

WHAT IS THE VALUE OF OUR ADVICE?

Our clients tell us that our financial advice gives them peace of mind knowing that professionals are looking after them, and that they are financially well prepared for the future. In addition, they say the benefits of our advice far out-weigh the cost of our advice.

In this Fact Sheet, we outline some of the areas where we believe we add most value to clients (pages 4 - 7) and we also outline case studies which quantify the value of our advice (pages 2, 3 & 8).

It's interesting, also, to see the results of a study by Rice Warner Actuaries which quantifies the value of financial advice. Some of the results are shown in the charts below*.

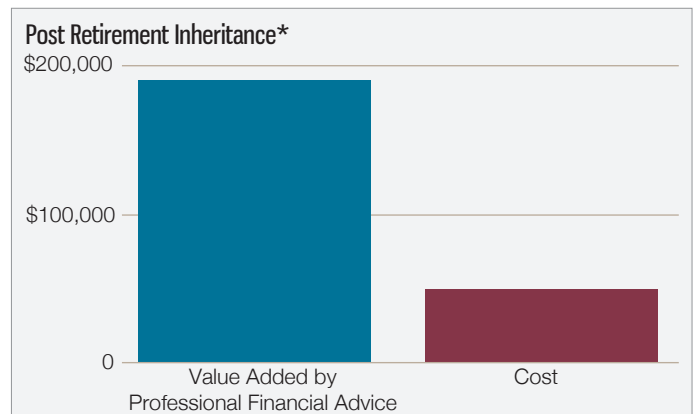
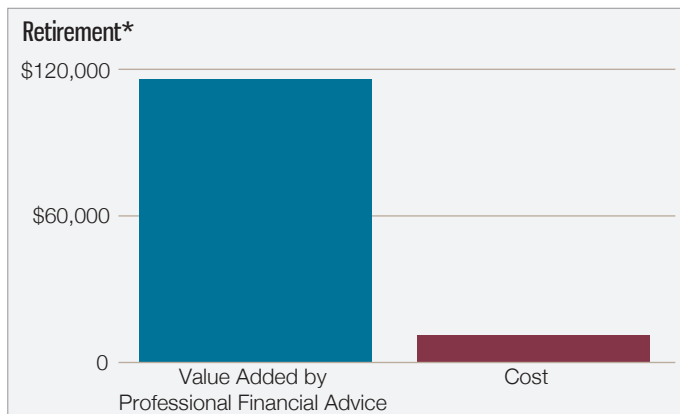
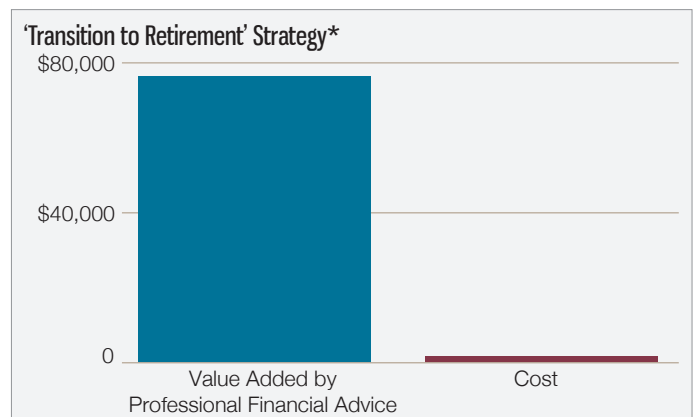
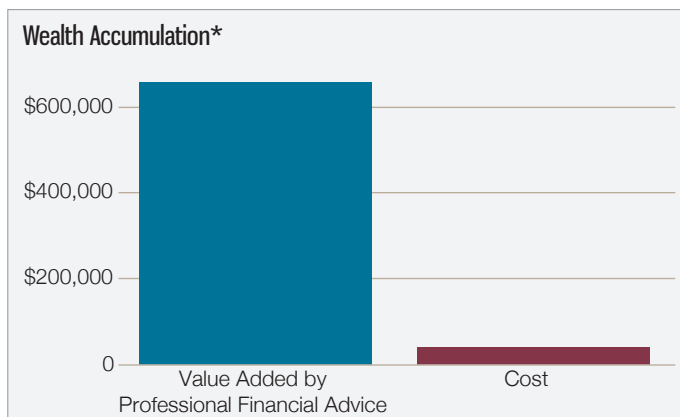
Some of the conclusions drawn by Rice Warner include:

