

Bringing it together

The Times Newsletter



FROM THE DESK OF THE CEO



'With our aging population, aged care issues are becoming increasingly close to home for a number of Australians'

Hello and welcome,

Since our last edition of the Times and as we move closer to the end of the financial year, the Australian Government has announced a comprehensive package of Aged Care reforms with the intention to build a better, more sustainable and nationally consistent aged care system.

Despite these reforms, the aged care industry continues to be plagued by complexity and uncertainty. The last thing most families need when investigating aged care or dealing with an estate, is the surprise of lost

monies or extra costs. It's vitally important to ensure you understand exactly what you need to pay and what entitlements may be available.

With our aging population, aged care issues are becoming increasingly close to home for a number of Australians.

You may have elderly parents who require regular care and management, you yourself may be planning for the future and investigating aged care options, or you may already be in an aged care facility, in which case, you'll have a vested interest in the impact of the government's reforms.

Speak to your Financial Index adviser today about how you and your financial situation may be affected, and finally, we hope you enjoy the autumn edition of Times.

A handwritten signature in black ink, appearing to read 'Spiro Paule'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Spiro Paule
Co-Founder and CEO

MOVING INTO AGED CARE

1 HOLD A FAMILY MEETING

- Discuss the ongoing needs. How will they be best met?
- Wills and EPOA's - who can act in the role if required
- Where does the senior want to live? Close to family? Friends? In a warmer climate?
- Who will help with the move?
- Will Mum and Dad stay together or have to separate?
- What assets and cash-flow does the senior have available for the move?
- Are there any financial liabilities to sort out?
- What are the seniors wishes upon death and funeral preferences?
- Write down Mum and Dad's wishes to avoid future disagreements
- Who will be attorney or executer of the Will? Family, friend or public trustee?

2 PUT LEGAL DOCUMENTS IN PLACE

- Put Legal documents in place
- Ensure current and updated legal documents are in place
 - Will
 - EPOA
 - Assign an enduring guardian and power of attorney. If no loved ones can serve these roles, appoint public trustee



4 CHOOSING NURSING CARE

- Where should it be?
- What type is best? What services do we need?
- How much can we afford? Consider bond and ongoing fees
- What's available? Check myagedcare and DPS guide
- Meet with desired facilities or care providers
- Sort out finances before official asset assessment - do any changes need to occur? (eg. money lent by children)

Remember: Official assessment is final and binding by nursing facility

3 ASSESS REQUIRED LEVEL OF CARE

Assess required level of care
Get assessment by GP with referral to Aged Care Assessment Team (ACAT)

Consider options available



Independent living facility:
Low care



Nursing facility:
High care, medical help

5 FINANCIAL PLANNING

- Do we need a financial planner to assist in financial assessment and strategy and understand options available?
- Can we afford nursing home costs based on accumulated assets and income streams?
- Can ongoing costs be minimised or a better outcome achieved by paying a higher bond?
- What is the cash flow available to meet day to day expenses?
- How will each potential strategy impact current age pension benefits?
- Create a risk profile for remaining investment assets, expected longevity of investor

Where can we get more money for aged care?

- Look at family home options (ie. retain, rent, sell)
- Look at superannuation options: Does this need to be cashed in?
- Manage potential capital gains for investment assets that may need to be sold

6 MOVING



- Which personal effects can be brought into the facility?
- Which of Mum and Dad's important items will make the move easier for them?
- Which family members and friends can visit them in the home to help them get settled and ensure they still feel socially connected?
- Renting the home? What will we do with remaining furniture?
- Who will act as landlord/Property manager?

7 ONGOING ADVICE

- Is there a requirement for ongoing investment portfolio advice?
- Review the Will if the senior or another family member's situation(s) changes
- Will assistance be required for distribution of estate assets upon death?



SUCCESS STORIES

Clients satisfied with "informed and personal" touch

In late 2013, a client new to the Financial Index Wealth Accountants business arrived in the office for their first annual review meeting.

The meeting unfolded as any review meeting usually does. Together the adviser and client reviewed the client's circumstances. In doing so the adviser identified opportunity to migrate the client into a better investment process, as well as identifying an opportunity for a low income Health Care Card.

The FIWA adviser also stepped the client through the simulator process, explaining the projections on screen and that they meant the client was on track to have their desired amount of funds available to them in retirement.

While this is considered a regular review meeting by FIWA standards, the client's feedback was overwhelming.

This particular client had felt under appreciated and unsatisfied with their previous financial planning company and felt that the FIWA Adviser had shown both an "informed and personal touch" when dealing with their affairs.

Attending a review meeting every year is a great opportunity to check in with your adviser as well as reaffirm your financial goals and objectives to them.

Share your experience with the Times Newsletter by writing to info@findex.com.au

Touch base with your Financial Index adviser to discuss your next review meeting.



MARKET WATCH



Cash rate on hold

The Reserve Bank's cash rate stays at an all time low, what does this mean for you?

Conditions in the Australian economy have been the subject of much debate over recent months, and the latest decision by the Reserve Bank of Australia (RBA) is unlikely to mitigate concerns.

The central bank opted to keep the official cash rate at 2.5 per cent at its meeting on April 1. While this wasn't entirely unexpected, it does provide some insight into how the domestic economy is performing.

This is the seventh consecutive month the cash rate has stayed at an all-time low of 2.5 per cent, as RBA Governor Glenn Stevens highlighted varied conditions across the financial markets.

He acknowledged that while financial conditions remain accommodative, long-term interest rates and most risk spreads remain low. Data indicates slightly firmer consumer demand here in Australia, while business sentiment has marginally improved from 12 months ago.

