GFM Wealth Advisory | TRADE SECRETS

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SMSF Specialists | Investment Management | Financial Planning | Accounting

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CHRISTMAS GREETINGS 2016

By Paul Nicol

What a big year 2016 has been! The year feels like it has barely started and it is nearly finished.

As always, 2016 has been a big year for GFM. During the year we welcomed two new employees into our growing business, Donna Chauval working in our SMSF administration team, and Barbara Russell who has come on board as a receptionist. Both have been wonderful additions to our business.

And throughout the year we had two additions to the GFM "family". Annie from our SMSF team welcomed the safe arrival of her second child Aiden, and Patrick who is known to many of you welcomed his second child Zoe. What a wonderful Christmas it will be for Annie and Patrick's families.

We have been incredibly fortunate at GFM that all staff have remained healthy and safe. But unfortunately throughout the year we have also experienced the passing of long standing loyal clients. Our hearts go out to these families over Christmas, our thoughts are certainly with you.

Looking forward to 2017, the GFM team is committed to doing much the same as we have over many years – building and maintaining wonderful relationships with our clients.

From the whole team at GFM Wealth Advisory and GFM Gruchy Accounting, we wish you and your family a Merry Christmas. Enjoy your New Year break, and please stay safe. We look forward to continuing our relationship with you in 2017.

OFFICE CLOSING OVER CHRISTMAS

By Bryan Meehan

With Christmas Day falling on a Sunday this year, please take note that our last office day will be Friday the 23rd of December 2016 and we will be closing at 5pm. The office will reopen on Tuesday the 3rd of January 2017 at 8.30am.

During this period, if you need to urgently contact the office, please do not hesitate to contact Bryan Meehan on 0421 348 002 and he will assist where possible.

CLIVE & JACKIE BROOKS: CLIENTS OF GFM SINCE 1973

By Paul Nicol

Clive has kindly written the article below on his family, working life and the relationship he has had with our company since 1973. We greatly appreciate his contribution to this edition of Trade Secrets.

Clive Brooks

Jackie and I have been clients for 44 years. I believe we are the longest standing clients of GFM!

I have been a career public servant for 46 years working for both the Commonwealth and Victorian Governments. At present however I have started to wind back my work commitments working three days a week for the Victorian Treasury. Jackie was a primary school teacher until about 10 years ago when she re-trained as a kindergarten teacher. She works three days a week at a local kindergarten. We have two sons, Chris (32) and Adam (28). Both are married and we were presented with a beautiful granddaughter Isla in January this year.

I have been a CFA volunteer for over 25 years which has required significant commitment with an involvement in both training and fire fighting. I was also the secretary/treasurer of my local brigade for 10 years. I am also involved in a couple of tourist railways doing summer fire patrols and locomotive restoration with the Puffing Billy railway and track maintenance with the Victorian Goldfields Railway.

Jackie is quite devoted to her work and has spent countless hours outside of normal work hours doing work required for her classes and students. Grandmother duties are a new enjoyable challenge for Jackie. We are fortunate that our sons have not moved very far from us so that we can get to see them and their families regularly.

I first became a client of GFM when Tony was an agent of Legal and General. Tony took me out to lunch, if I remember correctly, so I didn't need much convincing! I took out a life insurance policy which was the main savings product in those days. In 1987 when I moved from the Commonwealth to the Victorian Government, I had a rollover of superannuation. As I was not sure what to do I contacted Tony. I actually remember that not long after I rolled my super into a number of equity based funds the share market crash of 1987 occurred which reduced the paper value of my investments considerably. But the market recovered, just as it has after the Global Financial Crisis.

Since 1987 my superannuation has evolved from having superannuation in retail funds, a master fund and now an SMSF. Tony was our original adviser but Paul has assisted with our financial affairs over the last 17 years.

I have always been impressed by GFM's client first attitude. I have had dealings over time with some of the larger financial institutions and you get the feeling that you are just one of a large number of clients. There really is no personal relationship with a large financial institution and they certainly do not take the time to understand your needs.