- "There is a key advantage in having an ongoing relationship with a financial adviser in order to maximise opportunities and to build the discipline of maintaining the long term plans."

- "In addition to the financial value of advice, there is an emotional value provided from the peace of mind associated with a structured stable plan. For many people, there is huge benefit in having control over their finances, a plan for their future and financial protection against death or disability. These intangible benefits are priceless."

Another survey found that of those who currently use a financial planner as their main source of advice†:

- 87% said their adviser made a positive or significantly positive difference to their life, and
- 89% said their most recent discussion with their financial planner was valuable or very valuable.



* 'Value of Advice' Report by Rice Warner Actuaries February 2008. † Investment Trends August 2012 "Advice and Limited Advice Report".

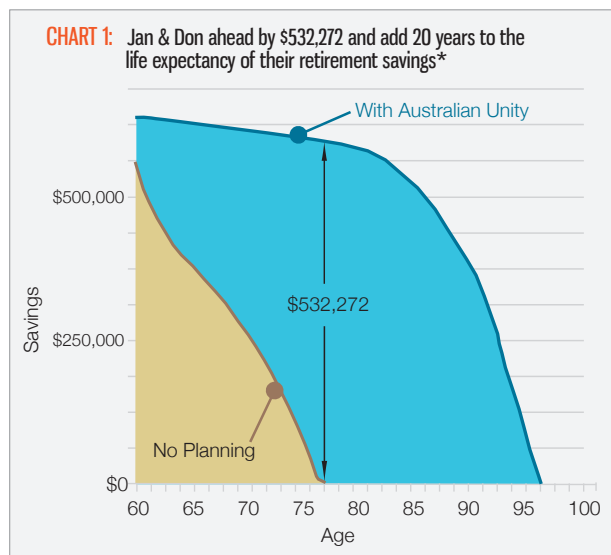
Case study 1 – Couple about to retire

Jan & Don are aged 60 and own their home, and are about to leave their jobs. They require an income of \$58,000 p.a. (indexed) for the rest of their lives, and they have \$500,000 in super and \$50,000 in cash & term deposits.

- With no planning: Jan & Don could take the 'no planning' route by withdrawing the superannuation money and investing it into term deposits. Given an earning rate of 4.5% p.a. for term deposits and 2.5% for cash, and income indexation of 3% p.a., the couple would run out of money just 16 years after they retire.
- With Australian Unity: We would suggest Jan & Don invest their super into a number of carefully chosen superannuation funds to gain genuine diversification benefits, and that the couple retain their \$50,000 in cash to top up their income as required.

Centrelink would not count the couple's \$500,000 in the super funds as an asset, and the couple would therefore qualify for full Newstart Allowance. We would also recommend an asset allocation which should reliably achieve fairly smooth returns for their super funds with a long term average of 6.8% p.a. net of tax.

