

the
times
newsletter





DESK OF THE CEO

A BRAND NEW DAY FOR FINDEX AUTHOR: SPIRO PAULE

Welcome to the Summer edition of The Times.

It is with much pride that I write to you today to introduce a newly refreshed group brand, in Findex – parent company of Financial Index Wealth Accountants.

Over the last few years, we as a group have expanded our service offering to you, both through organic development as well as the acquisition of new businesses. Through these activities, it became evident that a key component of our strategy was to unify each individual business through a common thread and clearly defined umbrella brand. This is both a progressive and strategic initiative which falls in line with our approach to ultimately revolutionise the client experience of professional services.

A Family Office vision comes to life

It has long been our view that all of our clients, regardless of their structure, means or size, should have access to the advantages a Family Office brings – that is, having all of their financial servicing needs met from a single point of contact in their trusted Financial Adviser. For this reason, we have endeavoured to scale our business and our service offerings in such way that enables the Family Office vision to come to life.

In order to remain successful in looking after your affairs, it is necessary we provide you with access to global reach and the ability to acquire the best products and services on the most competitive terms, without compromising quality and the personal touch that a smaller business brings. In the same way, harnessing digital tools to better administer a deeply targeted experience for you is, by all accounts, paramount.

In-house access to a full range of specialist accounting and financial professionals and new technology to promote a more engaging offering are just some of the enhanced capabilities we are extending to you in 2016, should you wish to avail yourself of any or all of these additional services.

In addition to the core Wealth Management competencies, this approach intuitively brings into focus an extended array of financial services as and when you need them. Indeed under this model, all our clients and their children will benefit from the option of having more of their financial needs managed and delivered by their trusted advisory firm in Financial Index Wealth Accountants.

Technology an enabler for business on your terms

To complement the Family Office service provided to you, the focus of our business has taken a critical shift. Placing increasing importance on digital evolution, we are making great inroads in streamlining your affairs, facilitated through improved digital infrastructure and revolutionary toolkits. Under such framework, access to information and professional advice on any device or platform, from any location, at any time that is most convenient to you will be readily made available. In doing so, we have the ability to conduct business and provide solutions that are completely on your terms.

Our expertise in the space of digitalisation was recognised recently when the National Farmers' Federation (NFF) selected Findex and Crowe Horwath, part of Findex as its partner in a major digital transformation announcement for agriculture in Australia. Launched by the Prime Minister, Malcolm Turnbull, just prior to Christmas, the initiative promises to digitally transform Australian agriculture and assist the industry in seizing the vast growth opportunities before it.

In today's dynamic marketplace, it is necessary that we, as your chosen financial services provider, offer you a concierge experience – that is, placing emphasis on technologically-advanced solutions and services that can operate in real-time, and across jurisdictions. We have, and will continue to work assiduously towards refining our strategy and methodology to preserve and build your wealth, utilising the best and brightest minds in the global investment industry - coupled with leading edge practices and technology - to ultimately deliver an exceptional client experience for you.

My very best wishes to you for the forthcoming year, and please don't hesitate to contact me directly should you have any thoughts or questions you wish to pass on.

I hope you enjoy this edition of The Times.

Spiro Paule - CEO, Findex
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INVESTMENT UPDATE

CAPITAL PRESERVATION AND ACCESS TO HIGH QUALITY PRODUCT MANUFACTURERS AT THE HEART OF FINDEX INVESTMENT ADVICE PHILOSOPHY

AUTHOR: KIERAN CANAVAN CHIEF INVESTMENT OFFICER, FINDEX

As one of the largest privately owned financial services groups in Australia and New Zealand, risk management is at the core of our advice philosophy and practice. It is essential that we, as a business, continuously assess our internal programs to ensure our clients are provided with state-of-the-art solutions at every level.

We take the position that one of the foundation roles of an adviser is to protect clients' assets. By understanding and managing risk, we give primacy to avoiding permanent financial loss. Our approach to investing commences conservatively – focusing first on preserving wealth and ensuring portfolios can fund necessary income and capital requirements when required – whether that be now or in the future.

This philosophy is a commitment to protecting real wealth - that is, ensuring advice deliver returns above inflation in the long term. It is from this predisposition that we advise on asset allocation and constructing portfolios with a focus on high quality, long term assets.

Distinguishing features of the Findex approach that aid us in protecting client capital include but are not limited to:

Asset allocation framework

We have in place a framework of asset allocation levers that allow us to set asset allocations which reflect our views on the relative attractiveness of various asset classes' throughout changing market cycles.