However, the situation does not offer complete cause for optimism. Demand for labour has weakened, while there is growing concern about the rising level of unemployment.

Mr Stevens highlighted that current monetary policy settings seem to be having the right impact and so it appears they will continue to remain in place until the situation improves.

In light of this, it is unlikely there will be a change to monetary policy any time soon. Inflation is expected by the RBA to remain consistent with the 2-3 per cent target over the coming two years, so this low interest rate environment could well be around for some time.

Mr Stevens admitted that "monetary policy is appropriately configured to foster sustainable growth" and that the "most prudent course is likely to be a period of stability in interest rates".

With the 2.5 per cent cash rate now in its seventh month, analysts are now expecting this could well be the case for a while longer.

To find out more, speak to your Financial Index adviser today.

THE NEWS ROOM

MOVO - Online Financial Advice

www.movo.com.au

In early 2014, the Findex Group launched its online financial advice service titled 'MOVO'. The extract below, taken from Money Management Magazine, best summarises the new service offering, as well as the challenges the new brand is looking to overcome.

'A new online advice platform has been launched into the market offering financial plans for as little as \$199, targeting the four out of five Australians who are priced out of the advice market.

The platform, MOVO, was launched by financial services firm Financial Index Wealth Accountants and is targeting lower-to-middle socio-economic class consumers. The basic \$199 service would include an individually tailored financial advice report and email access to the financial adviser for the life of the advice report. There are two other upgraded services, with the most expensive plan costing \$349.

Company chief executive officer Spiro Paule said the platform is able to offer a low-cost service due to reduced overheads and other efficiencies of the online world. He said it achieved one of the key objectives of the Future of Financial Advice (FOFA) reforms — increasing access to financial planning services by offering lower cost advice.

"We're targeting the segment of the market that has been totally overlooked until now — young families struggling to build up their savings and accumulate wealth, would-be entrepreneurs trying to get their businesses off the ground and people trying to make their way in an increasingly complex financial world but doing it in an ad hoc and often haphazard way," Paule said.

A report published by the Australian Securities and Investments Commission in 2010 found an average financial plan costs between \$2500 and \$3500, with the regulator expressing concern that many consumers would not be able to access advice services. Paule said the online service would not 'devalue' financial planning in the long term, as the one fifth of Australians currently using financial advisers are unlikely to change their habits.

Furthermore, the new service would not compete with traditional financial planning services, including that of Financial Index itself, which targets high-net-worth investors, Paule said.

"We're not targeting Australians currently using advisers and who, from our understanding of this market segment, are unlikely to change their habits and go online," Paule said.

"We're targeting the Australians who never get to see a financial planner — the four fifths of Australians who are currently priced out of the market."

Financial Index is also offering its MOVO service with a 'white label' capability to adjacent financial service providers and other companies, and has announced the rollout of online accounting, lending and self-managed super fund solutions.'

Findex's new MOVO platform is a wonderful opportunity for our valued clients to begin passing on good financial habits to their children and grand children. Speak to your adviser about MOVO and receive a welcome pack and complimentary pass to give to your children or grandchildren.



THE BUCKET LIST



Learning Italian

Creating and working to a comprehensive financial plan for the future not only ensures you are more likely to achieve your financial goals, it also allows you to reach the aspirations you have for the lifestyle that you would like to be living.

Many of us dream of early retirement or reducing work hours towards the end of our careers to allow us more time with our family and friends or to travel. Having a sound financial plan will put you in the best position to make this rewarding lifestyle choice.

For many people, the items on our ‘bucket list’ – a wish list of goals, activities and experiences we want to achieve before we kick the proverbial bucket – include things that we need additional time for, rather than a large amount of money.

“While an expensive holiday or a new convertible may be longer term goals, your bucket list is bound to include some lower cost activities such as learning new skills or picking up new hobbies,” says Spiro Paule, CEO at Financial Index. “We often speak to clients who are in a financial position to reduce their hours at work or retire altogether, however, they are reluctant to do so as they’re worried that they’ll be terribly bored without work.”

“I encourage these clients to consider a slower transition towards retirement – speak to your employer about working part time or job sharing, and use the time that you free up to learn a new skill or pick up some new hobbies.”

Learning a new language is a hugely popular bucket list item, and one that doesn’t require a large financial outlay.

Whether you’re looking to improve your grasp of a language before an upcoming overseas trip or you’re searching for a new interest to exercise your brain, language schools in all states of Australia offer a wide range of language courses from beginner to advanced. And with new study periods starting all the time, this is one bucket list item you can get started on today!

Ever popular, Italian is recognised as the language most similar to English and one of the most beautiful languages in the world. More than 70 million native and foreign Italian speakers across the globe have made Italian the 19th most spoken language worldwide.

Importantly, Italian is considered to be the easiest foreign language to read, write and pronounce because there is only one sound for each letter of the alphabet.

Internationally, the Italian language plays a large role in history, art, music, literature and food; even a basic understanding will give you more insight and enjoyment of these cultural aspects. Think attractions like Venice, Rome’s Colosseum and Pompeii, renowned artists such as Da Vinci, Michelangelo and Botticelli, and famous operas *Madame Butterfly* and *The Barber of Seville*.

Who knows... once you’ve mastered conversational Italian, you may even find a trip to Italy becomes part of your bucket list!

Inspired? Speak to your Financial Index Adviser about how to make your bucket list a reality.

Have you recently crossed an item off your bucket list? If you would like to share your experience with our readers, please email us at ideas@findex.com.au and your story may be featured in a future edition of Times.

"Someone is sitting in the shade today because someone
else planted a tree a long time ago."
- Warren Buffett

in association with partner brands



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