

Issue: Autumn 2010

Welcome to Focus

Welcome to our first edition of Focus for 2010.

In this issue, we take a look at the Australian economy and how we are in a good position to make a sustainable recovery from the Global Financial Crisis.

Also, find out some of the answers to your frequently asked questions about life insurance and superannuation, including the importance of additional contributions to your superannuation fund, the value of binding nominations and looking at how much life insurance cover is considered enough.

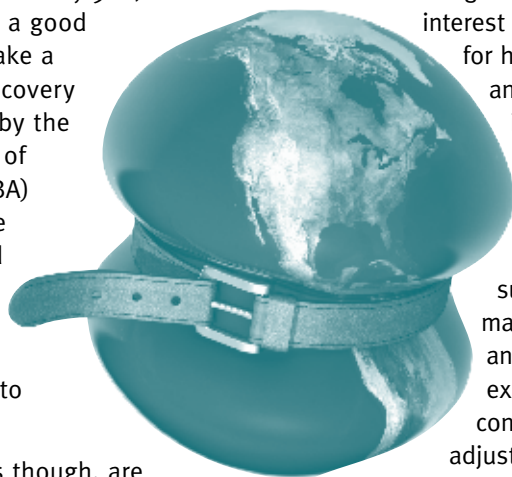
If you would like more information on any of the topics in this newsletter or any other investment advice, please contact our experienced and professional advisers.

Economic update

10 March 2010

After the worst downturn since the recession in the early 90s, Australia looks to be in a good position to make a sustainable recovery as evidenced by the Reserve Bank of Australia's (RBA) latest rate rise and continued comments regarding returning interest rates to normal levels.

Share markets though, are stuck in a tug of war. On one hand there are still concerns on the sustainability of the global recovery, and on the other hand we are seeing low interest rates and surprisingly good employment numbers. At present, there is a sense of a status quo and this is not surprising given the volatility that has been predicted for the year (despite an upward trend).



The RBA has confirmed that forthcoming adjustments to official interest rates would allow for higher borrowing and lending rates in the broader economy, which they quantify as being about 1% at the moment. As such 'new normal' may be circa 4.50%. In any event, the market expects the RBA to continue its upward adjustment of official interest rates throughout the balance of this year. Currently the market has factored in a cash rate of around 4.25% by June 2010 and up to 4.75% by Christmas time this year. ■

This report is general information only and has been prepared without taking into account an investor's individual objectives, financial situation or needs. The report should not be taken to contain securities advice or recommendations. Past performance is no indication of future performance.

in this issue

- Economic update
- ABC of Life insurance
- The difference \$20 per week makes
- Take control of who gets your super

Words of wisdom

"Setting goals is the first step in turning the invisible into the visible."

~ Anthony Robbins

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AUSTRALIAN NATIONAL CONSULTING

ABC of Life Insurance

Making a decision about life insurance protection can be as easy as your ABCs.



A is for “about insurance needs and risks”

Life is full of risks. Some are preventable, some are completely avoidable and some are utterly unforeseeable. You cannot predict what might happen. However, insurance protection can help you control the impact it has on you or your loved ones as you journey through the twists and turns of life.

Many Australians have adequate insurance in place for material possessions such as motor cars and their home and its contents. But many still steer away from insuring the most precious things in the world – themselves and their family.

The main triggers in a person’s life that prompts them to evaluate the need for life insurance protection tend to be during life altering events such as the purchase of a new home (17 per cent) and the birth of a child (16 per cent)¹.



B is for “but it will never happen to me”

Most people tend to believe that it is unlikely they’ll get run down by a bus or caught up in a car accident as they don’t think these unexpected events will happen to them. But in reality these things happen!

Unforeseen accidents at a glance... Did you know?

- 261 people drowned in Australia in 2007/2008; that is 1.23 people per 100,000. (204 male and 57 female)²
- The main causes of death in Australia are heart disease, stroke and cancer.³
- 1,611 people were killed on Australian roads in 2007.⁴



The reality is that 64% of Australians have inadequate life insurance protection and on average are underinsured by \$112,000.⁵ Ultimately, it is the ones that matter most to you that end up paying for this “she’ll be right” attitude. While we all like to think we will live forever, sadly this is not the case. Being prepared for the inevitable will help protect your loved ones from a lot of grief and ease the burden of their loss... you!



C is for cover – “is it complicated?”

It can be hard to look at one’s own value, but you are never too young or too old to consider taking out life insurance protection. Everyone has a different set of circumstances depending on where they are in their lives. So how much cover do you need?

When you are considering your insurance requirements you have to think about your living expenses. Not only immediate living expenses but ongoing and future expenses that may have an impact on your loved ones. Determine how much cover you may need so you can have peace of mind in knowing that your loved ones will live comfortably. ■

“Many Australians have adequate insurance in place for material possessions such as motor cars and their home and its contents. But many still steer away from insuring the most precious things in the world – themselves and their family.”