We make use of a Strategic Asset Allocation lever which we use to implement our medium term views on the relative attractiveness of various asset classes. Further, we make use of a Tactical Asset Allocation lever which allows us to respond to threats and opportunities in the market place looking at relatively shorter investment time horizons.

Currently, our portfolios have moved to more conservative settings for better protection in volatile and turbulent markets. This includes a reduction to the growth asset classes such as Domestic and International Equities. We have also sought to diversify and broaden our asset class exposure into alternative sources of returns; specifically, this includes international infrastructure and international real estate.

Investment governance framework

We are pleased to provide our clients with access to a highly skilled and experienced investment committee comprising of leading industry experts and external members who take a part in setting the investment policy for the whole group. Our Investment Committee approves investments and asset allocation for all our model portfolios.

Investment and asset allocation implementation framework

Much wealth can and has been destroyed by investors abandoning their strategy at the wrong time, most recently in the GFC and its immediate aftermath. It's for this reason we are continuing to place great store on efficient investment administration, ensuring investment decisions can respond appropriately and in a timely manner to volatile environments.

Bespoke investment opportunities

Another hallmark of the Findex approach is recognising that a reasonable percentage of quality investment opportunities are simply not available to retail investors or are expensive to access at retail. Findex uses its negotiating and market power; and administrative systems capability to make some of the wholesale only opportunities available to individual investors.

Of course, ensuring structures and transactions that are tax effective is par for the course for all Findex clients, as is the development and advice on risk strategies for both assets and people.

SPEAK TO YOUR FINANCIAL INDEX WEALTH ACCOUNTANTS ADVISER FOR FURTHER INSIGHT INTO OUR INVESTMENT FRAMEWORK.

THE NEWS ROOM



FINDEX LAUNCHES 'COMMISSION-FREE' LIFE INSURANCE PRODUCT

Findex has announced that all new life insurance policies recommended through its Centric Wealth and Financial Index Wealth Accountants divisions will be commission-free, with the first product originating from the BT Group. Chief of Adviser Services at Findex, Michael Wilkins, has stated that the commission-free product is consistent with the group's philosophy.

The article below is taken from Risk Adviser and highlights this exciting move.

Findex has launched a "commission-free" life insurance product which has been produced by the BT Group.

The launch of the product follows Findex's decision to move to a fee-for-service model for all risk advice across its network.

"This new product will offer lower life insurance costs to our clients ranging from moderate savings to as much as 30 per cent, with the actual quantum depending on individual client circumstances," Findex Chief of Adviser Services Michael Wilkins said.

"These commission-free policies will involve a net premium expense and an annual transparent, administrative service fee."

Mr Wilkins said Findex had been looking for "suitable partners with responsible insurers" to create an insurance product with no built in commission for several years.

"[This was planned] well ahead of the Trowbridge review of the life industry because we were concerned about the futility of high commission products in that they simply encourage churn," he said.

"We welcomed the Trowbridge Report but have always believed in aiming higher by seeking a 100 per cent commission-free model.

"We are delighted that product developers such as BT have been able to create a product that is consistent with our philosophy," he said.

Findex plans to extend the range of providers in the coming months once negotiations are complete with other life insurance companies.

The life insurance product will be recommended across the group's Centric Wealth and Financial Index Wealth Accountants businesses and will be rolled out across the entire group later in the year once "appropriate systems are in place".

FINDEX ANNOUNCES NEW OPERATING MODEL AND NEW BRAND

Financial Index Wealth Accountants parent company, Findex has announced a major restructure to its operating model and an associated rebranding to signal this change. The article below has been taken from *Professional Planner*, and discusses this update in greater detail.

The new branding initiative heralds the group's formal adoption of a comprehensive service model that will see all businesses in the group offering a wide range of financial services including wealth advice, accounting and tax, and a range of related services, regardless of the traditional speciality of that individual business.

Businesses in the group that will now offer what Findex is terming a Family Office, or one-stop financial services shop, include Crowe Horwath accountants in Australia and New Zealand, Centric Wealth, Financial Index Wealth Accountants, Prescott Securities, CIVIC Financial Planning and the MOVO online investment advice portal.

The new branding formally introduces an 'endorsed branding' model for the group, which has made more than 45 acquisitions in the financial services sector since 2000.

"In essence, the Family Office model is a holistic advisory vehicle for financial services," said Spiro Paule, Findex Chief Executive Officer.

