

WIN: A FINANCIAL HEALTH CHECK + ADVICE FOR A YEAR

The really simple guide to **money**

AR ADVISER RATINGS

YOUR BEST INTERESTS

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10
WAYS TO
SAVE OVER
\$5,000
TODAY

**HOW
TO FIND
THE RIGHT
MONEY
MENTOR**

Kochie

"LIBBY USED TO GIVE ME
AN ALLOWANCE"

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TAKE OUR TEST: YOU'RE PROBABLY RICHER THAN YOU THINK

CASE STUDY

FROM BAD TO WORTH

For 11 years Trent Taylor ran a successful coaching business. Then, with the onset of the GFC in 2008, the business took a massive hit. Trent lost a lot of money and the company nearly went under.

"My assets dwindled from \$1.4 million to zero in 18 months," he recalls.

"After I split up with my business partners, things went really badly. My real estate assets dropped in value and I was almost wiped out – I was three months from bankruptcy.

"I knew I needed financial help. Through a business friend I was introduced to Glen Killen of Strategy Financial Consulting. From the start, Glen struck me as a no-nonsense person. He was kind, calm and compassionate and did not make me feel like a loser. He told me to keep it simple and to start investing in



superannuation so I can set up my own SMSF.

"He also helped me make the hard decision to sell our family house in Sawtell in northern NSW, which had dropped \$70,000 in value."

Together with his accountant, Michael Osborne, Glen reworked Trent's financial plan to keep it tax-effective and keep him on the straight and narrow as far as

his investments were concerned.

"Glen told me the first priority was to pare down my debt while beginning to invest, because compound growth is the eighth wonder of the world."

But the stress of the GFC took a toll on him and his family life. His wife, Sally – a teacher – and their three young children were worried because the 40-year-old Trent was under so much

stress. Then he decided family life was more important.

Trent sold up, cleared his debt, leased a caravan and, together with the family, travelled all round Australia. For the past 18 months the family has covered 60,000km from Broome to Alice Springs to Cooktown in Queensland. The children, aged 10, eight and six, were schooled at home and loved it.

"We have seen enormous change in their confidence and they have developed a passion for learning. We have long-term plans to go to third-world countries and do philanthropic work.

"My business is bringing in a steady income and I and the family are very happy. I plan to work until I am 80 as I love what I do and want to keep on evolving," Trent said.

OUR PANEL'S ADVICE

MATTHEW ROSS

This phase of life will go in the blink of an eye. You will be under more pressure at work, but be rewarded with more money for your efforts. Your health will be tested. Chances are your marriage will be, too. Options such as an investment property and other wealth-accumulation strategies are available to those people who planned ahead; rarely for those who haven't.

ELEANOR DARTNALL

Probably at the peak of your career, this decade often sees upsizing rather than downsizing your home as children grow older. It's incredibly important to protect your income, your health and your home: make sure your insurances are up to date. Now might be a good time to talk to your risk adviser to see if level or stepped premiums would be best for you.

BILL BRACEY

Are we on track with our financial plan? Do a full review, particularly looking at wealth creation, super/retirement and debt repayment strategies. If you're not on track to meet your goals, effect immediate change. Is your insurance plan adequate re children, debt and divorce? Remember, half of all marriages fail. Do you have new goals that need to be added to your plan?

CASE STUDY

HATS OFF TO THE PLANNER

Twelve years ago at the age of 40, chartered accountant Roy Wilkinson attended a financial planning seminar and was hooked.

He immediately decided he needed a financial adviser to keep a tab on his personal finances.

Despite working as the chief financial officer of the family-run Akubra hat business, and being well versed in accounting, Wilkinson still felt he preferred a specialist to handle his financial affairs.

So he turned to financial planner Glen Killen of Strategy Financial Consulting, who was already on Akubra's books managing its portfolio.

"Unless you keep up-to-date with changes in government policy and new regulations affecting super and tax, it's difficult to be on top of the game – not when you're working full-time with 85 employees on the payroll," Wilkinson said.



His brief to Killen was twofold: his long-term goal was to grow the nest egg so he could retire at 60, and his short and medium-term strategy is to reduce his mortgage payments to meet the education costs of three children.

While his wife, Nerida, works as a childcare assistant, her income is spent on day-to-day living expenses. Wilkinson is the main financial provider.

So they decided he would salary sacrifice up

to 15 per cent of his pay into his self-managed superannuation fund and build a portfolio of mostly industrial shares from blue-chip ASX 200 companies. They avoided more volatile mining stocks and stuck with shares that delivered consistent returns.

