MyLife

MyLife Newsletter Summer 2015

Welcome to our latest newsletter!

Are your finances fit? Get your money moving with these tips

Most of us are setting new year resolutions to get fit and healthy in the new year, but have you considered the reviewing the fitness of your finance.

Here are five lessons to get your money moving faster.

1. Set a target
Whether you have a time in mind, or you just want to reach a milestone, you know how important it is to start with a goal. The same goes for saving and investing. When you know the kind of future you're planning for and what you want to achieve along the way, you'll be better motivated, better focused and better financially prepared.

So whether you want to retire comfortably, buy a home, or take the holiday of your dreams, start by setting a target you can focus on.

2. Don't skimp on the training You can't just wake up the week before a big ride or run and decide to be part of the race, with no training or preparation. And you can't just wait until you turn 60 before you start saving for retirement.

If you're a cyclist or a runner, you know the earlier you start training, the easier it is to build up speed and strength, little by little. Similarly, the earlier you start saving, the more time you have to earn interest on your interest and returns on your returns, so you can finish in style.

3. In for the long haul
Long rides and runs are all about lasting the distance. Try and do too much, too quickly, and it could all end earlier than you planned.

The same goes for investing. A disciplined savings plan that builds your wealth gradually is a very effective way to get you where you want to go, without suffering too much pain along the way. Even a small amount can build up to something surprisingly big over time.

For example, if you put $1,000 in a managed fund at age 30 and then invested just $100 a month, you would have saved more than $40,000 by age 50 (assuming 7.7% growth annually after fees). If you waited until age 40 before getting started, you would end up with only around $16,000.*

4. Mix it up
You probably know that a varied training regime is better than simply running or cycling kilometre after kilometre at the same pace. Just as you should mix up your training sessions with intervals, hills and cross-training, it makes sense to use a variety of different investments to spread risk and to better enable you to reach your lifestyle goals.

So while it may be tempting to focus on paying off your mortgage, don't forget to pay attention to your super and other investments as well. A mix of investments inside and outside of super could help you achieve your goals both now and in the future.

5. Get a good coach

Every runner and cyclist would perform better with expert advice from someone who knows the race profile, the terrain and devises a personalised training program. And that's exactly the role a financial adviser plays when it comes to managing your money.

So if you'd like to achieve a financial PB (Personal Best), consider talking to a financial advisor today.

* Based on an investment return of 7.7% pa, inflation of 3% pa. This example is for illustrative purposes only and returns are not guaranteed in any way.

Source: Colonial First State

Where there's a Will, there's a way

If you think estate planning is complex, think again. It revolves around two simple questions.

Mention the term 'estate planning' and thoughts of lengthy documents and complex legal terms often come to mind. In fact, your estate plan should be formed with two key questions in mind: Who do you want to inherit your assets? And, who would you like to handle your financial affairs after you die?

These are important questions because the answers directly impact you, your loved ones and any business associates you may have. So let's see how a solution to each question forms the basis of a quality estate plan.

Q1 Who would you like to inherit your assets?

Currently around half of all Australians die without a Will – termed dying 'intestate'. It's a problem that can leave families struggling with complicated legal processes at a time of grief. The affairs of a person who dies intestate can be properly managed by someone who is granted 'letters of administration' over the estate by the probate court. However, it should be noted that intestacy can sometimes see a valuable legacy significantly eroded through court challenges and poor management by an executor.

At worst, the way your assets are distributed could be determined by a formula set out by legislation.

To see how this situation can occur from either a simple oversight, or not having a professionally prepared and up to date Will, let's consider the key elements.

The perils of leaving your legacy to fate and the state

To begin with, if you die intestate, your assets will be divided in accordance with the law of the state or territory you live in. While this varies slightly across the country there is a good chance the distribution formula won't reflect your preferences. If you have separated, divorced, re-partnered or are part of a blended family, it's almost certain that dying intestate will see your assets distributed in a way you had never intended.

This explains why a Will forms the core of your estate plan. It gives you control over the legacy you leave behind by clearly spelling out who you would like to bequeath your estate to. This doesn't mean a Will can't be contested, and this can certainly happen if someone feels they should have been provided for and weren't. However using a solicitor to draft your Will can go a long way to ensuring it will stand up to any legal challenges.

Choosing your beneficiaries and possible tax implications To begin preparing your Will you need to think about your assets and who you would like to inherit them. Superannuation, including an allocated pension, is treated separately from your will so it's likely you will need to make a death benefit nomination to indicate who you wish to receive your pension or superannuation funds when you die.

It is important to note that assets that are owned jointly, such as family homes are also treated separately from a Will. Under joint ownership (as opposed to tenants in common), the death of one owner simply results in the survivor taking on full ownership.