As a result, we would expect Jan & Don's retirement savings to last until they are 96 years of age, as shown in Chart 1.*



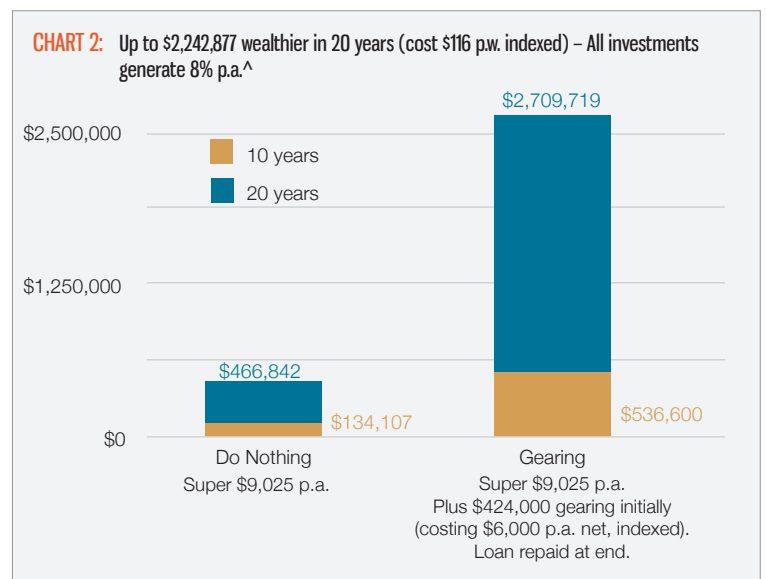
*Assumptions: Jan & Don's superannuation is 100% 'Taxable' component. Term deposits earn 4.5%, cash 2.5%. With No Planning: They withdraw super, and invest in term deposits (\$500,000) and cash (\$50,000). With AU Planning: They roll over their superannuation until Age Pension age. At Age Pension age, they commence Account Based Pensions. Superannuation is assumed to earn 6.8%, ABPs 8% p.a. Centrelink rates and thresholds are current as at 1 July 2014 and are indexed by 3% p.a. Tax rates are current as at 2014/15

Case study 2 – Wealth accumulation

Debra is on a \$95,000 p.a. salary and does nothing from a wealth creation point of view except that her employer makes the required contributions to superannuation on her behalf, i.e. currently \$9,025 (increasing in line with the Super Guarantee increases as well as salary increases of 3% p.a.). Assuming an investment return of 8% p.a. gross, Debra will accumulate \$134,107 in super in 10 years' time, and \$466,842 in 20 years' time (see Chart 2).

But what if Debra also uses \$6,000 p.a. (indexed at 3%) of her discretionary income to fund a borrowing to invest program? She would be able to borrow \$424,000 initially, after taking into account interest costs, investment income and tax deductions.

As investment income and her discretionary income increase over time, Debra would borrow a little more while keeping the cost of \$6,000 p.a. (indexed) constant. After 10 years Debra would have \$536,600 (after subtracting the outstanding loan), and after 20 years \$2,709,719 (after subtracting the outstanding loan). That's an improvement of \$2,242,877 over the 'Do Nothing' strategy.



Case study 3 – Home Loan

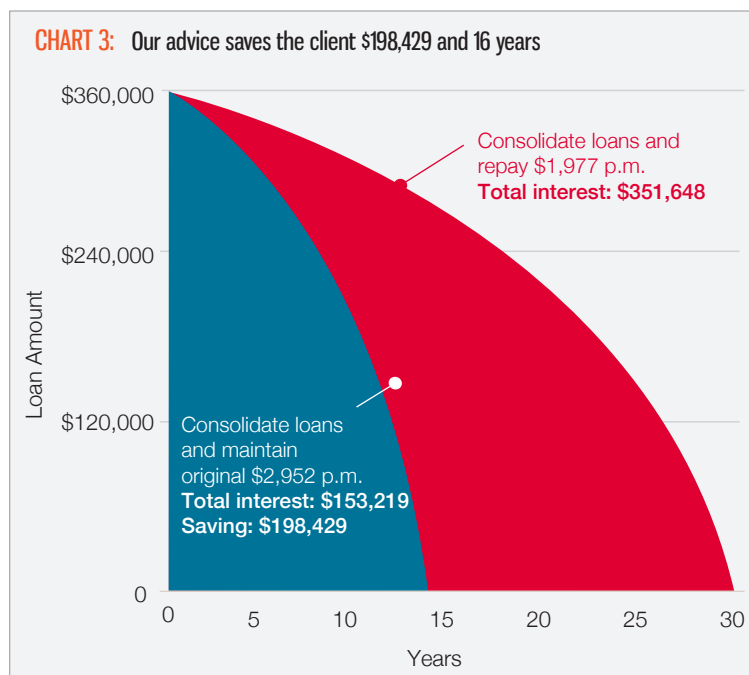
Table 1:	Amount	Interest & Term Repayments	Monthly
Car Loan	\$35,000	13% for 5 yrs	\$797
Credit Card	\$25,000	18%	\$375
Mortgage	\$300,000	13% for 5 yrs	\$1,780
Total	\$360,000		\$2,952

