



RISK AND INVESTMENT ADVISORS AUSTRALIA PTY LTD

insights

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December 2009 Newsletter

## Time to reflect



Many people use the Christmas/New Year period to reflect on the year that has just flashed past, and begin thinking about their future hopes and dreams. The new year also provides a good opportunity to reconsider financial strategies and goals. Below is an easy-to-follow guide to getting your finances in order for the year ahead.

### 1. HAVE YOUR KEY FINANCIAL GOALS CHANGED?

Many clients find that their goals change slightly from year to year. Major life events such as serious illness, the birth of a child, inheritance, marriage and the death of a parent or spouse can all result in significant changes to an individual's wealth management goals.

### 2. PRIORITISE YOUR GOALS

Not all goals are equal. In order to ensure you aren't overwhelmed with the task ahead of you, it is important to rank and prioritise your goals, deciding what timeframes you want to achieve them in. Being realistic is essential to ensuring that your goals will be achieved.

### 3. BE CLEAR ABOUT TIMEFRAMES

Most industry experts agree that a short-term goal is one that can be achieved within a year or so. Medium-term goals typically require two to five years, and long-term goals usually take longer than five years.

For example, reducing credit card debt is likely to be a short-term goal, whereas saving for a home deposit would often be a medium-term goal. Providing for retirement is a very common long-term goal.

### 4. IF YOUR FINANCIAL GOALS HAVE CHANGED, HOW WILL THIS AFFECT YOUR FINANCIAL STRATEGY?

This is where the advice of a financial planner is critical. They have the tools and knowledge to create projections, taking into account changes to your goals and timeframes for achieving them. These projections will help you see where your plans for savings, investment contributions or assets may need updating.

### 5. BE INVESTMENT SAVVY

Make sure your investments support your level of risk and goals. Your financial planner can develop a tailored analysis that best suits your individual risk preferences and goals. They can also provide you with a review of your portfolio and advise on any sell-downs or top-ups that would benefit you. Your adviser can also work with your accountant to ensure changes are implemented in a tax-effective manner.

Reflecting and thinking about your financial position and setting a clear path is critical in making sure you reach your goals. Your adviser can help guide you and make sure you are always on track.

# Tips to protect your identity

It is estimated that Australians lose over \$2.2 billion a year through identity theft. This is where your personal details are stolen and the criminal uses them to borrow money or incur debts in your name. By the time you discover the problem the thief is gone with the goods bought in your name. You are left with the debts to repay, a damaged reputation and the inconvenience of having to restore your credit rating.



Avoiding identity theft is partly a matter of common sense. For instance:

- signing your credit or debit cards immediately and never letting anyone know your Personal Identification Number (PIN);
- keeping credit card slips and checking them against your statements;
- changing your PIN and internet password often;
- reporting lost or stolen credit cards immediately; and
- keeping your personal details and bank account details secure.

However, here are some other ideas to consider.

- Take out all the contents of your wallet or purse and copy it all – back and front. Keep the copy in a safe place (not in your wallet) together with the phone numbers of your banks and credit card issuers. Now you are prepared to report a loss quickly.
- Sign your credit card and print in bold letters next to your signature “Requires photo ID”. This will prevent the thief using your card in shops (but obviously not online or over the phone).

- Put a lock on your mailbox to prevent mail being stolen.
- Report stolen property to the police. This shows credit providers you were diligent and it enables an investigation to start.
- Ensure your bank and credit providers have your up to date contact information. Computer systems are becoming more sophisticated and banks can often detect unusual buying patterns. If they can contact you promptly, they will be able to put a stop on the card.
- If you buy over the internet, have a credit card with a low credit limit just for that purpose. This will put a cap on how much can be stolen.
- If you are asked for your driver’s licence as ID show it but don’t let anyone write the details down. Your licence is a de-facto national ID card.

The growth of electronic banking has provided thieves with new avenues to separate you from your cash and credit. Common sense and vigilance can reduce the risk of it happening to you.