Wilkinson is not keen on property investment, as houses are illiquid assets with high outgoings and average returns. They are still paying off the mortgage on their four-

bedroom home in Port Macquarie: "We are close to owning the house – we're on the last stretch."

He pays Killen \$2,500 a year to manage his affairs, which is tax-deductible via the family's SMSF.

"It's money well invested," Wilkinson said. "I like Glen because he gives good service, independent advice and his fees are hourly. He is not linked to a bank or any financial products providers."

"I consider Glen more as a friend – he is very good at explaining complex issues in a simple way."

Wilkinson comes from a school that plans ahead: "Don't leave things to the last minute.

"Start planning for your retirement and the future as early as possible, preferably by the time you turn 40.

"It is always less painful if you start saving early."

OUR PANEL'S ADVICE

MATTHEW ROSS

You'll be at the height of your earning capacity. A key role of your adviser is to show how much you can support your kids financially after school. If you've had a plan in place since your 30s, you're in a position to ease your foot off the pedal. Asset allocation and estate planning become key issues to review and address.

ELEANOR DARTNALL

Your children may need support with tertiary fees or leaving home, so budgeting is paramount. High on your to-do list will be salary-sacrifice strategies. Talk to your adviser about transiting to retirement pensions. This is also a decade when your parents might need aged care, so it's important you understand the associated costs.

BILL BRACEY

Review the bedrock plan formed 20 years ago to see if it still matches your goals. Reprioritise and effect changes based on your priorities. Retirement is now a tangible thing: will you be debt free by then? If the kids move out, it might be time to think about downsizing and freeing up some CGT-free funds to shore up your wealth creation strategy.

CASE STUDY

MAN WITH A PLAN

Terry Rutledge is a 76-year-old retired bank manager who firmly believes in saving for a rainy day.

He worked for National Australia Bank for 43 years and, in the final 14 years, he salary-sacrificed up to 40 per cent of his salary into super. He was then earning about \$120,000 a year – a reasonable sum then.

When he retired 18 years ago, he had accumulated \$1.1 million in super – an amount that remains largely intact, despite having received more than \$700,000 from it during his retirement. He also has a waterfront investment unit in Manly that he bought off the plan for \$500,000 in 1991-92, which has benefited from the boom in Sydney housing prices.

"It has been a nice little earner," Terry said. He also has a share portfolio of blue-chip companies that



provide him with additional tax-effective income and owns his five-bedroom house in Port Macquarie.

As a former banker he could have managed his own financial affairs on retirement, but in 2004 he chose Glen Killen of Strategy Financial Consulting in Port Macquarie to be his financial planner.

"Unlike a car mechanic who fixes his own car or a builder who builds his own house, I knew I wanted someone else to do this

job – someone who is a specialist and does it for a living," he said.

Mr Rutledge is in a very comfortable space with liquid assets that will see him and his wife, Marlene, into their dotage – and leave something for their four children and eight grandchildren.

His financial planner manages his share portfolio and widened the share mix to a spread of blue-chips, mainly from the top 200 ASX list.

"The beauty of Glen Killen is that he gets to know his clients personally and knows what they want to achieve. We regard him as a personal friend.

"Financial advisers who charge fees of up to \$25,000 a year should be locked out of the industry.

"My wife and I had enough of entertainment when I worked at the bank and we have done a bit of overseas travel. Last year out of the blue I had a triple bypass – I was fortunate I did not suffer a heart attack."

Today, Mr Rutledge goes for an hour's daily walk by the beach. He has taken up photography and goes out with his mates into the bush for a spot of fishing.

He has three cars, one for his wife, a four-wheel drive Suzuki and a seven-seater to accommodate the grandchildren.

"It's never too early to plan and start saving for your retirement," he said.

OUR PANEL'S ADVICE

MATTHEW ROSS

The fun will continue into our 70s for those who have had a financial plan in place for the past four decades. One of the many benefits is having a strong grip on what you can expect in future – greater certainty. Our health has a lot of impact on the personal and financial issues, as does leaving a legacy to the next generation for many of our clients.

ELEANOR DARTNALL

The retirement years - a time to enjoy the results of all of your hard work. Health will be paramount, so make sure you have top health cover. Take time to understand if and how you can access Centrelink benefits. It's a good time to appoint an attorney to manage your finances if you can't do them yourself.

BILL BRACEY

The important thing is to enjoy yourself whilst still planning for the future, as your needs will change in time and you want the luxury of making your own decisions. Ensure your retirement plan will last. Review possible government age pensions and other benefits. Start an aged care plan so you're not forced into it down the track.