GFM Wealth Advisory

TRADE SECRETS

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SMSF Specialists | Investment Management | Financial Planning | Accounting

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THE UPCOMING "TAX WHITE PAPER" AND "SUPER TAX" HYSTERIA

By Tony Gilham

The Federal government has recently announced a review of the whole taxation system in Australia, asking for initial submissions by 1 June 2015, followed by an "options paper" outlining all suggestions, and then the completed "White Paper" before the 2016 Federal election in late 2016. The stated objective is to introduce a – "Lower, Simpler, Fairer" taxation system, to make Australia more competitive on a global basis for both labour and capital. The White Paper will consider all levels of taxation in Australia, including income tax for individuals and companies, negative gearing, capital gains tax, GST, superannuation tax, and basically all other direct and indirect taxes. As a result, we are unlikely to see any significant announcements in the May 2015 Federal Budget.

The current tax system was basically designed in the early 1950s, and with ongoing changes over the last 60 years, it is fair to say our current system has become highly inefficient. 70% of all tax collected is personal income tax and company tax (the OECD average is 34%), and the heavy reliance on income taxes "may be unsustainable". We are likely to see a move towards more indirect taxes, such as consumption taxes and property taxes.

The Federal government has identified 125 different taxes, but the top-10 produce 90% of taxation revenue, with compliance cost to the community at $40 billion, and government costs at $3.6 billion, just to administer the system. There are 800,000 companies in Australia, and the top 12 produce 33% of all company tax. Our GST rate at 10% is half the OECD average, and if Australia doesn't have a more efficient taxation system, then more jobs and businesses will move offshore.

The taxation of the superannuation system in Australia has received a lot of attention in the last 3 or 4 months, with comments that the system is a "tax haven for the wealthy", and those that are regarded as "super rich" and "fabulously wealthy" are getting an unfair advantage. Our superannuation system is certainly very generous towards people who want to self fund their retirement income. But the "super rich" have presumably paid significant tax during their working life, and are now enjoying generous taxation concessions on their superannuation savings (like everyone else), so there are pro's and con's to the arguments.

There have always been upper limits on either superannuation contributions or accumulated balances, and it is somewhat surprising just how few Australians have very significant superannuation balances.

- 200,000 people have a balance over $1 million (certainly not "super rich")
- 70,000 people have a balance over $2.5 million (only 0.5% of the adult population)
- 475 have a balance over $10 million (0.003% of the adult population).

Another interesting statistic is that 2% of taxpayers pay 26% of all income tax, and the top 20% of taxpayers pay 65% of the income tax pie.

The Abbott government made a pledge prior to the last election, that there would be "no negative changes to superannuation in the first term of government", and recently, Assistant Treasurer, Josh Frydenberg said:

"We need to be very conscious of the fact that we made a commitment at the last election, that there'd be no adverse or unexpected changes to super, and that we need to look right across the board, and not just at high income earners".

We are not expecting any changes to superannuation in the May 2015 Federal Budget, and Joe Hockey has indicated that existing superannuation concessions would be "grandfathered" if any changes are made, so that existing super fund members with larger balances, won't have their accounts raided.

There continues to be an urgent need for all Australians to be conscious of self funding their own retirement income, because it's clear that the current unfunded age pension system isn't sustainable. 30 years ago there were 7.3 working Australians for each Australian over age 65, in 2013 that number was down to 4.5 working Australians, and with the recent Intergenerational Report (IGR), it is estimated there will only be 2.7 working Australians for each retiree over age 65 in 2055. The IGR estimates there will be 39.7 million people living in Australia in 2055, with an average life expectancy of 96 years. Of the 720 babies born in Australia each day, it is estimated that half will live past 100.

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Our guess is that in the 2015 Federal Budget, we are likely to see several integrity measures regarding the interaction of the Centrelink Age Pension and the Superannuation system, to close a few loopholes, where people are "playing" the system to their own advantage. But significant changes to super tax are unlikely.

