OCTOBER 2012
newsletter

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Hello Everyone!

It has been a while since we last sent out a Newsletter but you can rest assured we are still here and, as always, working away for you, our valued clients.

There has been plenty of movement in the finance industry in the past year with markets fluctuating and Europe experiencing plenty of turbulence. However, the Australian economy remains strong and the market continue to show signs of recovery following the Global Financial Crisis.

One word has defined the past year in our office, however, and that word is CLAIMS. We have experienced an unprecedented number of claims in 2011 and 2012 which has really hammered home how important personal insurance is. We have had claims for death, terminal illness, trauma, business expenses and income protection for conditions ranging from cancer and heart disease to broken bones and mental health conditions and we are constantly working with these clients and their insurers to make sure their claims are paid in a compassionate and timely manner.

With that in mind I have included in this newsletter some facts about claims provided by Zurich, one of our trusted insurers, which debunks the myths many Australian believe about insurance. Some think they are impervious to the reality that untoward things can happen and it is important to prepare for those unexpected events that can take a serious toll on your family's finances.

As always please call us with any questions, queries and problems or to arrange a meeting on 07 5593 5544.

Kind regards,
Brian and Christian Stanger

What would happen if the worst were to happen?

- from Zurich Life Risk, 'Protecting you from the unexpected', 2011

How would your loved ones cope if the worst were to happen and you were no longer there to care for them? Would your partner need to sell the house or move suburbs? Would your children need to change schools? Would you be leaving your family in debt?

And what if you suffered a serious health problem and couldn't work for six months or more? Would you be able to keep up with mortgage and car payments and other bills?

While they may not knowing it, many people put their family at risk under the false assumption that they have safety nets in place.

Myth 1: 'I have enough cover in my super'.
Reality - many people have only the default level of cover, which for those with families and debts will most likely be inadequate.

Myth 2: 'I am covered by workers compensation'.
Reality - workers compensation only applies to employees (not self-employed), and only covers work-related injuries and illnesses. Additionally, benefits are capped and for many will be inadequate to support their lifestyle.

Myth 3: 'I will claim disability pension'.
Reality - As at September 2010, the maximum disability support pension - which is means tested - was $496.30 per week for couples. Would this support your current lifestyle?

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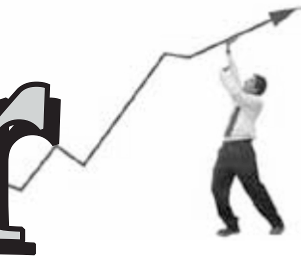
newsletter



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5 Steps To Managing Your Wealth

- by Gary Weigh, My Prosperity Forum, 2012.

Managing your health should be your number one priority but managing your wealth should be right up there at number two.
Start by knowing your true financial situation. Make a budget and review your spending and your income.
Then focus on ways to actively promote wealth building and wealth protection as the Yin and Yang of your personal finances. Here are the five steps to help put you on a firm footing for the next year.
1. Set your goals for the following year. Even if the economy is poor it doesn't mean you have to do it tough too. There is always opportunity if you choose to look for it but you're not going to find on the six o'clock news.
2. Check your income protection to see if it is updated in line with any change in salary or business income.
3. Review your personal insurance cover. Avoid eroding your personal wealth in the event of a health misfortune and I'm not just talking about early death. Being incapacitated and a financial burden on your family can be a much more expensive exercise.
4. Attack personal debt. You will start to get ahead as soon as you get rid of credit card debt and personal loans. A return to cold hard cash isn't such a silly idea if you are trying to cut your spending.
Wealth building is about making steady financial progress by allowing money to work for you. It is not about instant gratification and personal debt.

Planning with Risk Insurance

- by Gary Weigh, My Prosperity Forum, 2012.
- OnePath, Insurance Fundamentals - Protecting what's important, 2012.

When considering how much life insurance to buy, most people are satisfied with the automatic levels of life cover that show up on their superannuation account. However Research shows that almost half of industry super fund members are underinsured by $100,000 for life cover and by $1,000 per month for income protection cover*.

The goal of risk insurance should be the same as your retirement goal. That is, to be debt free with enough money for your spouse and any dependents to live on comfortably and securely for the duration of their lives, with or without an inheritance to leave. Therefore the amount of cover required should effectively replace future retirement wealth lost in the event that your wealth accumulation plans are suddenly interrupted.

Because the nature of the interrupting health crisis causing the financial loss can never be predicted, all common risks (ie. death, critical illness, TPD) should be addressed.

* Sweeney Research, a joint report by The Australian Institute of Superannuation Trustees (AIST) and Industry Funds Forum (IFF), 2008.

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