"Traditionally a preserve of the wealthy, a Family Office service involves the availability of an extensive suite of financial advice and services from one trusted source.

"We believe all of our clients, individuals and corporates, regardless of their size, structure or means, should have access to the advantages of a Family Office – that is, having their financial servicing needs met from a single point of contact in their trusted Financial Adviser.

"The fact is, a rapidly globalising market means that fulfilling the expanding needs and expectations of clients naturally requires extended resources delivered under increasingly complex business conditions. As such, clients are seeking more and more specialised services under one roof.

"This innovative move will allow us the ability to offer our clients not only wealth protection advice and wealth building advice, but also services relating to risk, lending, accounting, tax, specialist SMSF solutions, estate planning, succession planning and even philanthropy.

"The client advantages include the peace of mind in accessing services from a familiar and trusted source, more competitive fees and prices through economies of scale and

the convenience of having the option of accessing a range of services in one place," Mr Paule said.

The primary element of the new branding is the launch of a new group name and identity; 'Findex'.

Findex is an evolution of the Financial Index brand; an evolution of the business' past. It has been carefully crafted to pay respect to the company's heritage, but also represent who the group is today and its vision for the future.

The aspiration behind Spiro and Terry Paules' launch of their first business 28 years ago was to provide an 'index', or 'comprehensive list' of financial services. The acquisition of Crowe Horwath has enabled the realisation of the vision on a wide scale.

An integral element of the Findex rebranding is the adoption of endorsed branding model to create a common thread between the business' brands, its service offerings, and above all, its people.

This will see all brands in the group sporting the notation "Part of Findex" alongside their existing or refined logos.

"Throughout our journey of growth we have adopted a multi-brand strategy and this branding exercise involves unifying and clarifying the Findex family membership.

"The endorsed strategy will cover all major brands in the group including Crowe Horwath Australasia, Centric Wealth, Financial Index Wealth Accountants, Prescott Securities, CIVIC Financial Planning and MOVO – Online Financial Advice.

"The essence of the Findex brand is an organisation-wide commitment to revolutionising financial services and empowering the ambition of our clients," Mr Paule said.



*New Findex brand logo
www.findex.com.au*

**FOR MORE INFORMATION
REGARDING OUR NEW BRAND
IDENTITY, PLEASE DON'T
HESITATE TO CONTACT YOUR
FINANCIAL INDEX WEALTH
ACCOUNTANTS ADVISER.**



ADVISER INSIGHT

IDENTIFYING THE MOST SUITABLE TRUSTEE STRUCTURE BEFORE ESTABLISHING AN SMSF IS CRITICAL

AUTHOR: JOHN IVES, FINANCIAL ADVISER, FIWA

A Self Managed Super Fund (SMSF) is a viable way for many Australians to save for their retirement.

One major area of discussion before individuals begin to consider the suitability of any underlying investment option is the important matter of the compliance requirements of SMSFs, including the trustee options. When establishing an SMSF, new members and/or trustees have the choice of setting up a corporate trustee or utilising an individual trustee structure. Deciding which structure to use is a decision that should be well-considered, as there are several determining factors which must be taken into account. Careful analysis should be undertaken with both a short term and long term view.

Within your analysis, one of the most important elements to consider is asset ownership. The type of trustee structure your SMSF adopts has a significant impact on the administration of your asset ownership.

For many people, an individual trustee structure is appealing due to the fact it is a more cost-effective option in the short term. Essentially, depending on which trustee structure is used for your SMSF, the assets contained within the SMSF have to be in the name of the particular structure. If it is an individual trustee structure, every asset in your SMSF has to identify with the trustee.

The following case study provides an example of issues that can arise if the incorrect structure is initially adopted. This case study also demonstrates the importance of having both your accountant and financial adviser working together to provide you with the optimum outcome when setting up a fund and also on an ongoing basis.

CASE STUDY

Bill and Karen are trustees of the BK Super Fund, which has an individual trustee structure. If Bill passes away, Karen cannot be a trustee on her own and will have to appoint another trustee. Every investment in the BK Super Fund will need to be updated in line with the new trustee structure.

For Karen to remain a sole trustee, the BK Super Fund has to change to a corporate trustee structure.

If Bill and Karen had set up a corporate structure, the only change required would have been to change the director of the trustee company.

No matter what you choose to do as an individual trustee, at some point you will be required to make a change and factor in the range of administration that goes with it. This can be hard when dealing with the passing away of another fund member.