FRANK & SUE CLARK: CLIENTS OF GFM SINCE 2003

By Paul Nicol

Frank and Sue have kindly written the article below on their working life, retirement and the relationship they have had with our company – we greatly appreciate their contribution to this edition of Trade Secrets.

Sue and I have been clients of GFM since July 2003.

I was a corporate finance director of a large textiles wholesale group and member of several superannuation boards. Susan was a senior legal secretary.

We retired at the end of 2001 and decided that a Self-Managed Superannuation Fund (SMSF) was appropriate to our needs.

Sue's brother Graham, also an accountant, strongly suggested that we talk to Tony Gilham about our fund and plans for the future. Graham mentioned GFM were SMSF specialists with genuine expertise in the area. Back in 2003 there were not too many financial advisers that worked with SMSF trustees, so we were pleased to find one that had significant skill in the area.

We were extremely impressed with Tony's knowledge of superannuation and the opportunities that it provided. He quickly pointed out the changing needs and solutions during the transition from employment to retirement, and how to develop an adequate income stream while still retaining a well-balanced, yet reasonably secure investment portfolio with minimal taxation requirements.

The fact that they were not tied to any financial institutions was very important to us. We understood GFM was self licenced and not directed in anyway. More importantly GFM promised an unbiased approach to investment suggestions, which has certainly been the case in the 12 years we have been dealing with the firm.

Paul Nicol became our adviser and we were pleasantly surprised with his knowledge and professionalism, although he seemed so young at the time. Tony has obviously groomed him extremely well as part of the overall succession plan.

We have come to enjoy our relationship with Paul immensely and, together with all his colleagues at GFM, their courtesy and friendliness now makes us feel more like family.

With their team of planners, para-planners and support-staff constantly researching the investment market and sharing this information, we are so much better informed than we would be trying to manage our own funds.

Together with all this support, we are also provided with the seamless completion of all accounting, reporting and taxation services, both meaningful and timely.

Since joining GFM, we have been able to spend much more time with our two daughters and granddaughter in Gippsland, see more of our friends and pursue our hobbies of gardening, golf, art, reading and travel. We like the GFM client-centric approach and have no hesitation in referring them to family and friends.

THE "BIG SQUEEZE" OF 2015

By Paul Nicol

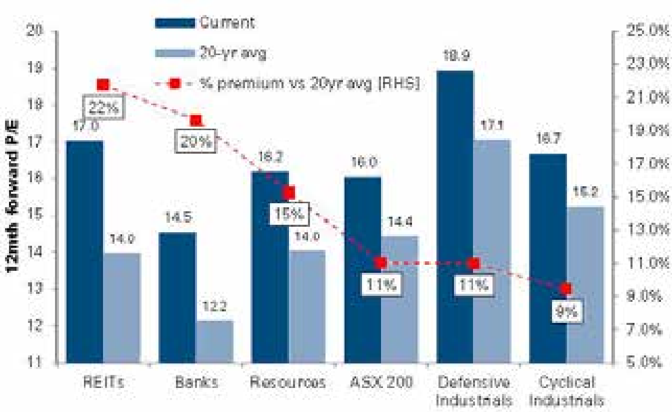
It is an interesting investment world we live in at present. Continued dramatic changes are affecting global investment markets, punctuated by the ambitious Quantitative Easing plan in Europe, a slowing Chinese economy and a seemingly slowing Australian economy. And volatility is high. To illustrate, below are some of the big changes since the start of the year:

	January 1	March 31	% Change	Comments
AUD/ USD	US$0.8185	US$0.7607	-7.06%	Hit 6 year low on April 2 of $0.7534
Aust. 10 Year Bonds	2.73%	2.33%	-14.65%	Hit all-time low of around 2.26% in intraday trading on 3 Feb 2015
RBA Official Cash rate	2.50%	2.25%	-10.00%	Rate cut on 3 February. All time low (and likely to go lower)
Oil (WTI)	US$57.20	US$47.62	-16.8%	Lowest level since December 2008
Iron Ore	US$71.15	US$52.90	-25.65%	Lowest level since April 2009

Amidst this, our share market (S&P/ASX200 Accumulation Index) was up 12 days in a row during February, the longest continuously daily positive market since that Index's inception (1980) and the Australian sharemarket has had its best March quarter in 20 years returning 10.33%.

