how long you have worked, there could be some very beneficial financial opportunities you don't want to cut yourself off from.

## Business woman with little or no super

Now, people who work for themselves often say "My business is my super." However, drawing down a pension in a transition to retirement scenario from a working business is quite tough. As they say, cash-flow is king.

One of the great opportunities for small businesses which own their premises is where the Federal Government allows people to transfer ownership of the premises to your super fund – under the curiously titled "Business Real Property" rules. This means you can treat your premises as part of your super and then rent can become part of your drawdown when the time comes.

Other scenarios which should be considered are selling part of the business and transferring $50,000 pa (or up to $450,000 in special circumstances) into your super fund.

Of course, there is a range of tax and legislative challenges which face small business, therefore the best thing you can do is co-ordinate a meeting between your financial adviser, accountant and lawyer in order to come up with the best solution for your circumstances.

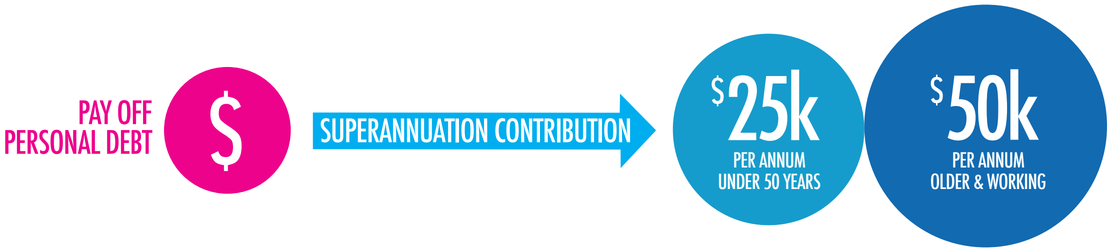
## Conclusion

Even in the worst case scenario – the Federal Government will give individuals an age pension for life from 67 – this is 25% of the average weekly earnings of a working person and the package includes a range of health and other supports. You will not be well off, but you definitely won't starve.

By speaking to your adviser as soon as your circumstances change, being unemotional about assets, and acting on the advice you are given, there is a lot that can be done to increase you funds in retirement.

Article by Michael Callisto

# What to do with an inheritance




**The word "inheritance" sounds wonderful but in reality it is usually tinged with sadness, as it is about the distribution of a loved one's assets once they have gone. Statistically, men live shorter lives, therefore it is likely that most women in relationships will end up inheriting the estate.**

If your inheritance is from your life partner, or someone you were considered by law to be dependent upon, the whole process of wealth transfer is usually straight forward. Once probate has been granted, the Executor can transfer all the assets to you and any other beneficiaries. There may be some stamp duty payable on transferring shares etc, but cash and the proceeds of the sale of properties is generally uncomplicated.

For every other inheritance there can be challenges. You need to be aware of capital gains tax liabilities. For example, if Grandad's Will directs his $100,000 BHP Billiton shares which he bought 10 years ago to transfer to his granddaughter Louise and his $100,000 Rio Tinto shares which he bought three months ago to her twin Sue, the rules on how much tax is due on any capital gain is complicated. (If the asset is under 12 months old, 100% of any capital gain is taxable. If it is older than that, 50% is due.) Therefore, the amount receivable by the twin granddaughters may not be equal. Similarly, there is potentially a 16.5% tax on any superannuation money received, which can be a nasty surprise.

If you inherit a house you do not live in, you have 12 months in which to sell it before the capital gains tax clock starts. If you plan to rent it out, pay a licensed property valuer to give you a written valuation and keep this as proof. The ATO is likely to accept that this is the value of the property when working out any tax you will need to pay in years to come.

Should you inherit a car, you will need to pay stamp duty on the transfer of the registration to yourself.

Once you have received an inheritance it always makes sense to speak to your financial adviser to understand exactly what, if any, tax obligations you have also "been gifted".

A common response to a windfall amongst older Australians is to "give it to the kids." Again, this should be discussed first with your adviser. By giving away your inheritance you may block your access to Centrelink as there are rules that only allow you to give away $10,000 p.a. without reducing your payments.

The Marinis Financial Group general advice hierarchy is to first pay off any personal debt and then contribute to superannuation – up to $25,000 p.a. if you are under 50 years of age or $50,000 p.a. if you are older and working. If you cannot contribute to super any more and have a life partner, investments could be split between a couple to reduce your tax and possibly increase your access to Centrelink.

Probably the hardest part of receiving an inheritance is the emotional aspect – selling the family home or the farm which fed generations can be very difficult. This is why a good relationship with your adviser is very important. You need to tell them what your wishes are and if you do not feel ready to make a final decision, let them know and ask them to develop a holding strategy while you decide what is best.

Once the estate is settled and the financial plan for your future has been established and put into place, a really good idea is to go on a holiday – it is a very stressful time in your life. Have a look at 'Phil Hoffman's Travel', 'Andrew Jones Travel' or 'Tour for Independent Thinking Women' websites to find out how great holidays for singles or groups of women travelling together can be enjoyed. Remember, life is for the living and the purpose of money is to enable us to enjoy our lives.