Having a corporate trustee structure for your SMSF, and assuming it has been established correctly, likely means you will not be required to update it or change the structure in the long term.

A corporate trustee structure is also the ATO's preferred approach because it means the trustees are often more straightforward about what they are doing and the assets identified are clearly super fund assets.

In addition to asset ownership, it's important to understand the different levels of ongoing administration and reporting between the two trustee structures.

An SMSF with individual trustees can be simpler to administer because it has fewer reporting obligations. However, the fund's operations need to be independently audited each year, a supervisory levy must be paid annually to the ATO and an annual return must be lodged with the ATO.

A corporate trustee has reporting obligations to ASIC, as well as a requirement to pay the regulator an annual review fee. Additionally, a corporate trustee has to comply with all the reporting obligations of an individual trustee. However, this structure has the ability to ensure the fund's assets remain separate from any personal or business assets, and make it easier to administer the ownership of the assets.



Estate planning also needs to be seriously considered when deciding on what trustee structure to use because it can impact significantly on what happens when a fund member passes away. When a SMSF member passes away, he or she is removed as a member and is typically replaced by their legal personal representative (LPR) for the purpose of addressing member entitlements.

If the trustees are two individuals, then a change of trusteeship will be required, either to a corporate trustee or new individual trustee structure. As noted when discussing asset ownership, this will require all assets of the SMSF to be updated to reflect the changed circumstances. This can be an onerous task at any time and is amplified when dealing with the loss of a loved one. If the fund has a corporate trustee in place, this makes dealing with the death of a member much easier for all involved.

To summarise, there are many issues to take into account when choosing the trustee structure for your SMSF. The most important consideration is to take a long term view - what may be a potentially cost-saving decision in the short term could end up being a hefty expense. Each individual is different however, so it's essential you seek expert advice to determine the most suitable structure for you and your circumstances.

SPEAK TO YOUR FINANCIAL INDEX WEALTH ACCOUNTANTS ADVISER TODAY FOR FURTHER INSIGHT INTO TRUSTEE STRUCTURES AND WHICH TYPE IS MOST SUITABLE FOR YOU.

BUCKET LIST

Whatever your life stage, having a comprehensive financial plan gives you more control over the choices that are available to you. Working to a personal financial plan ensures that you are more likely to achieve your financial goals, while allowing you to create the lifestyle you aspire to for your future.

Your bucket list – a list of the goals you want to achieve, dreams you want to fulfil and experiences you want to have before you kick the proverbial bucket – can be a powerful motivator to keep you focused.

“At Financial Index Wealth Accountants, we are passionate about working with our clients to guide them through the complexities of their financial journey,” says Spiro Paule, CEO at Findex.

“We specialise in creating tailored financial plans that allow clients to meet both their financial and lifestyle aspirations, now and into the future.”

BUCKET LIST INSPIRATION: DISCOVER THE KIMBERLEY

Stretching along Australia's far North West coast, the Kimberley Plateau is a vast landscape that encompasses gorges, waterfalls and cave systems, pockets of lush rainforest and an astonishing variety of wildlife. On its coast lies some of the world's most beautiful beaches, untouched coral atolls and rugged islands.

Within the region and only discovered in 1983, the beehive striped Bungle Bungle Range in Purnululu National Park is a fascinating and enduring Australian story. This 350 million year old landscape is revered by its Aboriginal custodians. Today, this maze of orange and black striped sandstone domes, often likened to giant beehives, is one of the Kimberley's most loved attractions.

EL QUESTRO HOMESTEAD

To truly experience the area, a stay at one of the Luxury Lodges of Australia - El Questro Homestead is a must. Located amidst 1 million acres of wilderness park and 100 km from the nearest town, the luxury of El Questro Homestead sits in stark contrast to Western Australia's rugged Kimberley landscape.

The Homestead is cantilevered over the Chamberlain River and surrounded by a vast and ancient landscape of salt plains, thermal springs and the magnificent orange cliffs of the Cockburn Range. From here take a short 30 minute helicopter flight to join a small ship cruise like no other.