Jackie and I thoroughly value the personal treatment of GFM and the active involvement in our financial affairs. I enjoy the regular catch-ups with Paul and Bree so that we can review and fine tune our investments and financial situation. I also appreciate the regular provision of information through weekly emails and other publications. The GFM team are all very friendly and they make you feel that they are there working for you.

You read so many horror stories about people who have lost their life savings through dodgy financial advice. The main lesson we have learned from GFM is that a diversified investment portfolio with a disciplined, long term focus, avoiding any 'get rich quick' schemes, is the best approach to financial security. I have no doubt we would not be in the financial situation that we are in today if not for the advice of the GFM team.

When friends and family members have mentioned to me that they need some advice in dealing with their finances, I have no hesitation recommending GFM on the basis of our experiences. The feedback I have received from friends and family we have referred is always positive.

I look forward to being GFM's first 50 year client in the not too distant future!

BABY NEWS: WELCOME TO BABY ZOE MALCOLM!!

By Paul Nicol

A big congratulations to Patrick and Liesl on the safe arrival of their second child, Zoe Clementine Malcolm.

Zoe arrived on Saturday the 12th of November, weighing in at 3.26 kgs. Zoe arrived a week early and pleasingly both mum and bub are doing very well. Patrick and Liesl are absolutely blessed as they now have a beautiful daughter and a sister to their eldest son Jakob who is now two. It only seems like yesterday Jakob was born.

A big thank you to the many clients who made contact with Patrick or the office to pass on their congratulations. Naturally, all of us at GFM are absolutely thrilled for Patrick and Liesl.

Zoe Malcolm

ACCUMULATING WEALTH WITHIN SUPERANNUATION: THE GOAL POSTS KEEP ON CHANGING

By Nicola Beswick

The benefits of superannuation are widely known, and more and more Australians are using this generous tax effective vehicle to accumulate and preserve their wealth. There are two main avenues for people to contribute funds into superannuation – either by contributing pre-tax dollars (known as concessional contributions), or by contributing money or particular assets that they already hold in their personal names (known as non-concessional contributions). Making non-concessional contributions (NCC) into super is the topic for today.

Harder and harder...

Current superannuation legislation allows individuals to make non-concessional contributions of up to $180,000 per Financial Year, or up to $540,000 using the Bring Forward provisions if the individual is aged 64 years or less on 1 July. For an individual aged 65 years or more, the Bring Forward rule does not apply. These individuals can only make NCC's of up to $180,000 per Financial Year, on the proviso that they also meet the work test.

The most recent Federal Budget proposed a number of changes to the superannuation legislation. One of the key areas that the Government targeted was the dollar amount that an individual could non-concessionally contribute into superannuation.

The new NCC limits, from 1 July 2017 are now $100,000 per Financial Year, or $300,000 under the same Bring Forward provisions, just shy of half of the current limits. These new limits are a far cry from the days when individuals could make a once off NCC of up to $1 million (back in 2007), and is even less than the $150,000 per Financial Year limit that existed between the years of 2007 to 2014.

Looking forward, the current and future limits for non-concessional contributions are:

	Annual NCC Cap	Maximum Bring Forward NCC Cap Available* If Not Previously Used.
2016/17	$180,000.00	$540,000.00
2017/18 and onwards	$100,000.00	$300,000.00

Benefits...

Regardless of the current and proposed rules, the Australian superannuation system continues to remain a generous environment to accumulate wealth for retirement.

Any money contributed into superannuation as a NCC receives a tax free status and therefore can increase the tax-free component of funds within superannuation.

If an individual retires between their preservation age and 65 years of age, they have the option to also commence a pension from their superannuation savings. If a pension is commenced under the age of 60, then a proportionate amount of this income, based on the taxable component is added to an individual's personal income tax. Therefore, commencing a pension with a high tax-free component can be advantageous. The higher the tax free component, the lower the amount that is added to a person's income tax. After the age of 60, all income received from a superannuation income stream, regardless of the tax free component, becomes completely tax-free for the individual.

