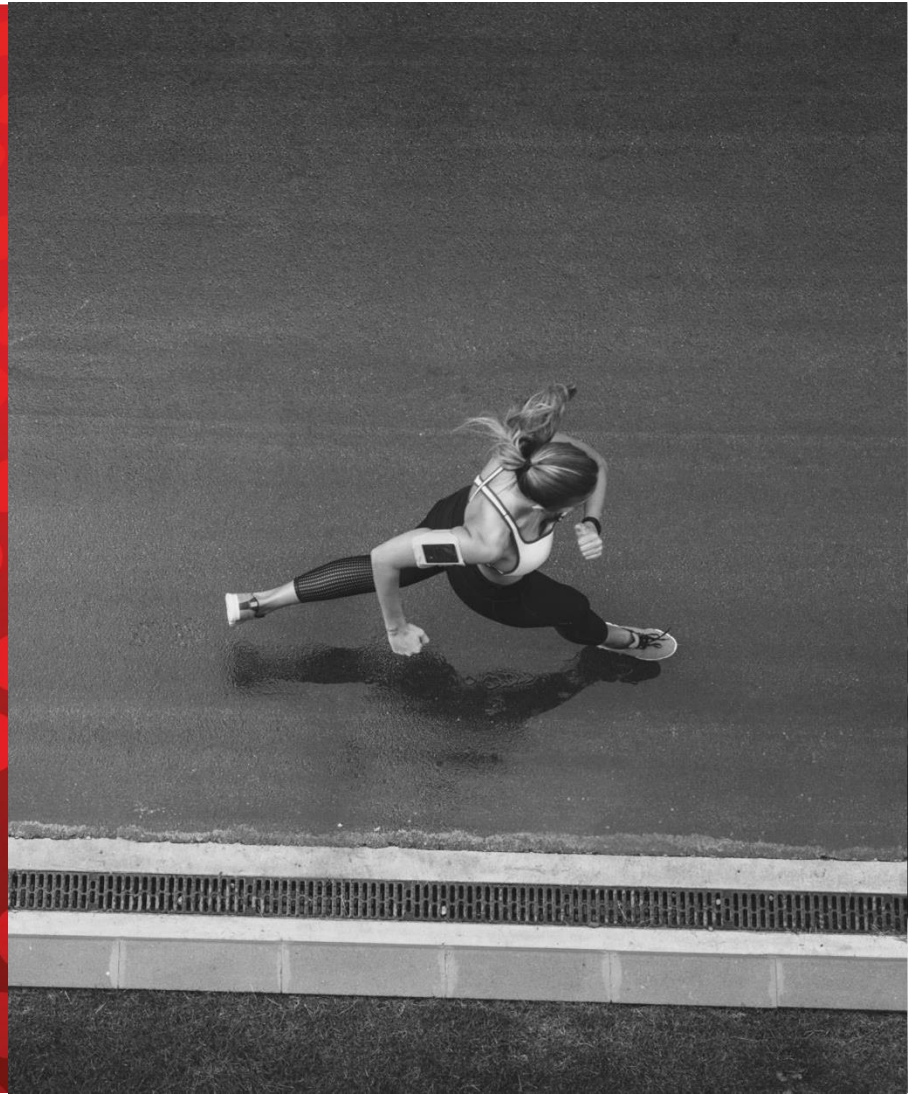


# Building a fit financial future



# Topics...



## Managing debt

Are you managing your debt effectively?



## Investment 101

Want a clearer picture of the world of investments?



## Growing your Wealth

Are you looking to grow your wealth?



## Building a better future

A few simple steps now can help you achieve a better lifestyle in retirement



## Protecting your lifestyle

Understand the types of insurance available and why they're important.



## Women and finance

Top money issues for women



## Protecting your assets

Basic estate planning steps to help protect your assets



## End of Financial Year

Make the most of incentives before time runs out!



## Budget and Legislative update

Discover what's in store for tax, super and investments

# Growing your wealth



# Important Notice

Any advice in this presentation has been prepared without taking into account your objectives, financial situation and needs. You should consider whether it is appropriate having regard to your personal circumstances before making any financial decisions.