Finally, learn from this experience and do your best to make sure the next generation does not suffer the same hardships that you did. Make sure you have an up-to-date Will, have all your papers organised and ensure your loved ones know what your wishes are.

Article by By Ivana Samra

# 12 Months as a 'Pink' Accredited Organisation

**After more than a year of accreditation as a Pink Tick organisation, it is more than fair to ask "what has changed" at Marinis Financial Group since receiving this recognition.**

**The simple answer is "attitude".**

One of the major benefits of being recognised as a female friendly organisation is that it has become part of our culture. That this edition of "Grow" has been produced with a focus on women's interests is a direct reflection of this change.

I believe that our three male advisers have developed a broader outlook and, in my view, being encouraged to think about our female clients and staff has made us more effective in our business communications.

Behind the scenes we have recently been giving a lot of thought to the 'draw down' phase of superannuation – in other words, that period when all the hard work of saving for retirement starts to deliver on its promise. Often, this is a very liberating time for our female clients.

Some readers will have attended the Phil Hoffman presentation we hosted at the Lenzerheide Restaurant earlier this year. Phil gave our clients the benefit of his 30 years of award winning expertise in travel by talking about the best places to see and visit.

Similarly, on behalf of some clients, we have looked into solo travel (also offered by Phil Hoffman Travel) or women's travel groups, such as those offered by Penny King and her 'Tours for Independent Women', or Andrew Jones' 'Travelling Ladies Club'.

Being accredited by the 'Pink Tick' through Female Friendly helps us to reassure our female clients and to demonstrate publicly that we want to be known as valuing both genders equally.

As always, we invite our clients to give us feedback. If there is something you think we could improve on, or an idea of how we can better serve you, please do not hesitate to speak to us. We really value your open and honest feedback in our continued efforts to "live up" to, if not exceed, the Pink Tick promise.

femalefriendly™
Accredited

www.femalefriendly.com.au

www.pht.com.au

www.toursforwomen.com.au

www.ajtravel.com.au

Breast Cancer Network of Australia

# Proud to be a financial supporter of BCNA

**One of the great positives to emerge from the breast cancer epidemic is the Breast Cancer Network of Australia (BCNA) – one of this country's most practical, down to earth and accessible support organisations.**

According to their website: www.bcna.org.au "BCNA is the national voice of all Australians personally affected by breast cancer and represents more than 294 Member Groups and over 57,000 individuals, who have been touched...."

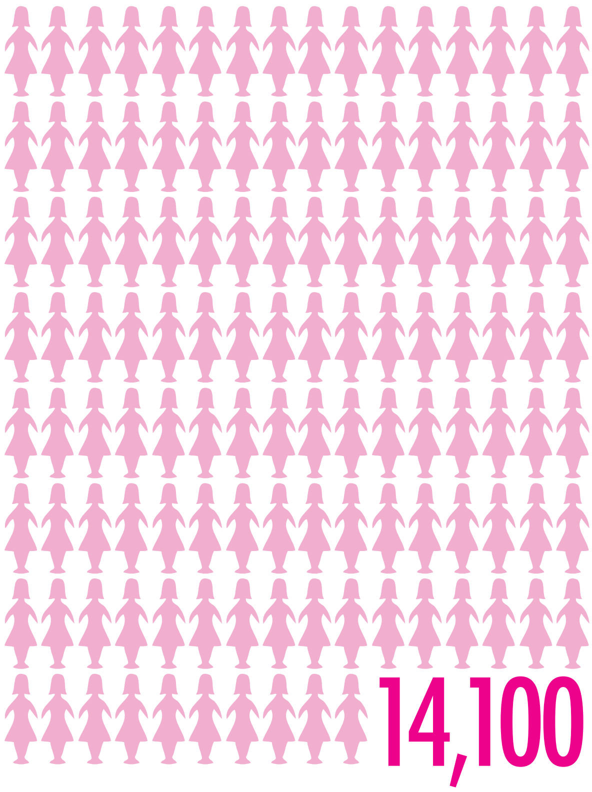
You probably are familiar with the iconic pink lady cut-out symbol and recall the incredible scene from 7 May 2010 where 14,100 pink poncho clad marchers appeared on the MCG; however, BCNA is far more than just these.

BCNA is a partner on the journey for any person diagnosed with breast cancer. They provide practical information on what to expect, they demystify treatments, they have documented real case studies and help people find support groups – they even help breast cancer sufferers who do not respond to treatment to understand the end stage of their disease, what to expect and how they can assist their loved ones at an incredibly difficult time.

Marinis Financial Group is proud to be a financial supporter of BCNA and we warmly invite you to go to this wonderful website to find out more.

www.bcna.org.au

## 7 MAY 2010 MARCHERS ON MCG



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