We would have advised this person to find a cheaper home loan, borrow the entire \$360,000 as a home loan (using equity in their home to borrow against for the extra \$60,000) and then pay off the car loan & credit card.

Their monthly repayments would then be:

	Amount	Interest & Term	Monthly Repayment
Home Loan	\$360,000	5.2% for 30 years	\$1,977

This is a saving of \$975 per month. We would advise this client to maintain the repayments of \$2,952 a month they had originally. This strategy ensures they quickly pay off the part of the new loan that relates to the car and credit cards, and it also gets them ahead on the rest of the new loan. If they maintain the higher repayments of \$2,952 per month, they will pay off the \$360,000 home loan in just 14 years... and save \$198,429 in interest repayments, when compared to paying off the loan at the required \$1,977 per month, as shown in Chart 3.



Case study 4 – Business Estate Planning

Russell and Charles are partners in a successful business. The pair realise that if one of them left the business due to death or a serious illness or injury, the business wouldn't be able to afford to pay out the departing partner (or their estate) for their share of the business.

Therefore, their options would be to: invite the departing partner's spouse into the business; or sell the departing partner's share of the business to an unknown third party; or sell the business outright. None of these options would suit either partner.

We would recommend that the partners put in place a business estate plan which: defines how the business will be valued and what each partner's share is; quantifies the cost to the business of losing one of the partners and then replacing him; as well as ensuring the business debts are paid off on the loss of a partner. Then we would arrange to fund the estate plan with insurance designed specifically for this situation.

This gives Russell and Charles the peace of mind that, should the unexpected happen, both partners and their families will be financially protected, the business will survive, and their staff will keep their jobs.

Case study 5 – Transition to Retirement

Mary is 55 and is currently earning \$60,000 a year – which gives her \$47,853 after tax. From this Mary invests \$1,853 into super, leaving her with \$46,000 p.a. to live on each year.

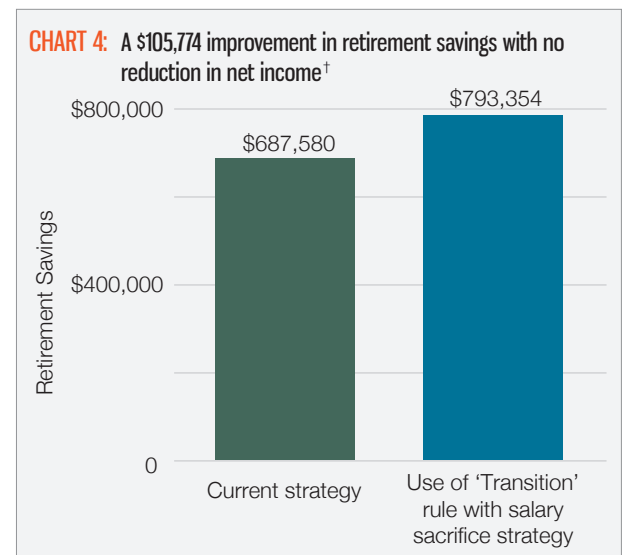
Mary has \$300,000 in her super fund. She plans to keep working for another ten years – but realises she needs to increase her super balance at a faster rate. One solution could be:

- Transfer her super to an ABP under the 'transition to retirement' rule
- WDraw income of \$21,390 p.a. from the ABP
- Salary sacrifice \$29,300 p.a. to super from her gross salary.