Over the last 12 months to the end of March, the ASX 200 Accumulation Index returned 14.13% and over 3 years the market has returned 15.82% per annum. Needless to say these are extremely impressive results. But to many, the market now looks expensive with the major sectors within our market trading above their long term valuations.

Current P/E Ratio against 20 year average:



Note: The P/E ratio (price/earnings ratio) is the price of a share as a multiple of its earnings.

So what's driving our Australian market higher? Without doubt it is the pursuit of yield.

During the quarter the Reserve Bank cut interest rates to an all-time low of 2.25%. Looking forward, the futures market is now pricing in rates to fall below 2% - possibly as low as 1.5%.

The Reserve Bank also released an economic report card ("The Statement of Monetary Policy") during the quarter that points to a softening in their forecast growth, with GDP now expected at 2.25% - 3.25% for the calendar year, down around 0.25% compared to their November forecast. Their longer term projections have also softened by about the same amount.

This leads us to conclude that the easing we have just experienced together with our forecast of further rate cuts in the next 6 months, is that the RBA reacting to the current slack in the economy and perhaps this is also a sign the RBA sees bigger problems ahead.

Rate cuts are great news for those with a mortgage. However, the "Big Squeeze of 2015" is all about income investors feeling squeezed with rates expected to stay low (and get lower) for some time. 12 month term deposits from the major banks are now under 3% and perhaps could be as low as 2% by the end of the year.

Fundamentally, expectation of lower cash rates tends to drive asset prices up (essentially shares and property) and we have already seen this happen throughout 2014. But value in most asset classes now appears hard to find and investors need to be careful.

So what's the solution?

There is no easy answer. Certainly keeping too much money in cash or in term deposits is not a smart idea. Throughout this year it is likely rates on cash and fixed interest will be lower than the rate of inflation, effectively meaning these assets (in inflation adjusted terms) are devaluing. And if you have been living off the income of term deposits, whilst the capital is safe, in effect your yield has collapsed.

High quality Australian shares with sustainable and growing dividend yields seem to be the answer. Whilst there is a realisation that Australian shares are no longer cheap, dividend yields on quality Australian shares are relatively stable over time, so shares are definitely providing a higher and somewhat smoother income flow than bank deposits.

And one must not forget that Australian shares typically come with franking credits. The average dividend yield on the ASX 200 is currently 4.3% but grossed up with franking credits is actually 5.6%.

The real key to investing in the sharemarket is buying quality investments for the long term. The Australian sharemarket has typically produced a negative return 1 in every 4.5 years, but over a 10 year period cash has only outperformed Australian shares once (time period since 1900) and has never outperformed shares over a 20 year period. Whilst sharemarkets can be volatile, the trick has been to always invest for the long term and hopefully buy wisely.

CASE STUDY: TIMING YOUR RETIREMENT

By Patrick Malcolm

Many of our clients often ask us the question: When is the best time to retire?

To the extent that you are able to "plan" your retirement, this can depend on a range of complex and competing factors, many of which resolve around taxation and the ability to contribute to superannuation.

We haven't illustrated one individual case study as it would be too difficult to use one scenario to demonstrate the value of seeking advice in this area & the costly taxation impacts of getting it wrong.

1. Meet Damian:

Damian is thinking of retiring. He is 64 and on a salary package of $115,000 p.a. inclusive of superannuation. He is salary sacrificing to the maximum of $35,000 in concessional contributions.

He will retire in either June or July of this year. He has accrued a total of $37,000 in annual and long service leave. His wife, Maria, also 64, has already retired and earns no income from any other sources.

Damian would like to understand the taxation impacts of retiring in either late June or early July.

If he retires on the last day in June, all of his annual and long service leave will be added to his assessable income already earned in that Financial Year. If he retires on the first day in July, his annual and long service leave will effectively be added to no other taxable income.