The added advantage is that the NCC remains tax free upon passing to a non-tax dependant, such as an adult child. Therefore, the higher the tax-free component, the lower the amount of tax the adult child will have to pay. Compare this to if the funds are retained in a person's individual name. Any income, or capital gains that may be realised upon sale of an asset, are taxed at their marginal tax rate.

Maximising your current capacity – the different aspects that may apply to your situation...

With the upcoming changes to the NCC amounts that can be contributed into superannuation, now may be the time to consider your position and make a considered plan around what assets you personally hold, how and when you may get the funds into superannuation. If you are a member of a couple, you might even want to consider the amount that you each hold in superannuation – are your member benefits disproportionate? What are the taxable and tax free components? Do you have a partner that is younger than you and do we need to review your situation with regards to the Age Pension?

Bringing forward asset sales and planned contributions

You might have an investment property that you are considering selling. The property is valued at $850,000 and you have no debt to pay out. You are 68 years of age, while your spouse is 64 years of age. You are both working. Between the both of you, this Financial Year a combined $720,000 ($180,000 for you, and $540,000 for your spouse) can be contributed into superannuation.

However, next Financial Year you're a year older... Both over the age of 65 and unable to bring forward multiple financial years' worth of contributions. With the new NCC limits, the amount that you can get into superannuation dramatically decreases from $720,000 to $200,000. Do you therefore look at selling and settling before the 30 June 2017, in order to be able to get a higher amount of funds into the superannuation environment?

Personally held shares and managed funds can also be contributed into superannuation. Transferring these assets has the advantage of potentially receiving all or some of the franking credits that may be attached to the dividends that these investments distribute to shareholders. Further, the capital gains tax concessions within superannuation can be more generous than in an individual's personal name. However consideration needs to be given to the potential personal capital gains tax consequences of undertaking this strategy.

Increasing the tax-free components in existing superannuation accounts.

Alternatively, you may want to increase the proportion of taxable and tax free components within your current superannuation account. Depending on your situation, this may be as easily done as withdrawing funds from superannuation and re-contributing these funds back (otherwise known as "recycling") to increase the tax-free component of your member benefits.

Evening up member benefits

Another aspect of the Government's changes included the introduction of a $1.6 million cap on the amount of superannuation funds that can be transferred to an income stream with earnings taxed at 0%.

You may therefore be in the position where your superannuation balance is significantly higher than your partners balance. You may therefore want to consider transferring a part of your member benefit to your partner, to even up your respective balances in light of this $1.6 million cap.

Planning for potential future Age Pension benefits

There may be a significant age difference between yourself and your partner, and therefore your respective Age Pension ages. Do you therefore undertake a forward planning strategy, to assist in maximising your possible Age Pension entitlements?

Making the most of now...

Even if you are both under the Age of 65 and able to bring forward three years' worth of contributions, how do you maximise your superannuation contributions? The answer is shown in the tables below:

Option 1 – use bring-forward in 2016/17:

Year	Annual NCC Cap	Available Bring Forward NCC Cap	Actual NCC Made
2016/17	$180,000.00	$540,000.00	$540,000.00
2017/18	$100,000.00	Nil	Nil
2018/19	$100,000.00	Nil	Nil
2019/20	$100,000.00	$300,000.00	$300,000.00
2020/21	$100,000.00	Nil	Nil
Total Contributed			$840,000.00

Option 2 – use bring-forward in 2017/18:

Year	Annual NCC Cap	Available Bring Forward NCC Cap	Actual NCC Made
2016/17	$180,000.00	$540,000.00	$180,000.00
2017/18	$100,000.00	$300,000.00	$300,000.00
2018/19	$100,000.00	Nil	Nil
2019/20	$100,000.00	Nil	Nil
2020/21	$100,000.00	$300,000.00	$300,000.00
Total Contributed			$780,000.00

As you can see, the first option allows potentially $840,000 to be contributed by 1 July 2019, while the second option allows only $780,000 to be contributed by 1 July 2020.