This should result in Mary having the same income to live on each year, made up of:

Salary (before tax & after super)	\$30,700
ABP income	\$21,390
Less tax	(\$6,090)
Net Income	\$46,000

And, importantly, Mary will accumulate \$105,774 more in retirement savings over the next 10 years than if she had not adopted this strategy (see Chart 4). This improvement arises because of the additional contributions Mary makes to super as well as the tax efficiencies created by this strategy – and it has been done with no loss of net income. Once Mary has reached age 60, her income from the ABP is completely tax free.



[†] Note: Salary \$90,000 p.a. gross. Mary already has \$300,000 in retirement savings. Assumes ABP earns 8.0% p.a. gross and Super earns 6.8% p.a. We have used the 2014/15 income tax rates and thresholds. Both cases include Mary's employer's Super Guarantee contributions.

Case study 6 – Estate planning

Nick & Jackie worked hard all their lives, and have accumulated a significant nest egg. Now in retirement, they want to ensure their assets are safeguarded after they die. Their concern is that their children will not have full control of their inheritances of \$1 million each.

Their son is in a business which is on shaky ground and could end up with the son being bankrupted. And their daughter has a marriage which, Nick & Jackie believe, is likely to end in divorce. If Nick & Jackie are right, most of the money they bequeath to their children could be lost to creditors (up to \$1 million) and the ex-husband (possibly \$500,000).

To protect their assets, we would recommend that Nick & Jackie arrange to distribute their wealth on their deaths to a properly structured testamentary trust, with the two children as trustees. This will result in the children having full control of the money and the income it generates. However, they will not be the legal owners of the assets and therefore that money cannot be part of a claim from creditors or an ex-husband.

Potentially, this advice could save the family up to \$1.5 million.

Case study 7 – Risk insurance

Bob & Alice have three little children and a \$400,000 mortgage. Bob is self-employed and has a small life insurance policy. Alice is a home-maker and has no insurance. Alice is concerned that, should Bob die or suffer a serious illness or injury, the family could be left without their home or worse.

We would recommend that Bob increases his life & TPD insurance to cover the mortgage, the children's schooling and the family's living costs while the children are at school.

In addition, we would suggest that Bob takes out an appropriate level of income protection insurance and trauma insurance.

We would also recommend that Alice takes out life insurance and trauma insurance. Overall, these recommendations will safeguard the family's finances in the event of Bob or Alice dying or suffering a serious illness or injury. And, because we source insurance policies from the major, reputable insurers, Bob & Alice can be certain we will find them appropriate policies at a very competitive price.

HERE'S HOW WE CAN HELP YOU CREATE A SECURE FINANCIAL FUTURE - EFFICIENTLY, PRUDENTLY & COST EFFECTIVELY

Wealth accumulation

We will develop financial strategies to help you:

- Define and then achieve your medium and long term wealth & retirement goals
- Maximise your superannuation opportunity
- Pay less tax
- Pay lower investment management fees by using wholesale funds and other low or no-fee investments
- Gain the benefit of genuine investment diversification
- Build an investment portfolio which should deliver the long term returns you require, with the lowest risk possible
- Avoid the bad investments
- Access investments which are less likely to convert tax free capital growth into taxable income
- Build wealth faster (if you need to)
- Better manage your entry into and exit from financial markets using our 'tipping points' methodology
- Protect your wealth with risk mitigation strategies and insurances (see Insurance section)
- Ensure your estate plan is appropriately funded so your beneficiaries are looked after in the way you wish

Plus we will provide you with the following services on an ongoing basis:

- Regular face-to-face reviews
- Regular investment reports
- Investment 'watch'
- Legislative 'watch'
- Access to your financial adviser
- Regular asset allocation re-balancing
- Regular educational newsletters