Deciding on your executor

Once you have decided how your assets are to be distributed, the next step is choosing an executor. This is the person responsible for putting your wishes into action by collecting and managing all your estate assets, paying taxes, debts and other expenses and distributing your estate in line with your Will.

A testamentary trust can be useful

A testamentary trust allows you to specify the control of assets for a beneficiary(s). Its terms are set out in your Will and it is activated on your death. Instead of ownership of assets passing directly from one person to another, the assets are passed to the testamentary trust and then administered by a designated trustee - usually a family member, a trustee company, accountant or a solicitor.

Keeping your Will up to date Having drafted a Will, be sure to keep it up to date. A Will should be altered each time a major life event occurs such as marriage or divorce, the arrival of children or grandchildren or if you acquire or dispose of substantial assets especially those noted in your Will.

Should you have any queries in relation to this newsletter, please feel free to contact our office on 03 9017 4114 or email admin@mylife.com.au .

MyLife

25 Canterbury Road
Blackburn
VIC 3130
Australia

Phone: 03 9017 4114
Phone: 1300 889 446
Fax: 03 9013 0055
Email: admin@mylife.com.au

MyLife Financial Planning

www.mylife.com.au

How to have a happier retirement

Retirement can be exciting and fulfilling, but it's also a time of enormous change. So it's not surprising many new retirees find it hard to adjust. We asked Age Discrimination Commissioner Susan Ryan for her insights into making this phase of your life a success.

While we may spend years looking forward to time for ourselves, when we retire we may end up missing the sense of purpose work gave us. Even if you love having the freedom, you may find it hard to adjust to a life without work.

But the good news is that it does get easier. In fact, people tend to get happier as they age, according to Age Discrimination Commissioner, the Honourable Susan Ryan AO.
"Research shows people in their 70s are often happier in the sense of being more content with their lot than they were in their 40s and 50s," Ms Ryan says.
"If they have financial or health worries, that's different of course, but most people report feeling more contented."

Ryan speaks with the voice of experience. Over the last 45 years, she's had an impressive career in government and the private sector, including Cabinet positions in the Hawke Labor government and leadership roles in the education and superannuation sectors. And, at 70 years of age, she continues to be a tireless campaigner for the rights of older Australians.

Keeping social connections

According to Ms Ryan, there are several factors linked to wellbeing in retirement, including physical health, financial security and social interaction. It's also important to have access to social and emotional resources, like friends, family, or even a pet, and cognitive resources that keep your brain active, like learning a new language or skill.
But it's the social elements Ms Ryan believes are most important when it comes to a happy retirement.

"People who do best in retirement are those who have a good network of friends — and that can include family," Ms Ryan says.

"People are happiest if they have others they can relate to; people who they can do things for and who can do things for them, and people they can go on outings and have discussions with. This is far and away the top indicator of wellbeing, even above income, housing and everything else."

Financial security is the second most important indicator of wellbeing

"A lot of retirees do have security — they have their own house or super, or manage on the Age Pension with the extra concessions," Ms Ryan says.
But to achieve this security, it's important to plan ahead, both before and after retirement.

The challenges

Of course, ageing brings its own set of challenges. These include the likelihood of more health problems, and having to deal with loss and grief as people close to you pass away. Another major source of stress can be money. Even if you're financially well-off at retirement, you still need to take care of your hard-earned savings.

"Always be suspicious of unsolicited offers of service or investment products. You need to avoid rip-offs and scams — you could lose your lifetime's savings," Ms Ryan warns.
"Retired people are targeted by fraudsters who know they often have super or assets, and target them with dodgy investment deals. So never make a decision to invest in or purchase something from an unsolicited email or phone approach."

The different stages of retirement

Of course, retirement has many different phases that can bring different psychological and financial needs. For example, a person who has just retired may be worried about how to structure their time, or how to live on a more restricted budget. For someone who has been retired longer, the issues may be around loss of independence, or dealing with serious health conditions.

Regardless of where you are in your retirement, it's important to plan for each stage and to regularly revise your plans. This includes having a plan in place if you need to get more support at home, or if you're thinking about moving to an aged-care facility. So you can relax, knowing you've done everything you can to enjoy life now and in the future.

Top tips to make the most of retirement

1. Stay in touch
Maintain contact with friends and relatives, and get involved with new activities and community groups to widen your social circle.

2. Make a contribution
Contributing to the community is not only hugely rewarding, it also helps to give you that sense of purpose so many new retirees miss. "There are loads of opportunities, such as homework classes with migrant kids, hospital visits, volunteering at museums or art galleries, or getting involved in local sporting clubs", Ms Ryan says. "We know of people volunteering up to their 90s."

3. Get professional financial advice
"If you do have assets and you want to invest, always go to a reputable financial planner, preferably recommended by a friend," says Ms Ryan.

Source: Colonial First State

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