Take away points…

Each individual situation is different, and taking into account your current and future situations in light of these changes to the NCC limits need to be taken into consideration. Therefore, consulting your adviser regarding your personal situation should always be obtained.

SUPERANNUATION REFORM BILL PASSED – IMPORTANT UPCOMING SEMINAR: MONDAY 13TH FEBRUARY 2017 AT 7 PM AT RIVERSDALE GOLF CLUB

By Mai Davies

On the 23rd of November 2016, the first of many significant changes proposed to Superannuation in the 2016 Federal Budget were legislated. To help explain these important changes and to work through practical solutions, we are holding a seminar on Monday the 13th of February 2017 for all GFM Wealth and GFM Gruchy clients.

You are welcome to bring friends or family members that you feel would benefit. Please save the date and invitations will go out early January.

It's important to understand the impact that these changes may have on your personal situation.

THE HUNGER PROJECT: MALAWI TRIP

By Bree Hallett

In November I had the privilege to travel with 15 women from around Australia to Malawi, Africa as part of one of The Hunger Project's Leadership Immersion programs. The Hunger Project is a global not-for-profit organisation reaching 21 million people in Africa, India, Bangladesh and Latin America who are transforming themselves, their families and their communities, and are bringing about the end of world hunger.

Many of the aid and development programs throughout Africa that attempt to address the problems of hunger and poverty can at times exacerbate the situation. Many programs treat hungry people as passive recipients of aid, rather than resourceful individuals. What is special about The Hunger Project is that rather than providing handouts they work in places such as Malawi to come together with the local villagers to create change through developing leadership, education, community and sustainability.

Bree in Malawi, Africa

In rural Africa there is very little infrastructure. This means no hospitals, schools or running water. For this reason, The Hunger Project created the epicentre strategy. An epicentre is a cluster of 10 to 15 villages within a 10km radius, with a population of 10,000 to 20,000 people. At the centre of the villages an epicentre building is created to house the community's programs for health, education, food security, water and microfinance and income generation.

There are four phases to the epicentre strategy which develop over six to nine years. I was fortunate enough to visit several epicentres in Malawi which are at different phases of their transformation. Escaping our digital resources and learning about leadership through human connection was so powerful and refreshing.

The conclusion of the epicentre strategy is called Self-Reliance which is defined when community members shift from dependency, and are confident and have the capacity and skills to act as agents of their own development. One of the epicentres in Malawi called Champiti was awarded Self Reliance earlier this year after commencing their engagement with The Hunger Project in 2006. It was wonderful to visit this epicentre and to meet the individuals who are animators (volunteer leaders) who have empowered their fellow community members to significantly improve their farming abilities, their health facilities, to set up small businesses, and to embrace Women's Empowerment Groups.

The following day was a challenging contrast as we visited the Majete 5 villages where The Hunger Project are only just commencing their work. It was confronting and upsetting to be presented with the true Malawi – chronic and persistent hunger. We also witnessed a significant level of scepticism contrasted with optimism about what the future holds in partnership with The Hunger Project. There is no epicentre here yet and a lot of mindset work to go. We unexpectedly witnessed a historic moment during what appeared to be acceptance by the Majete 5 community of The Hunger Project philosophy as the director of The Hunger Project Malawi delivered a moving speech about the power of shifting their mindsets in order to transform their lives.

At all of the villages we visited we were welcomed with singing and dancing as well as an abundance of openness, raw honesty, generosity, warmth and passion. We were invited into the homes of families who shared their stories with us. It was humbling to see the children making their own fun and games with each other, using purely their own imaginations and creativity. It was also beautiful to see them react to their first photographs and the delight of seeing themselves instantly on the screen. I am still quite overwhelmed by how some the world's poorest of children provided us with the richest of smiles.

Returning home has been challenging and it is going to take some time to process the niggling feelings of helplessness and the visions of the inequalities in our world. Despite this, it was deeply inspiring to see and feel the overwhelming joy, love, compassion, colour, dance and infectious laughter that the Malawian people create in their lives despite their adversity.