Pre-Retirement

We will develop financial strategies to help you:

- Define and then achieve your retirement goals
- Maximise the superannuation opportunity
- Pay less tax
- Take full advantage of the 'Transition to Retirement' rules and tax benefits
- Pay lower investment management fees by using wholesale funds and other low or no-fee investments
- Gain the benefit of genuine investment diversification
- Build an investment portfolio which should deliver the long term returns you require, with the lowest risk possible
- Avoid the bad investments
- Access investments which are less likely to convert tax free capital growth into taxable income
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Retirement

We will develop financial strategies to help you:

- ☑ Define and then achieve your retirement goals
- ☑ Ensure your savings last for your entire retirement
- ☑ Build a reliable income stream
- ☑ Pay little or no tax in retirement
- ☑ Qualify for higher Centrelink benefits (if this is appropriate for you)
- ☑ Pay lower investment management fees by using wholesale funds and other low or no-fee investments
- ☑ Gain the benefit of genuine investment diversification
- ☑ Build an investment portfolio which should deliver the long term returns you require, with the lowest risk possible
- ☑ Avoid the bad investments
- ☑ Access investments which are less likely to convert tax free capital growth into taxable income
- ☑ Better manage your entry into and exit from financial markets using our 'tipping points' methodology
- ☑ Ensure your estate plan is appropriately funded so your beneficiaries are looked after in the way you wish

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- ☑ Centrelink 'watch'
- ☑ Access to your financial adviser
- ☑ Regular asset allocation re-balancing
- ☑ Regular educational newsletters

Personal Risk Insurance & Estate Planning

We will develop financial strategies to help you:

- ☑ Define how much it will cost to fund your family's lifestyle and other major expenses should you die or suffer a serious injury or illness
- ☑ Determine how much of that cost needs to be funded through personal insurances (to ensure your family does not suffer unnecessary financial duress)
- ☑ Research the major, reputable insurers to find the right policy for you with the appropriate terms and conditions
- ☑ Ensure that the cost of that insurance is competitive
- ☑ Qualify for tax deductions on insurance premiums as appropriate
- ☑ Make sure that if the unexpected happens, you and/or your family will be paid the appropriate amount of money when you need it the most
- ☑ Ensure your estate is distributed in accordance with your wishes, is tax effective for your beneficiaries, and offers protection from legal action against your beneficiaries (e.g. divorce, bankruptcy)
- ☑ Protect your wealth and equity in your home with risk mitigation strategies and insurances
- ☑ Determine if you need an enduring Power of Attorney
- ☑ 'Equalise' your estate so other beneficiaries are not financially disadvantaged if you have a major asset you want to give to another beneficiary
- ☑ Consider how to use a charitable foundation (if appropriate)

Plus we will provide you with the following services on an ongoing basis:

- ☑ Regular reviews of your insurances
- ☑ Access to your financial adviser
- ☑ Regular educational newsletters

Business Risk Insurance, Estate Planning & Super

We will develop financial strategies to help you:

- ☑ Define how much it will cost to fund your business's major expenses should you or one of your partners or other key people die or suffer a serious injury or illness – and so safeguard the financial future of the business
- ☑ Make sure the ownership of the business stays with the right people should you or other partners leave due to illness, injury or death
- ☑ Ensure the departing partner or their estate is appropriately compensated
- ☑ Manage & maintain your business's cash flow – and retire business debt – after the loss of a partner
- ☑ Determine how much of those costs need to be funded through business insurances
- ☑ Research the major, reputable insurers to find the right policy for your business
- ☑ Ensure that the cost of that insurance is competitive
- ☑ Qualify for tax deductions on insurance premiums as appropriate
- ☑ Minimise tax on payouts for all parties

In addition, we will review your company super fund and if necessary recommend one that:

- ☑ Is cost effective
- ☑ Gives your employees the right investment options
- ☑ Delivers competitive investment returns
- ☑ Provides your employees with investor education
- ☑ Has efficient administration