	Retire in June	Retire in July	
Income from Employment	$105,023	$105,023	$ -
Annual and Long Service Leave	$37,000	$ -	$37,000
Less: Salary Sacrifice	$25,023	$25,023	$ -
Taxable Income	$117,000	$80,000	$37,000
Tax on Assessable Income	$31,237	$17,547	$3,572
Less: Low Income Rebate	$ -	$ -	$445
Less: Seniors and Pensioners Tax Offset	$ -	$ -	$3,204
Net Income Tax Payable	$31,237	$17,547	$ -
Plus: Medicare Levy	$2,340	$1,600	$ -
Total Tax Liability	$33,577	$19,147	$ -
TAX SAVING			**$14,430**

As can be seen, there is a rather substantial tax saving of $14,430 by retiring one day later and in the next Financial Year.

This is due to the combination of the fact that the annual and long service leave is being added to nil assessable income, rather than a year's worth of income, as well as the fact that Damian and Maria turn 65 next Financial Year and get the use of the Seniors and Pensioners Tax Offset.

2. Making concessional super contributions of more than $35,000 p.a.:

There is a contribution allocation strategy to maximise deductions for a particular Financial Year within a self-managed superannuation fund. This strategy is also known as a "Contributions Reserving" and is too complicated to explore in great depth in this article.

The table below details the benefit of Damian making additional salary sacrifice contributions that exceeded the limit of $35,000 p.a.

	Retire in June	Retire in July	
Income from Employment	$105,023	$105,023	$ -
Annual and Long Service Leave	$37,000	$ -	$37,000
Less: Salary Sacrifice	$25,023	$27,298	$ -
Taxable Income	$117,000	$77,725	$37,000
Tax on Assessable Income	$31,237	$16,808	$3,572
Less: Low Income Rebate	$ -	$ -	$445
Less: Seniors and Pensioners Tax Offset	$ -	$ -	$ -
Net Income Tax Payable	$31,237	$16,808	$3,127
Plus: Medicare Levy	$2,340	$1,555	$ -
Total Tax Liability	$33,577	$18,362	$3,127
TAX SAVING			**$15,215**

As can be seen, a further taxation saving of $785 is generated. It is important to note that contributions tax of $341 would need to be paid on the extra amount salary sacrificed, reducing the net additional benefit to $444.

3. Taking Annual and Long Service leave gradually rather than as a lump sum:

This strategy does require an accommodative employer and isn't always possible for everyone.

Accrued unused annual leave and long-service leave when you leave work must be paid to you in cash and cannot be salary sacrificed to super. As accrued unused leave paid to you does not qualify as an Employment Termination Payment, it will be taxed as normal income subject to your marginal tax rate.

However, if annual and long service leave are taken as salary gradually over a period of time, oddly enough, that can be salary sacrificed into super in the same manner as ordinary income.

The disadvantage to an employer of permitting this is the fact that annual and long service leave continues to be accrued. Furthermore, the 9.5% superannuation guarantee is also required to be paid when taken gradually as a lump sum. Finally, it could also be argued that it is administratively easier for a number of different reasons for a company to pay out annual and long service leave as a lump sum.

Nevertheless, using Damian as an example again, let's assume he has an accommodating employer and has the ability to salary sacrifice his annual and long service leave. We will assume that he has accrued $70,000 in annual and long service leave rather than $37,000. The table below details the taxation benefits of him taking annual and long service leave gradually, combined with a lump sum. We have assumed that he earns his ordinary income for around seven fortnights and salary sacrifices 100% into the superannuation environment. At that point in time, he takes the remainder of his annual and long service leave as a lump sum. We haven't factored the additional benefits of receiving the superannuation guarantee and the further accrual of annual and long service leave.

	100% Lump Sum	Partial Lump Sum
Annual and Long Service Leave	$ -	$31,963
Annual and Long Service Leave (Lump Sum)	$70,000	$38,037
Less: Salary Sacrifice	$ -	$31,963
Taxable Income	$70,000	$38,037
Tax on Assessable Income	$14,297	$3,909
Less: Low Income Rebate	$ -	$429
Net Income Tax Payable	$14,297	$3,479
Plus: Medicare Levy	$1,400	$761
Total Personal Tax Liability	$15,697	$4,240
Plus: Contributions Tax on Salary Sacrifice	$ -	$4,795
TOTAL TAX LIABILITY	**$15,697**	**$9,035**
TAX SAVING		**$6,662**

As can be seen, a tax saving of $6,662 would be extracted in this scenario.