I am incredibly grateful to the people of Malawi for their gifts of perspective, an appreciation of the power of kindness, and the importance of being receptive and adaptable to change. There is absolutely no doubt I have received so much more than I will ever be able to give back as a result of this extraordinary experience. I also take comfort in knowing that the people of Malawi are in safe hands with the staff of The Hunger Project Malawi, and I have confidence that their objective of ending hunger by 2030 is achievable. My personal commitment moving forward is to always be a better version of myself tomorrow than I am today.

AUSTRALIAN SUPERANNUATION STATISTICS

By James Malliaros

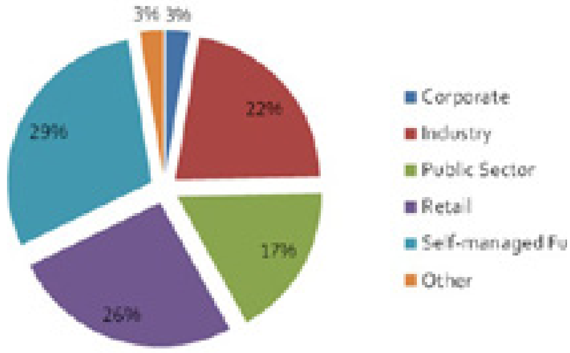
Superannuation assets in Australia in aggregate are now at an all-time record level of $2,032 billion as at the end of the June 2016 quarter. Although there was only a slight increase over the June quarter, in total superannuation assets over the 12 months to June 2016 increased by a fairly healthy 3.5 per cent. There are now just on 30 million superannuation accounts held by individuals in Australia.

Contributions to superannuation funds over the June 2016 quarter were $30.1 billion, down 0.8 per cent from the June 2015 quarter, with total contributions recorded for the year ending June 2016 at $104 billion, largely unchanged from the previous year.

The statistics show that most employer contributions are now superannuation guarantee (SG) or for defined benefit contributions. Salary sacrifice contributions now only make a small proportion of total employer contributions at less than 10 per cent – this is very concerning in relation to retirement adequacy issues that many people currently face. Worryingly, a reduction in concessional contribution caps to $25,000 as recently legislated will most likely reduce this proportion even further.

As such having only the compulsory 9.5% SG contribution paid into your superannuation account will probably not be enough to provide an adequate retirement lifestyle. Consideration therefore needs to be made for additional superannuation contributions via a salary sacrifice arrangement with your employer.

The share of the superannuation funds in each sector as at June 2016 is as follows:



There were $18.3 billion in total benefit payments from superannuation funds in the June 2016 quarter, in the form of either pension payments, withdrawals or rollovers - total benefit payments for the year ending June 2016 exceeded $64 billion.

SELF MANAGED SUPERANNUATION FUNDS: THE BENEFITS OF HAVING A CORPORATE TRUSTEE

By Witi Suma

Every Self Managed Superannuation Fund (SMSF) is required to have either a company as a trustee ("corporate trustee"), or natural persons as trustees ("individual trustees"). When faced with having to choose between these two options, too often the costs associated with establishing a company is the overriding reason why most people tend to opt for the lower cost option, i.e. natural person individual trustees.

By way of background, most of the two member SMSFs that GFM Wealth had set up years ago were established with individual trustees – most commonly a husband and wife arrangement. However over recent years, it has become increasingly evident to us that there are some significant benefits – around administration, operations and estate planning – to having a corporate trustee in place that may ultimately make the upfront cost of establishing a company worthwhile.

Some of the main advantages of having a corporate trustee are as follows:

Less Chance of Intermingling Fund assets with Members' Assets

One of the key requirements of running an SMSF is that the Fund's assets are kept separate from those of the members. This becomes difficult when assets are held in individual names as it may not be clear that the Fund owns the asset rather than the individuals personally, so it becomes easy to make an inadvertent error. A corporate trustee structure reduces the risk that Fund assets will be intermingled with member assets, as assets would simply be registered in the company's name.