If you are considering acquiring a financial product you should obtain the relevant product disclosure statement before making any decision.

Any information about taxation in this presentation is factual information or general advice only and does not consider the application or interpretation of any taxation laws to your personal circumstances. If you require taxation advice you should seek advice from a registered tax agent or a registered tax (financial) adviser.



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# Investment basics



## WHERE ARE YOU NOW?

Understand your current net worth  
Debt – reduce &/or eliminate bad debt  
Budget – capacity to save?



## WHERE DO YOU WANT TO GO?

Investing goals – what are yours?  
Risks – do you understand them?  
Psychology of investing



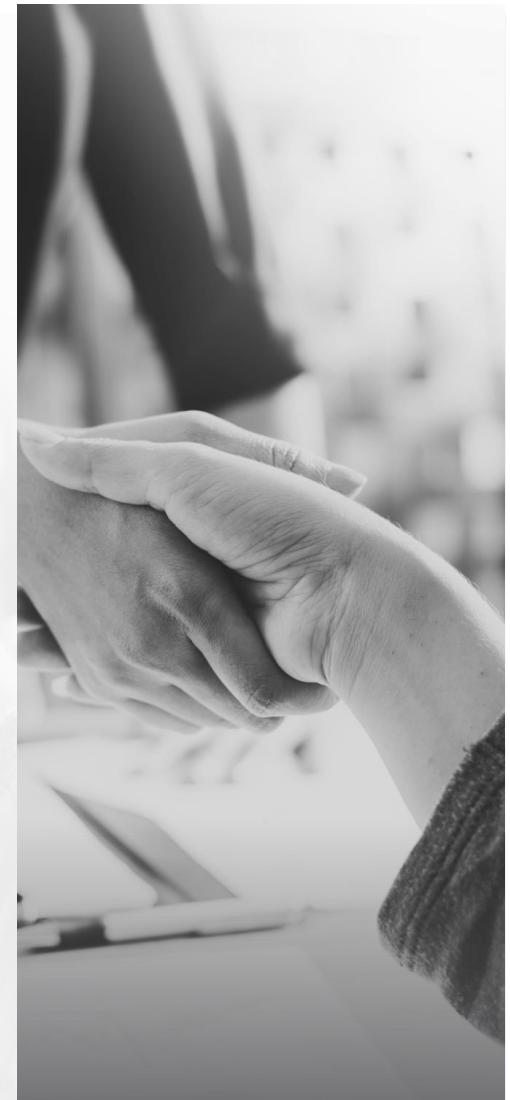
## HOW ARE YOU GOING TO GET THERE?

Investment structure – personal, super, family trust?  
Asset classes – what do I invest in?  
Borrowing to invest – is it the right strategy for you?



## A PERSONAL INVESTMENT PLAN

What is your strategy?  
Methodology  
Managing and growing your wealth



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# Where are you now?