We have illustrated three different scenarios in the benefits of timing your retirement to minimise the taxation payable.

In our next edition of Trade Secrets, we will work through other Case Studies around the timing of retirement that link in with maintaining eligibility to contribute to superannuation past the age of 65 as well as minimising the capital gains tax payable on the sale of an asset near retirement.

TRYING TO GET THAT EXTRA 1% TO 2% RETURN

By Tony Gilham

Successful investing is all about making the right choices. If you are wanting to build your long term wealth and financial security, then there are literally thousands and thousands of investment opportunities available, and it's simply a matter of choosing investments that you are comfortable with, compatible with your risk tolerance, represent good value, and hopefully, have a relatively high probability of achieving your long term return expectations. But in building a sound long term investment portfolio, a lot of skill is required, and constant monitoring to make sure that you have a well-diversified, and hopefully, consistent portfolio.

The vast majority of people are not investment experts. They take, at best, a casual interest in investment markets, maybe investing in a few term deposits, company shares like Woolworths or Commonwealth Bank, and possibly residential property.

For most people, the subject of investing is just too complicated, and many people make the mistake of just investing in something that they are very comfortable with, or find easy to understand. Something like $1.5 trillion is invested in bank accounts in Australia, generally earning interest rates between 0% and 3%, mainly because it is an 'easy' investment. But over the medium to long term, virtually every other asset class outperforms bank interest.

The sad fact of life is that many uninformed investors don't even really try to get better returns - they just conclude that it's all too risky, so they will just put their money in a term deposit, with rates currently around 3% per annum. But by exploring other investment options, and even getting only maybe 1% or 2% per annum more, can make a significant difference to your long term wealth accumulation over a number of years.

Have a look at the example shown in the graph below, which shows somebody investing $10,000 over a 30 year term, with three investment options averaging 4% pa, 7% pa, or 10% pa.

At 4% pa, the end benefit after 30 years is $32,434

But at 7% pa, the end benefit is $76,122, and at 10% pa, the end benefit is $174,494.