Plus we will provide you with the following services:

- ☑ Regular reviews of your insurances, business estate plan and your company super fund
- ☑ Access to your financial adviser
- ☑ Regular educational newsletters

Personal Mortgage & Finance Broking

We will develop financial strategies to help you:

- ☑ Find the most suitable loan for you by researching the loans offered by the banks and other leading lenders (and we'll do all of the paperwork for you)
- ☑ Negotiate an interest rate which is very competitive
- ☑ Ensure there are no hidden costs associated with the loan
- ☑ Make sure the loan fees are competitive
- ☑ Qualify for a discount on Lenders' Mortgage insurance (or even avoid the need for it)
- ☑ Make sure you are not paying – via a higher interest rate or additional fees – for 'bells & whistles' you'll never use
- ☑ Qualify for the First Home Owner Grant (if appropriate)
- ☑ Pay off your loan faster... and save thousands of dollars in interest repayments
- ☑ Use your mortgage to reduce your overall loan repayments through debt consolidation
- ☑ Use your home equity for investment
- ☑ Protect your equity in your home with personal insurances (see Insurance section)

Plus we will provide you with the following services on an ongoing basis:

- ☑ An annual review of your loan to ensure your loan continues to have a competitive interest rate & fees
- ☑ Access to your mortgage broker if you have any queries
- ☑ Ongoing advice on strategies to help you repay your loan faster
- ☑ Regular educational newsletters

Commercial Loans & Equipment Finance

We will develop financial strategies to help you:

- Find the most suitable loan for you by researching the loans offered by the banks and other leading lenders (and we'll do all of the paperwork for you)
- Negotiate an interest rate which is very competitive
- Ensure there are no hidden costs associated with the loan
- Make sure the loan fees are competitive
- Make sure you are not paying – via a higher interest rate or additional fees – for 'bells & whistles' you'll never use
- Pay off your loan faster... and save thousands of dollars in interest repayments
- Protect your equity in your business with appropriate insurances (see Business Insurance section)

Plus we will provide you with the following services on an ongoing basis:

- An annual review of your loan to ensure your loan continues to have a competitive interest rate & fees
- Assistance with the bank's annual review of your facility
- Access to your mortgage broker if you have any queries
- Ongoing advice on strategies to help you repay your loan faster
- Regular educational newsletters

Redundancy Advice

We will develop financial strategies to help you:

- Define and then achieve your medium and long term wealth & retirement goals
- Pay less tax on your payout... and on your income
- Manage your cash flow position if you will be unemployed
- Qualify for higher Centrelink benefits (if this is appropriate for you)
- Maximise the superannuation opportunity
- Build wealth faster once you are re-employed (if necessary)
- Pay lower investment management fees by using wholesale funds and other low or no-fee investments
- Gain the benefit of genuine investment diversification
- Build an investment portfolio which should deliver the long term returns you require, with the lowest risk possible
- Avoid the bad investments
- Access investments which are less likely to convert tax free capital growth into taxable income
- Better manage your entry into and exit from financial markets using our 'tipping points' methodology
- Protect your wealth with risk mitigation strategies and insurances (see Insurance section)
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- Centrelink 'watch'
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- Regular asset allocation re-balancing
- Regular educational newsletters

To you, this all adds up to:

- ✓ Significant cost savings
 - ✓ Less Tax
 - ✓ Competitive investment returns with less risk
 - ✓ Higher Centrelink benefits (if appropriate for you)
 - ✓ Being advised of financial opportunities as they become available
 - ✓ Achievement of your medium and long term financial & lifestyle goals
 - ✓ More control over your finances and your future
 - ✓ Less stress and worry because you will be financially well-prepared for the future
 - ✓ An ongoing relationship with financial specialists who are dedicated to understanding your needs
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- ✓ And peace of mind from knowing professionals are looking after you...
and your finances