# Where are you now?

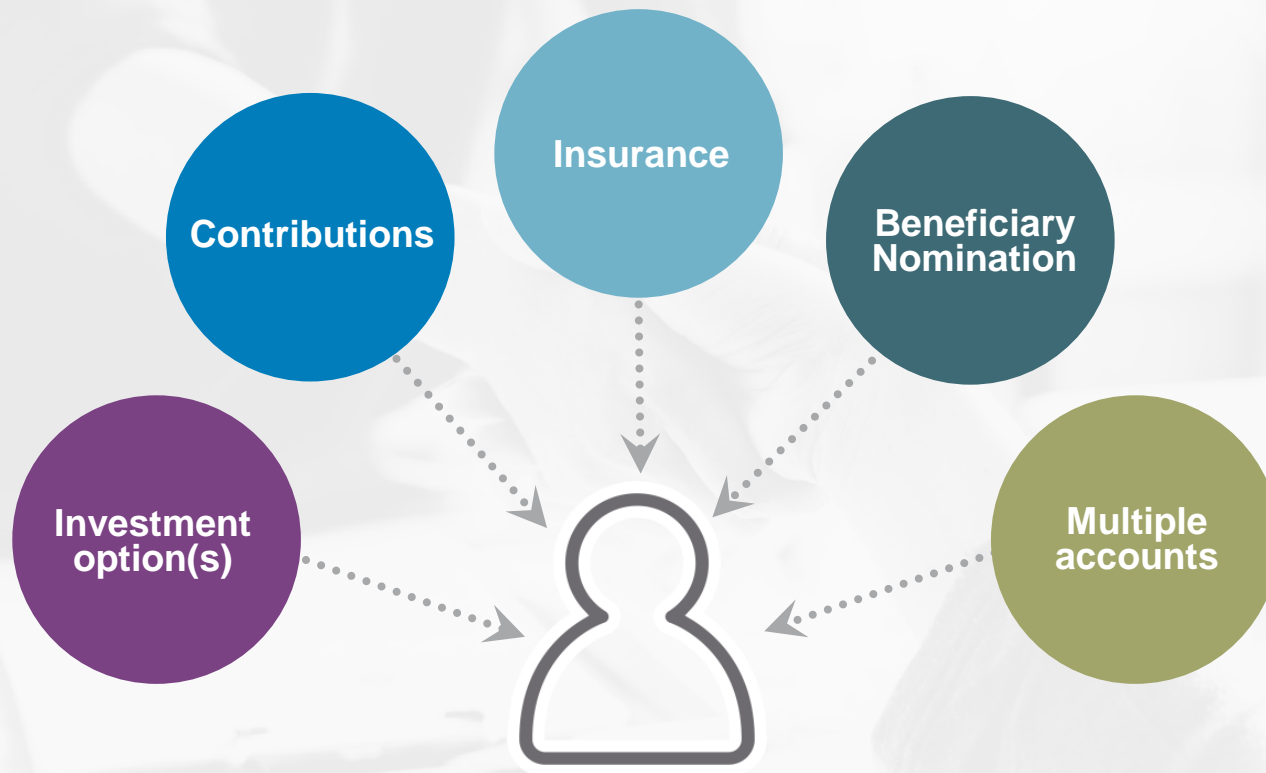
- 1 Understand your financial position
- 2 Clear your credit card debt
- 3 Sort out your super
- 4 Plan your investments
- 5 Consider getting financial advice



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# Superannuation – calls to action



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# Take control of your money



## ASIC Moneysmart – budget planner

- Budget your expenses
- Understand your cost of living
- Pay credit card off monthly
- Determine your capacity to save (income minus living expenses)
- The general rule is to aim to save 10-20% of your gross income

<https://www.moneysmart.gov.au/media/392764/managingyourmoney.pdf>



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# Cash Flow Management



## Debt reduction

Inefficient/Efficient debt  
Increase regular repayments  
Pay off credit card monthly



## Savings Plan

Holiday  
New car  
First home  
Superannuation  
10-20% of gross income



## Budgeting

Track your spending  
Create a budget  
Pay yourself first (PYSF)



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# Cash Flow Management considerations

## Spending

**Discretionary  
vs  
Non-  
discretionary**

## Income

**Disposable  
income**

## Lifestyle

**Do career or  
life changes  
make financial  
sense?**

## Debt

**Mortgage  
Credit card  
HECs  
Loans**

Mortgage

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# Where do you want to go?