Source: Baycorp Advantage

# A new job? Don't forget this!

Depending on how you look at it, changing jobs can either be an exciting time or a stressful one. With so much happening, you can be forgiven for being more focused on the new job than on sorting out your superannuation and life insurance. However, both need attention, so here are a few tips for when you make your career move.

After all the excitement has died down, a change of job can have a significant impact on your financial plans. Talk to your financial professional about how to make the most of this change.

## DO YOU NEED TO MOVE YOUR SUPERANNUATION?

If you've been in an employer fund, it's possible you may need to select a new fund. This may be an opportunity to establish a fund that's more suited to your long-term needs and risk profile.

## NOTIFY YOUR NEW EMPLOYER OF YOUR PREFERRED SUPERANNUATION FUND

In most cases, you can now choose your superannuation fund. Once instructed, your employer will be required to make all compulsory contributions to that fund.

## REVIEW YOUR LIFE INSURANCE

This is particularly important if you're changing superannuation funds and you held life insurance with the old fund. Most life insurance companies offer a "continuation option" which allows you to replace your former cover with personal insurance cover (to the same amount) without the need for underwriting. Don't make the move until you have appropriate cover in place.

## REVIEW YOUR INCOME PROTECTION INSURANCE

If you are moving up in the world, make sure you increase your level of income protection insurance to reflect your higher salary. If you don't have income protection insurance, now is the time to get it.

## IS SALARY SACRIFICE AVAILABLE?

For most people, superannuation is the best environment to accumulate funds for retirement. Ask your new employer if they will allow you to make higher contributions to superannuation from your pre-tax income.

## START A SAVINGS PLAN

If you have a savings plan, you may be able to arrange for a regular deduction from each pay packet to be paid into a high-interest savings account or managed investment fund.

# Laughing your way to good health and fitness

If you hate sayings like “laughter is the best medicine”, it’s time to lighten up a bit because apart from being true, it shows that you’ve lost your sense of humour!

It is said that six year olds laugh on average 300 times per day but by the time we reach adulthood we’ve reduced our giggles down to only 15 per day... if we’re lucky! So what, you might say, what’s there to laugh at? Well, it’s not just a case of what is there to laugh at, but what happens when we forget to laugh... basically, life becomes a drudge.

It’s a bit of a Catch-22 situation - by focusing on all the bad news we’re constantly exposed to, it becomes very difficult to raise a smile. So it might be time to rise above the doom and gloom, turn the TV off and pick up a comic, read a Dr Seuss book or maybe read some of those many jokes your friends have emailed to you but you were “too busy” to read!

Laughter can even help you on your fitness and weight loss campaign:

- Dr William Fry of Stanford University found that laughing 100 times burns off the same amount of calories as 10 minutes on a rowing machine!
- After a good belly laugh, blood pressure drops to a lower, healthier level than before the jocularity began.
- Laughter oxygenates your blood, thereby increasing energy levels, relaxes your muscles and works out all your major internal systems such as your cardiovascular and respiratory systems.

So the next time you’re feeling guilty about missing your daily exercise, go and find something funny and have a good belly laugh. It will be more fun, it will cost less and you might just live a longer and happier life!



## HERE’S SOME EXERCISE FOR YOU...

An elderly Irishman lay dying in his bed. While suffering the agonies of impending death, he suddenly smelled the aroma of his favourite chocolate chip cookies wafting up the stairs. He gathered his remaining strength, and lifted himself from the bed and slowly made his way out of the bedroom, and crawled downstairs. With laboured breath, he leaned against the doorframe, gazing into the kitchen. Were it not for death’s agony, he would have thought himself already in heaven, for there, spread out upon waxed paper on the kitchen table were literally hundreds of his favourite chocolate chip cookies. Was it really heaven? Or was it one final act of heroic love from his devoted Irish wife of 60 years, seeing to it that he left this world a happy man?

Mustering one great final effort, he threw himself towards the table. His aged and withered hand trembled as he reached for a cookie, when his wife suddenly smacked it with a spatula. “Buzzer off” she said, “they’re for the funeral”.

Source: [www.laughterlinks.com](http://www.laughterlinks.com); [www.humourfoundation.com.au](http://www.humourfoundation.com.au); Dr William Fry, Stanford University

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