Administrative Efficiency

A condition that all SMSFs must meet is that all members must be trustees (or directors of the corporate trustee) and vice versa. Therefore, when a member joins or leaves a Fund, they must also be added or removed as trustee. Changes to membership can include death, incapacity, a new member joining (e.g. child), marriage, divorce, or a member leaving for any other valid reason. Where a Fund has individual trustees and there is a change to the membership, this necessarily involves changing the legal ownership of all Fund assets to include the names of all current trustees – this means that every share, every bank account, every property and all other Fund assets must have the legal ownership changed, which in practice can be costly and time-consuming. Having a corporate trustee in place avoids this burden as it's not necessary to change the registered name for each Fund asset as the trustee of the Fund remains the same – only the underlying directorship of the company changes, so all that is required is their appointment or removal as an officeholder of the company and their addition to, or removal from the Fund as a member. There is no need to re-register the Fund's assets.

Time to Grieve or Adapt

The SIS Act requires a Fund to have a minimum of two individual trustees in order for it to be a complying Fund (and this second trustee can be for example, a friend, relative, etc.).

If the Fund had two individual trustees and a member passed away, the Fund would become a single member Fund and be required to either appoint another individual trustee or convert to a corporate trustee, generally within 6 months. The appointment of another trustee could be challenging, particularly at a time of grief, as you would need to find someone you can trust; furthermore, the co-trustee would essentially become privy to your superannuation affairs, and many people prefer to keep this information private. It can also be difficult to find another individual who is willing and capable of taking on the responsibility of being a trustee of an SMSF. In these situations it would be best to establish a corporate trustee company whereby the surviving member acts as the sole director, and thus, has sole control over their Fund.

Alternatively, the Fund can have a single or two-director corporate trustee. If you have a corporate trustee, you can be the sole member and the sole director of the company without the need to bring other people into your superannuation affairs.

Greater Asset Protection

One of the main advantages of having a corporate trustee structure is that it provides much greater protection in the form of limited liability if a trustee is sued. That is, litigation against the Fund is limited to the assets held in the name of the company and do not extend to the directors of the company. Meanwhile, individual trustees are jointly and severally liable for actions taken against the Fund, so an individual trustee could have their personal assets outside of the Fund pursued to satisfy a claim.

Meets Lenders' Requirements

If the trustees of an SMSF wish to borrow via a limited recourse borrowing arrangement, most banks now insist that the SMSF has a corporate trustee, as they generally prefer that a separately recognised legal entity is identified as the trustee of the Fund.

Lenders will also accept a higher LVR (loan to value ratio) if a corporate trustee is in place – i.e. many will lend up to 80% on residential loans and 70% on commercial property loans, compared to 70-75% and 55-60% respectively if the Fund has individual trustees.

Summary

Despite the initial upfront costs associated with setting up a corporate trustee for your SMSF, the benefits over the long run can often make it worthwhile. This is particularly the case where the members of the Fund are likely to change in the future. When you consider the succession and litigation advantages that a corporate trustee has over individual trustees, the overall cost effectiveness of a company will generally outweigh the initial costs to set up the company.

Some points to consider should you decide to set up, or change to, a corporate trustee:

- If you decide to set up a corporate trustee, we strongly recommend that it is a brand new company, which does incur a cost. If you have an existing company it might be tempting to use this company as the corporate trustee; however we believe that it is best practice to ensure the corporate trustee performs no other function but to be an SMSF trustee, i.e. it doesn't do any trading or carry out any type of business of its own. This way, the company does not need to lodge a tax return, or register with the ATO, i.e. it does not need to apply for its own ABN or TFN.
- The only additional ongoing fee incurred by the SMSF is the annual ASIC renewal fee, which is currently $47.
- The directors of the company must comply at all times with the company's constitution as well as the Corporations Act 2001.