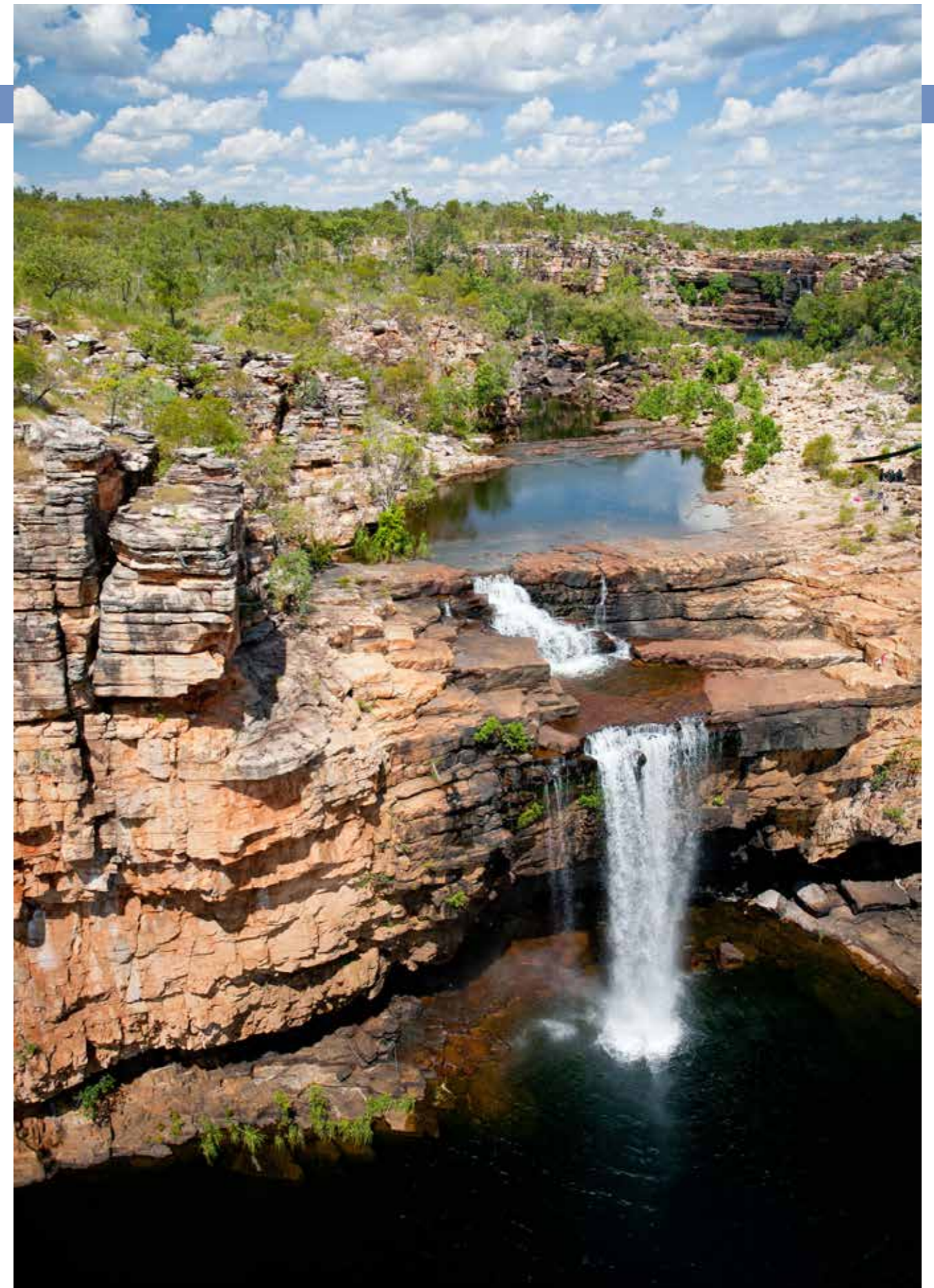
TRUE NORTH

A cruise on the True North has long been regarded as one of Australia's outstanding and revered adventure tourism experiences. The ship has been designed to navigate the stunning coast accessing wilderness that is well beyond the reach of larger ships.

The True North's flagship cruise will see you travel from Wyndham to Broome over 13 unforgettable days. During your journey you will discover untouched waterfalls, explore ancient cave systems with historic indigenous rock art, fish remote billabongs, snorkel the waters of the pristine coast, take leisurely helicopter picnics and simply be inspired by all the bird and wildlife in the region.

This is a journey to the outskirts of a paradise on earth where travellers, guided by people who truly know the area, can discover the therapeutic quality of life in the Australian bush and study some of the most fascinating paintings in the history of art.

HAVE YOU RECENTLY CROSSED
AN ITEM OFF YOUR BUCKET
LIST? IF YOU WOULD LIKE TO
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FEATURED IN A FUTURE EDITION
OF THE TIMES.