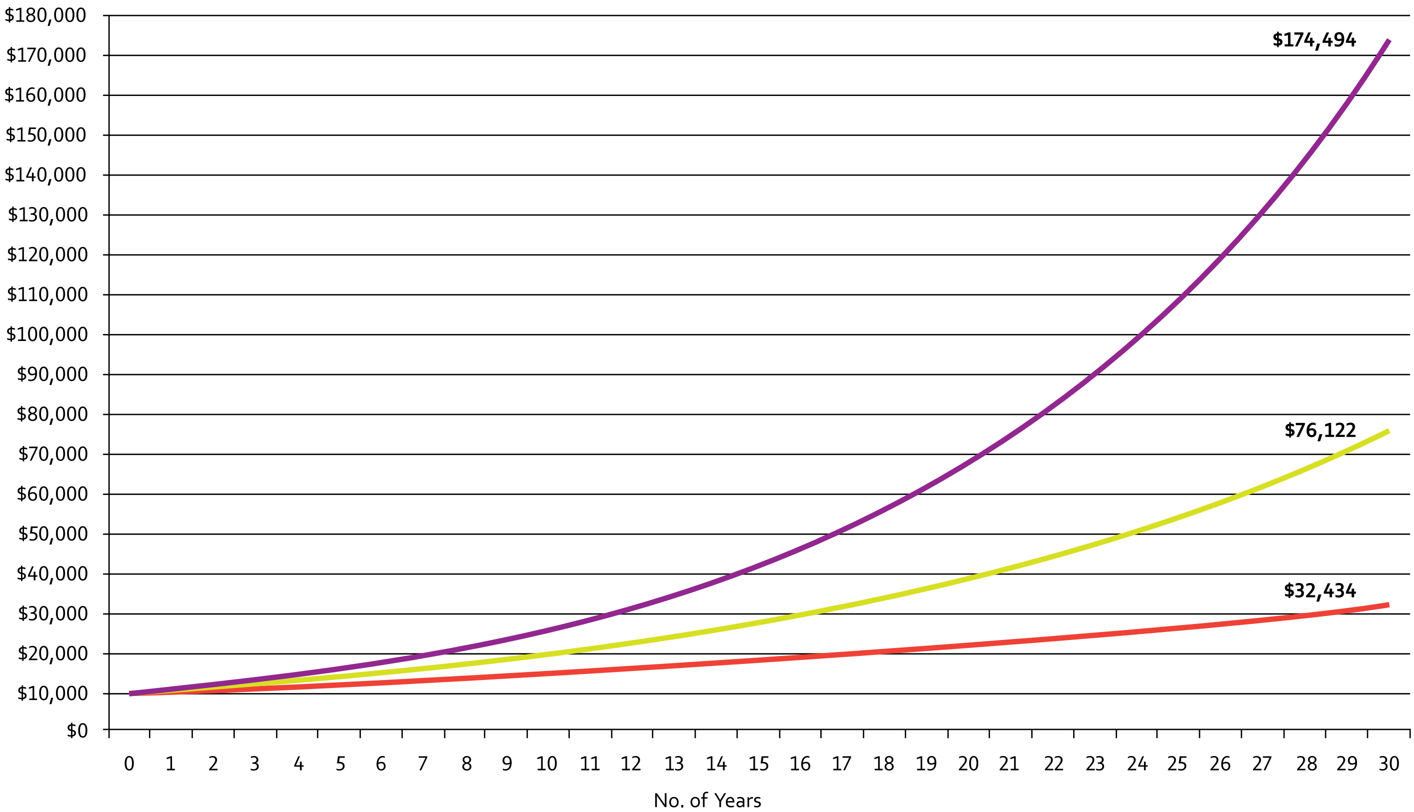
Although there doesn't seem like a big difference between 4%, 7% and 10%, the effect of compounding has a profound effect on the long term result.

For example, at 4.0%, the profit earned after 30 years is $22,434, but at 10% pa, the profit earned after 30 years is $164,494.

The 10% interest rate is 2.5 times larger than the 4% interest rate, but the total profit earned is 7.33 times larger.

It's the magic of compound interest.

Magic of Compound Interest



INTRODUCING OUR NEW TEAM MEMBERS:

MELANY MCLENNAN AND NICOLA BESWICK

By Paul Nicol

Melany is a SMSF Senior Administrator at GFM Wealth Advisory.

Melany joined the GFM team in July 2014. She joined us with a strong knowledge in SMSFs, having focused the last few years of her career in this specialized area. Melany holds the SMSF Association's SMSF Specialist Advisor (SSA) accreditation and a Professional Certificate in SMSFs (PC.SMSF) from the University of Adelaide, as well as a Bachelor of Business and Commerce (Monash University).

Melany is currently in the final stages of completing the CPA program. She joined our firm with a background in public practice and once we move to our new premises, will transition to our accounting practice, GFM Gruchy Accounting.

Melany is married with two children and in her spare time she enjoys spending time with her family, travelling and playing golf.

Nicola Beswick is an Associate Financial Planner and an employee representative at GFM Wealth Advisory.

Nicola joined GFM in September 2014, after working in a boutique financial planning firm that specialised in a range of financial planning areas. Prior to commencing a career within the financial planning industry, Nicola spent 9 years working in Intellectual Property Law. Her most recent position was as a Senior Patents Specialist, within the Biotechnology team, for a now Global Law Firm.

Nicola pursued a career within financial planning, following a personal experience which led her to appreciate the true value of receiving financial planning advice. This experience directed her to undertake the required studies to commence a career within financial planning and subsequent transition into financial planning. Nicola believes in ongoing education and continues to study all facets of the financial planning profession.