ANNUAL MOVIE NIGHTS: ALLIED

By Mai Davies

We have been holding annual movie nights for 15 years and this year we held 2 nights on Monday 5th December and Wednesday 7th December at the Rivoli Cinemas in Camberwell. This is always a very popular event and we had 157 clients attending on each night. The evening started with pre-movie canapés following by the screening of ALLIED.

Our clients had a chance to catch up and chat with members of our team and also with other clients that they have met over the years at GFM events. The feedback from the night was excellent, everyone had a fantastic time and thoroughly enjoyed the movie, which most thought was outstanding.

Some photos from the night are up on our website: www.gfmwealth.com.au under News & Info/Events/Past Events

Michael & Suzanne Powell, Nola Johnson, Bree Hallett, Rob Petrie

Wayne & Liz Mace, Peter & Chris Minuz, Annette & Peter Hayes

Nicola Beswick, Marianne Coughlin, Gary Woodford

WHY TRADITIONAL BUDGETING DOES NOT WORK!

By Paul Nicol

I want to have a discussion about budgeting. I am going to get on my high-horse in this article for which I apologise in advance!

Having had extensive dealings with clients now for over 17 years, perhaps the greatest frustration I experience on a day to day basis is the inability of good income earners to budget their cash flow both effectively and correctly. Worse than that, many of these high income earners appear to have escalating levels of credit card or home loan debt, and they don't understand why. Without wanting to create controversy, this problem does appear to be generational with Generation X, Generation Y and the Millennials the primary culprits. There are many reasons for this, but that is a discussion for another time. And it has nothing to do with smashed avocado!

The centrepiece to sound financial planning is a strong household budget. And this is where the problem starts. Most people view a budget as a tool to place constraints on expenditure in a range of discretionary and non-discretionary expenditure areas by tracking every item of expenditure. In my opinion this form of budgeting is riddled with problems and inevitably leads to poor results. May I also add traditional budgeting is also particularly unexciting and laborious.

So why budget and what is the right way to budget?

The idea behind a budget is to establish if you have a surplus cash flow. If you do not have a surplus cash flow, a budget can also assist with identifying areas you might be able to create a free cash flow. The problem today is very few people are saving. There is no doubt consumption is on the rise and savings are on the decline. For most, other than their mandatory Superannuation Guarantee Contribution (SGC) of 9.5% which their employer pays, they do not save.

But critically, with an understanding of your surplus cash flow position, a budget should be designed with the intention of savings to reach your financial goals. This is the most important part. **A good budget treats regular saving as a form of non-discretionary expense.** Too many people simply view savings as discretionary. It is the first expense to go, when in fact it should be the last.

Unfortunately, if I had $1 for every time an excuse was made when I ask the question – "Why are you not saving?", I would certainly be rich. I will not provide an extensive list of these excuses in this article but I can assure you there are some doozies. The fact is, there really should not be any excuse not to save if you have free cash flow, perhaps other than a major personal or family medical event.

Instead of creating a budget where you track everything you spend, why don't you pay yourself first? The payment is simply a growing level of savings to assist with meeting your financial goals. What better expense could there be?!?

The good news is there are many high quality online budgeting tools and savings applications worthy of consideration to assist with the tasks. These include sites such as Pocketbook, TrackmySPEND and Acorns.

Making your savings goals a non-discretionary expenditure item really requires a mindset – **saving is the most important expenditure item you have.** And the good news is the results can be truly amazing.

Why not make compulsory savings a New Year's resolution?

HAVE NO IDEA OF WHAT TO GET SOMEONE FOR CHRISTMAS?

By Patrick Malcolm

Have no idea of what to get someone for Christmas? What could possibly be better than the gift of financial knowledge? It's truly a gift that keeps giving!

Here's our list of some of the best finance books available.

The Richest Man in Babylon by George S. Clason

One personal finance book that is notorious for dominating the best finance book lists is "The Richest Man in Babylon". It reads of stories and Babylonian principles still relevant to the modern-day.

The book actually started life as a series of pamphlets and informational pieces from banks and other financial institutions, aimed at educating people on money management tips and how to handle the ever-increasingly complicated world of personal finance.