FINANCIAL STRATEGIES

FOUR KEY ELEMENTS OF ESTATE PLANNING

Estate planning is a key wealth management process that helps ensure future generations receive the assets to which they are entitled in the most efficient way possible. A diligent approach to estate planning can have several benefits, including peace of mind, the reduced risk of inheritance disputes and effective tax structuring.

The importance of estate planning cannot be understated, particularly for individuals with considerable assets across multiple investment classes. The complexity of organising the distribution of your estate often increases as your wealth expands, making a formal plan an essential procedure.

Understanding the different elements that make up a comprehensive estate plan can provide crucial guidance, although seeking professional advice is always recommended.

Here are four key processes that you may wish to take into account as part of your estate planning.

WRITING A WILL

In simple terms, a Will is a legal document that outlines the assets you have and how you would like them to be shared among your beneficiaries. People who pass away without writing a Will are said to have died 'intestate', meaning their property and wealth is distributed according to a formula instead of their final wishes.

Despite the importance of producing a Will, a study funded by the Australian Research Council (ARC) found 40 per cent of people in the country don't have one. Furthermore, many respondents who had written a Will said the most recent version of the document did not reflect their current circumstances.

Aside from asset distribution, Wills can be used to nominate executors, appoint guardians for dependants and set up testamentary trusts. Individuals are encouraged to update their Will regularly to factor in major life events, such as marriages, divorces, the birth of children and grandchildren, the deaths of loved ones and notable changes in wealth.

TESTAMENTARY TRUST

Testamentary trusts are designed to give you more flexibility and control over the distribution of your assets when you pass away. There are different types of trusts available, but a testamentary discretionary trust is among the most common - the details of which are set out in your Will.

Discretionary trusts typically comprise one or more trustees, as well as beneficiaries and, on occasion, an appointor. The trustee is tasked with managing and distributing the capital and income held in the trust to your chosen beneficiaries, while the appointor often has the power to add or remove trustees.

Individuals set up testamentary trusts for various reasons, including tax efficiency, asset protection and the ongoing care of dependants or beneficiaries with impairments. For example, you can arrange a trust so that children under the age of 18 are unable to access their inheritance until they reach a certain age or meet specific requirements.

POWERS OF ATTORNEY

Australia is an ageing nation, with advances in technology, medical care and social services helping people live longer, healthier lives. Figures from the Productivity Commission predict the number of people aged 75 and over in the country will jump from 6.4 per cent of the population in 2012 to 14.4 per cent by 2060.

Unfortunately, as people get older, their cognitive capacity and physical health can decline. Powers of attorney are legal documents that allow you to give individuals the ability to make crucial decisions on your behalf due to incapacity or inconvenience.

The rules surrounding powers of attorney and guardianship differ between states and territories, so it's recommended to seek professional advice before nominating anyone for this important responsibility.

Common examples of powers of attorney include:

- Enduring Power of Attorney (EPOA): The process of appointing an individual to make financial and legal decisions if you become unable to do so.
- Medical Power of Attorney (MPOA): Selecting someone to make medical choices on your behalf.
- General Power of Attorney (GPOA): This arrangement is similar to an EPOA, but usually specifies a time frame. People often use a general power of attorney to make decisions for them when they are overseas or temporarily unavailable.

SUPERANNUATION DEATH BENEFITS

Many individuals amass a considerable amount of money through their superannuation fund in order to adequately finance their retirement. Have you made plans for what will happen to the remainder of your fund when you pass away?

It is important to remember that your superannuation is not distributed via your Will unless you specifically choose your estate to receive the money.

Therefore, you can nominate beneficiaries to receive super death benefits.

Death benefit nominations come in two forms: non-binding and binding. A non-binding arrangement instructs the super trustee as to how they should distribute the fund, although the trustee can overrule this guidance. A binding agreement means the trustee must follow the deceased's instructions, provided the nomination is valid.

As we can see, carefully considering your estate planning options is the best way to ensure your wealth is successfully passed on to the right people, at the right time and in the right way. This article highlights some of the preparations you may want to make, but it's important you seek information from a professional for more comprehensive insight into this financial strategy.

SPEAK TO YOUR FINANCIAL INDEX WEALTH ACCOUNTANTS ADVISER TODAY FOR DETAILED INFORMATION REGARDING ESTATE PLANNING AND WHAT IT MAY MEAN FOR YOU.



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"If you get up in the morning and think the future is going to be better, it is a bright day. Otherwise, it's not."

- Elon Musk.



In association with partner brands



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