Nicola is passionate about working with clients, and creating personalised financial plans that assist people to reach their goals, in all areas of the financial planning sphere.

Nicola is a member of the GFM Investment Committee, which meets monthly to research, select and monitor all the investments on the GFM Approved Investment List. This keeps her fully in sync with the available market opportunities and GFM's agreed investment approach.

Nicola enjoys running, competing in extreme obstacle course races, and scuba diving. When she is not out and about, she enjoys spending time with close friends and family, and having a glass of New Zealand Sauvignon Blanc.

ANNUAL GOLF DAY 2015

By Mai Davies

We held our 13th annual golf day at Riversdale Golf Club on Friday the 13th March 2015, attended by 79 of our keen golfing clients. Once again we were blessed with perfect weather for the day.

It was great to have some new players join us this year. The course was in perfect condition and we had some terrific prizes on offer. Everyone had a fantastic day. The competition was Ambrose, and the winning score on the day was 56.28.

The photos from the day can be found on our website: gfmwealth.com.au/events/past-events/annual-golf-day-2015/

Congratulations to Terry Melbourne, Rod McFarlane, Rob Burrough, Peter Ferguson - the winning team!

The Runners Up with a score of 57.1 were Trevor Pearson, Joy Pearson, John Boston, Peter Bell

A PEEK INSIDE THE ENGINE ROOM: MAGELLAN GLOBAL FUND SEMINAR

By Mai Davies

We held our first evening seminar for the year on Tuesday 24th March at Riversdale Golf Club. Many of our clients are investors in the Magellan Global Fund and this session was well attended by 84 clients and guests. The attendees found the presentation incredibly interesting and extremely worthwhile. The presentation covered Magellan's investment process in detail and the process was illustrated with two stock examples.

We were very fortunate to have had three special guest presenters on the night, and they were three of the Senior Analysts that are looking "under the bonnet" on a day by day basis. They were:

Nikki Thomas, CFA – Head of Research and Portfolio Manager at Magellan

Alan Pullen – Head of Financials

Ted Alexander – Head of Healthcare

Nikki discussed how Magellan assess stocks, using qualitative and quantitative measures to construct a portfolio. Nikki covered the investment objectives, investment process, detailed stock analysis, economic moat, reinvestment potential, business risk, agency risk, the investment process, portfolio considerations, risk controls and portfolio construction.

Alan and Ted illustrated the process with two stock specific examples. Both of the stocks were discussed in great detail using the qualitative and quantitative measures discussed by Nikki.

Alan covered Lloyds Bank: headlined "The CBA of the UK, but half the price"!

Ted covered Bristol Myers and Roche: headlined "The changing face of cancer treatment".

Our clients were blown away by the skills and depth of the knowledge of the presenters and the thorough research of the companies discussed. They particularly enjoyed Ted's presentation.

The feedback was excellent, many saying it was one of the best presentations they had attended.

If you didn't attend the session and would like a copy of the presentation emailed to you or would like to discuss this investment with your adviser either now or at an upcoming review meeting, please give Mai a call on 9809 1221.

Nikki Thomas, Ted Alexander, Alan Pullen

FINANCIAL ADVICE QUALITY A "FAILURE"

By Patrick Malcolm

The chair of the FPA's professional disciplinary panel has described the "variable quality of Australian Financial Advice" as a "market failure", calling for mandated additional adviser education.

In a submission to the Financial System Inquiry (FSI), UNSW Professor of Law, Dimity Kingsford-Smith drew attention to what she sees as a "market failure" in the Australian Financial Planning Market, arguing the FoFA legislation is not sufficient to weed out systemic conflicts.

The academic, who also heads the Financial Planning Association's internal conduct review commission, said her assessment of the Financial Advice Sector stems largely from the "shadow shopping" exercise conducted by ASIC and the fact that "enforceable undertakings" have been entered into by major players within the industry.

"These market failures clearly require regulatory responses other than disclosure: Mandated improvement in training and conduct standards and a national examination would bring Australia into line with comparable countries", Professor Kingsford-Smith wrote.