Easy-to-read and a staple for every investor's bookshelf.

The New Buffettology by Mary Buffett and David Clark

The full title of the book is The New Buffettology: The Proven Techniques for Investing Successfully in Changing Markets That Have Made Warren Buffett the World's Most Famous Investor.

Buffett's investing career success spans decades and his wisdom is timeless. This book shows how he's been able to do what he has, which is to build long-term wealth in the stock market through value investing.

The Savvy Girl's Guide to Money: The Savvy Way to Have the Life You Want by Emily Chantiri

The Savvy Girl's Guide to Money is designed specifically to appeal to women. With style and humour, Chantiri drives home vital financial advice with stories and practical tips.

Why Smart People Make Big Money Mistakes by Gary Belsky and Thomas Gilovich

While other personal finance books teach strategies and outline plans to save, this book takes a varied approach, preferring to look at the psychology behind irrational behaviour and breaking common patterns of thinking that are financially unviable.

The Millionaire Next Door: The Surprising Secrets of America's Wealthy by Thomas J. Stanley and William D. Danko

Originally penned in 1998, this is the revised 21st century version of this best-selling financial help-book. It identifies seven common traits that show up again and again among those who have accumulated wealth.

'Thinking, Fast and Slow' by Daniel Kahneman

The Nobel-winning behavioural economist takes readers on a tour of the mind and explains the two systems that drive the way we think -- one fast and emotional, the other slow and logical -- offering practical insights into how we make choices in both our business and our personal lives.

'The Behaviour Gap: Simple Ways to Stop Doing Dumb Things with Money' by Carl Richards

A financial planner by training, Richards focuses on the silly mistakes people make over and over again and explains how our natural instincts lead us astray even when we know what we should be doing instead.

Using simple, funny situations any person can relate to, 'The Behaviour Gap' lays out why people make bad decisions with money and offers easy tips and suggestions on how to change behaviour.

END OF YEAR SEMINAR: JAMES HOLT

By Mai Davies

James Holt presenting

We held our Market Update & Outlook for 2017 Seminar on Wednesday 9th November at Riversdale Golf Club with 107 clients and guests in attendance. The seminar covered investment market activity during 2016 and the outlook for 2017. As the seminar was held on the day of the US Federal Election and the announcement that Donald Trump had won, there was a keen interest on how this would affect financial markets going forward.

Our special guest presenter on the night was James Holt, who is the Senior Investment Specialist for Equities at Perpetual Investments.

James is responsible for providing technical investment support to financial advisers and investors of Perpetual Investments' equity funds. James has worked in the financial services industry for over eighteen years. Prior to joining Perpetual Investments in 2014, James was a Director and Investment Specialist with the Portfolio Management Group of Black Rock Australia and Senior Investment Specialist at Zurich Investments.

James provided a detailed overview of the global economic backdrop, and how this is likely to affect investment markets over the next few years.

James's presentation covered the following:

- A walk around the world economy, through Asia and then Australia
- What is right and wrong with the US economy recovery?
- Europe and the UK post Brexit
- Future risks and opportunities across Asia, including China and India
- Where is Australia headed as we transition from the mining boom?
- Market valuations are at extremes across and within asset classes
- Where is the good value to buy vs the expensive bubbles to avoid

This was the first year that James had presented to our clients and the feedback was excellent with many indicating they would love to hear from James again next year. There was an abundance of questions from very interested clients.

As this was our last seminar for the year we concluded the evening with some celebratory drinks and canapés. Our team enjoyed the opportunity to have a drink and a chat with our clients.

CHRISTMAS CARDS AND CHARITABLE DONATIONS

By Mai Davies

For 18 years now, it has been our standard policy not to send Christmas cards, but rather send an e-card and contribute an equivalent amount of money to a well-recognised group of charities.

If you would like to recommend a charitable cause, then please send me an email at mai@gfmwealth.com.au with a note about the charity and why you believe that we should support it. We are happy to take any suggestions.

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