

# Asgard

## “Your guide to financial planning”



Financial planning is an ongoing process. Your financial adviser can help you set your financial goals, and then achieve them by making the best use of your financial resources.





## How does financial planning work?

Your financial adviser uses six steps to help you take a 'big picture' look at where you are financially in life and where you want to be. Using this process they help you work out what you need to do now and in the future to reach your goals.

- Step 1.** Gathering your financial data – what income, assets and liabilities do you have?
- Step 2.** Identify your financial goals – what are you aiming towards?
- Step 3.** Identify any financial issues – or deficiencies between where you are now financially and where you want to be
- Step 4.** Prepare your financial plan – which will identify recommended investments and will address your attitude to risk
- Step 5.** Implement your financial plan
- Step 6.** Review and revise your plan – to ensure it stays up-to-date and relevant.

## How can a financial adviser help you?

The best way to master your financial affairs is to speak to an expert. Your financial adviser will work through each stage of the planning process with you, and help you manage the trade-off between satisfying your current needs and ensuring that your long-term financial goals are met.

Your financial adviser can assist you in the following areas:

- Growing your wealth
- Choosing investments
- Investment administration
- Superannuation
- Borrowing to invest
- Insurance
- Taxation planning
- Retirement
- Redundancy
- Social Security
- Estate planning

As Learning and Development Consultant in our Organisational Development team, Blair is one of our many support staff working to ensure that our staff give you the very best of service.

“All financial advisers are legally required to produce a Financial Services Guide (FSG) which gives you a simple explanation of their fee structure and the services that they can offer you.”

## How to choose a financial adviser

When you seek financial advice, it's important to check that your adviser has the appropriate skills and experience, and that the dealer group he or she is associated with has the ability to deliver the ongoing services you need.

Before you choose your financial adviser, keep the following in mind:

### 1. Do they have a Financial Services Guide?

All financial advisers are legally required to produce a Financial Services Guide (FSG) which gives you a simple explanation of their fee structure and the services that they can offer you.

### 2. Are they, or their company, licensed by the Australian Securities and Investments Commission (ASIC)?

An authorised financial adviser must meet the knowledge, skills and integrity standards required by ASIC.

### 3. What are their qualifications and experience?

Check that the adviser has the right qualifications, preferably at least a Diploma of Financial Planning. Ask how long they've been a financial adviser for, and the types of clients they typically work with.

### 4. Are they a member of the Australian Financial Planning Association (FPA)?

We strongly advise that any financial adviser you use is a member of the FPA, as it's the only professional body for financial advisers in Australia.

Members are bound to its Code of Ethics and strict operating guidelines to protect clients' rights.

### 5. What services do they offer?

Does the adviser only offer investment advice, or do they offer total financial solutions, including insurance, tax, and estate planning and so on? Do they have formal ongoing review services? Do they offer investment

administration services? This information should be detailed in their FSG.

### 6. How are they paid for their services?

Find out if they operate on a flat fee, brokerage or commission basis. Ask them to explain all upfront, ongoing and exit fees which might be payable by you (directly or indirectly). This information should be detailed in their FSG.

### Case study 1

Sophie, an executive, accepted a redundancy offer from her company. She had another job to go to and didn't need her termination payout for income, so her well-meaning colleagues suggested she 'roll over' her golden handshake and superannuation money into another superannuation account. They told Sophie that this would result in no lump sum tax liability on those payouts.

Sophie thought this sounded too good to be true, so she spoke to her financial adviser. The adviser told Sophie that while her colleagues were correct with regard to the tax treatment on "rolling over." They

had failed to take into account her Reasonable Benefit Limit (RBL) position. In Sophie's situation, the action of "rolling over" would result in her being in excess of her RBL by around \$100,000, and may result in her having to pay anywhere between 39.5% and 46.5% in penalty tax.

To prevent that from happening, the adviser recommended she take the golden handshake in cash, pay the lump sum tax due on that component which would reduce her RBL problem and save her a substantial amount of tax in the future.

Please note as part of the super changes announced in 2006 Budget the Government has proposed to abolish RBLs from 1 July 2007. It's important to note these changes are yet to be legislated and may be subject to change.

For more than 20 years, we've been working behind the scenes with financial advisers to create products and services to match your financial needs. In fact, we're one of Australia's largest financial services groups, managing more than \$34 billion for 400,000 Australians. For more information go to [www.asgard.com.au](http://www.asgard.com.au)

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### Case study 2

Amy and Trent were about to retire with a significant superannuation nest egg but were concerned that their capital might not live as long as they would. Their calculations showed they would have to seriously reduce their standard of living in retirement to make their money last as long as they did.

When they sat down with a financial adviser, he confirmed that their fears would be realised – unless they adopted three specific financial strategies.

The first was to invest their money in such a way that they would pay no income tax for the rest of their lives – a significant saving. This, in part, involved investing some of Trent's superannuation money into Amy's super fund.

Secondly, they'd need to use investments which would allow them to qualify for a Social Security part pension plus fringe benefits.

And, finally, they'd need to invest part of their money in growth assets such as shares and property. While this would mean that their portfolio would have fluctuating returns in the short-term, it would generate greater returns in the long term, allowing them to keep the standard of living they're accustomed to.

## What next?

What are you waiting for? If you've been putting off getting your finances in order or you're worried about how you're going to pay for your retirement – call your financial adviser today and start planning for your future.

#### Important information

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