¹ Protection Report (2007), How does Australia measure up when it comes to addressing life risks?
² The National Drowning Report 2008, The Royal Life Saving Society Australia
³ Australian Bureau of Statistics (ABS) (2008), Causes of Death
⁴ Australian Government, Department of Infrastructure, Transport, Regional Development and Local Government, Road Deaths Australia December 2007
⁵ AXA Protection Report (2007), How does Australia measure up when it comes to addressing life risks?

The difference \$20 a week can make

“The tax effectiveness of superannuation always remains the same.”

It is amazing what a difference a small amount of additional superannuation savings can have. The earlier the personal contributions are made, the greater the total benefit at retirement can be.

For example, a 20 year-old employee that makes an extra weekly contribution of \$20 can add up to an extra \$84,458 if they retire at age 65. An extra \$40 adds up to \$168,915.*

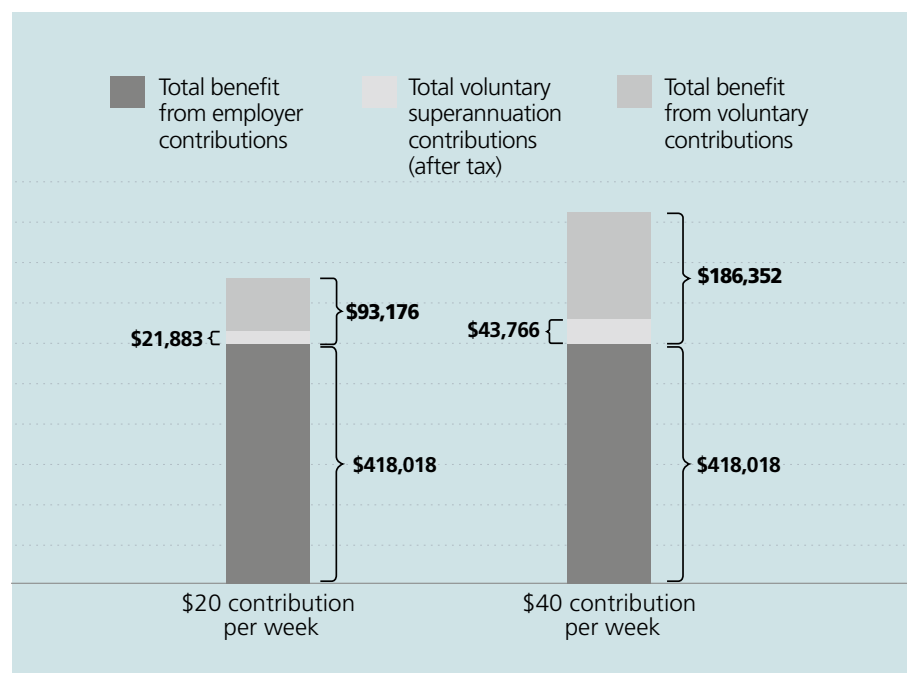
If your personal superannuation contributions are after-tax contributions, then you may even be eligible for the Government Co-contribution Scheme, as long as your taxable income is under \$61,920 p.a. (09/10 financial year). This means if personal contributions of up to \$1,000 are made, the Government will match this with a co-contribution of up to \$1,000 depending on your income level.

With markets going up and down, it is reassuring to know that the tax

effectiveness of superannuation always remains the same. By investing in superannuation, you have more money working for you and with the right advice and commitment to making a difference

to your superannuation balance, you can be well on the way to a comfortable and secure retirement. ■

* This assumes after-tax contributions increase at the rate of inflation of 3% and 6.5% is earned in interest each year net of tax and fees.



Take control of who gets your super



You may think that your super will automatically go to your spouse or estate if you pass away, but this may not be the case. That's why you need to make a binding death benefit nomination.

It is important to take the time to think through who you would want to receive your death benefit. Your financial adviser can help you work through this.

What is a binding death benefit nomination?

A binding death benefit nomination is a simple form which directs the Trustee to pay your superannuation death benefit to one or more eligible beneficiaries if you pass away.

If you do not complete and lodge a binding nomination, the Trustee decides who will receive the benefit. This means that your death benefit may not be paid according to your wishes.

Update every three years

Binding death benefit nominations are valid for a maximum of three years. Of course, if domestic circumstances change, you can submit a new binding nomination which has the effect of beginning a new three year validity period.

How to nominate beneficiaries

Only certain people are eligible to be beneficiaries of superannuation death benefits. To make a binding death benefit nomination or for more information about the eligibility of beneficiaries, call us today. ■



Fast Facts¹

In Australia:

- there are more women (50.5%) than men (49.5%) in all areas except the Northern Territory
- around 80% of the Australian population lives within the eastern seaboard or the coastal fringes of the continent
- the distance between Tasmania and Victoria is only 200 kilometres and separated from the mainland by the Bass Strait

¹ Source : www.wilmap.com.au/ausfacts.html

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