"The Future of Financial Advice (FoFA) reforms have gone some way to dealing with concentration and conflicts of interest: the "best interests" and "client first" tests and curbs on conflicted remuneration, give grounds for optimism.

"However, unless the values embedded in these rules are internalised by individual advisers through greater professionalism (higher standards for entry, training, supervision, discipline and exit) they will remain "regulation on the page" and not "regulation in action".

STATISTICS FROM THE ABS SHOW HOW LIFE EXPECTANCY AT BIRTH HAS CHANGED OVER THE LAST 100 YEARS IN AUSTRALIA

By Tony Gilham

It was 55 for males and 59 for females in 1901-1910

It was 68 for males and 74 for females in 1960-1962

It was 80 for males and 84 for females in 2010-2012

And the Government actually now estimates that there's a 50% chance of a couple at age 65, of one of them reaching age 95. And in our lifetime, it's going to be increasingly common to see 100 year olds. You probably already know a few.

The Intergenerational Report (IGR) estimates that by 2055, average life expectancy will be 96.

10 YEAR TEAM DINNER

By Mai Davies

We all had a fantastic night.

In April, we celebrated at the "Wine Room" at the Westin Melbourne – to acknowledge those team members that have been with the company for more than 10 years. We congratulated Bryan Meehan on reaching 10 years at GFM and we welcomed him to the club.

We also welcome Phil Gruchy, Alastair Thompson and Shimla Prasad from GFM Gruchy Accounting to the Club

It's quite amazing to think that with 25 staff members, 13 have now been with the company for more than 10 years.

We are look forward to Denise, Annie and Jacqui joining the 10 Year Club in the next 1 – 2 years.

This is our fifth celebration and is an annual event. Unfortunately, Alastair was unable to join us on the night. In ascending order, the team members are:

Bryan Meehan	10 Years
James Malliaros	13 years
Patrick Malcolm	13 years
Shimla Prasad	13 years
Lorraine Miller	14 years
Paul Nicol	15 years
Maree Meehan	17 years
Witi Suma	18 years
Jenny Chin	22 years
Mai Davies	25 years
Alastair Thompson	32 years
Phil Gruchy	37 years
Tony Gilham	41 years

AUSSIES UNREALISTIC ABOUT SUPER

By James Malliaros

Australians are increasingly looking to self-fund their retirement, but many face a shortfall in their superannuation, a new survey by Rabo Direct has revealed.

The survey of 2300 Australians aged between 18 and 65 found only 24% thought their savings would be adequate for a comfortable retirement.

The survey indicated that many Australians were underprepared for their retirement years, and very few had any real idea as to how much they needed to put aside each year in order to build the required "nest egg".

NEWS CORPORATION MAKES SUPERANNUATION PLAY

By Patrick Malcolm

Two years ago, News Corporation Australia purchased the online subscription investment newsletter, "Eureka Report", paying a very significant $30 million price to Alan Kohler and other associated owners. This was a very significant acquisition, with News Corp now having access to the Eureka Report's subscription base. Now the news is that News Corp Australia is looking to team up with an online investment administration system in order to offer its own News Corp/Eureka Superannuation Fund.

We have no problem with an online superannuation fund completing in the market place, but we question whether, what appears to be a good and informative investment newsletter is now being used to promote an in-house superannuation or investment product.

Perhaps a good analogy is that you go to see your doctor because you feel you've got some sort of an ailment, and then the doctor prescribes that you spend 3 weeks in a private hospital, receiving treatment, without you necessarily realising that the doctor owns the private hospital.

AUSSIES "DAUNTED" BY FINANCIAL PLANNING

By Tony Gilham

6 out of 10 Australians who are uncomfortable with their finances find financial planning daunting, according to research from Rabo Direct.

About 50% claim that nothing they do will make a difference, effectively consuming everything now and worry about the future later. But the research found that of those with a long term plan, 75% say they are very comfortable with their finances. For those who take an active interest in their finances, fewer than 30% find financial planning daunting. The research also found that 46% of working Australians have only one month's savings or less in the bank to tie them over in tough times.

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