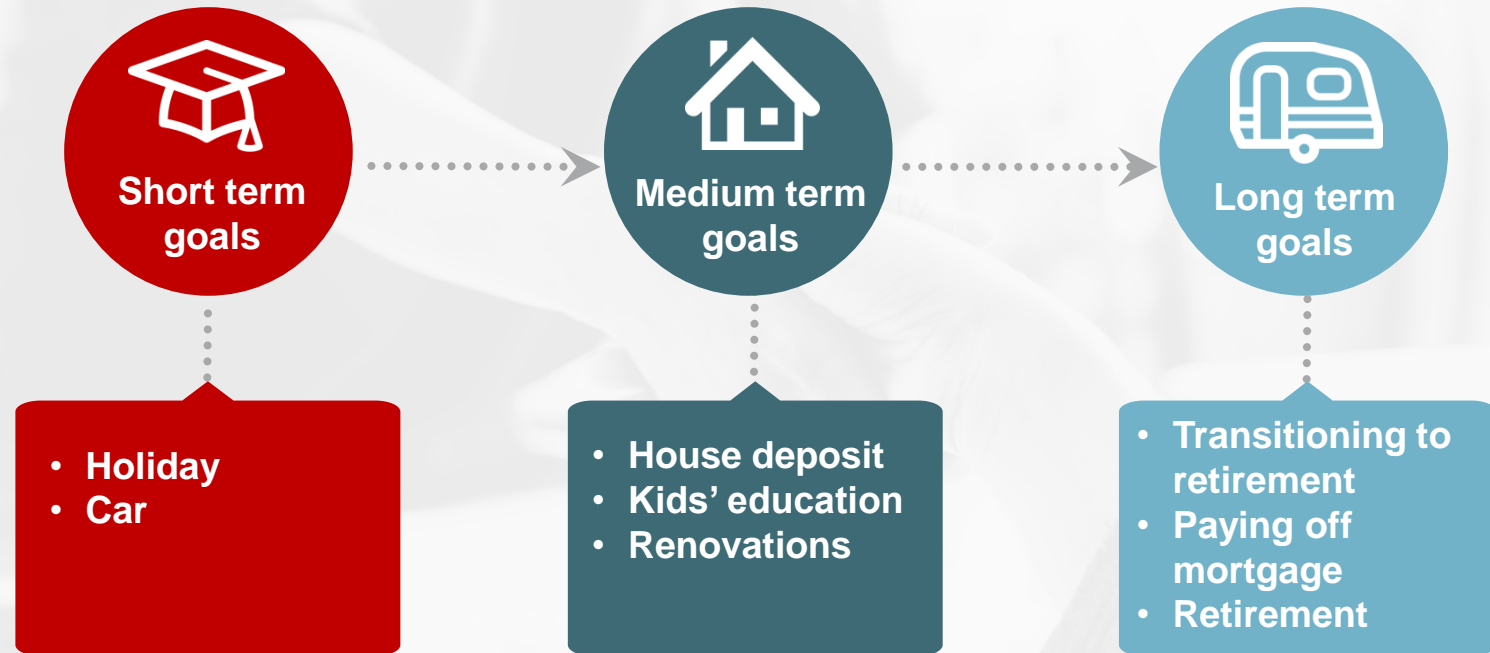
# Investment considerations



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# Establish your investment goals

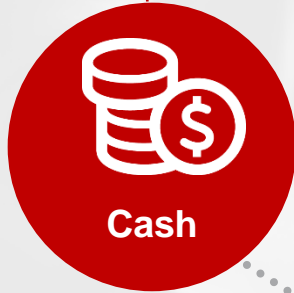


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# Diversification

- High interest cash account
- Term Deposits
- Short Term Money market



- Industrial
- Residential
- Domestic/ International



- Domestic/ International
- Government
- Corporate



- Sectors
- Domestic/ International
- Core/Satellite
- Income/Growth



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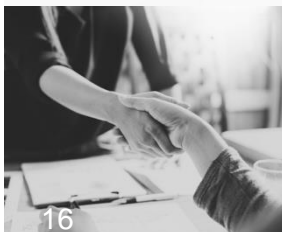
# Power of compounding

What would you prefer?

\$1 million dollars today, or to receive a cent today which doubles each day for the next 30 days?

DAY	VALUE	DAY	VALUE
1	\$0.01	27	\$671,088
2	\$0.02	28	\$1,342,177
3	\$0.04	29	\$2,684,354
4	\$0.08	30	\$5,368,709

Source: <https://www.moneysmart.gov.au/managing-your-money/saving/compound-interest>

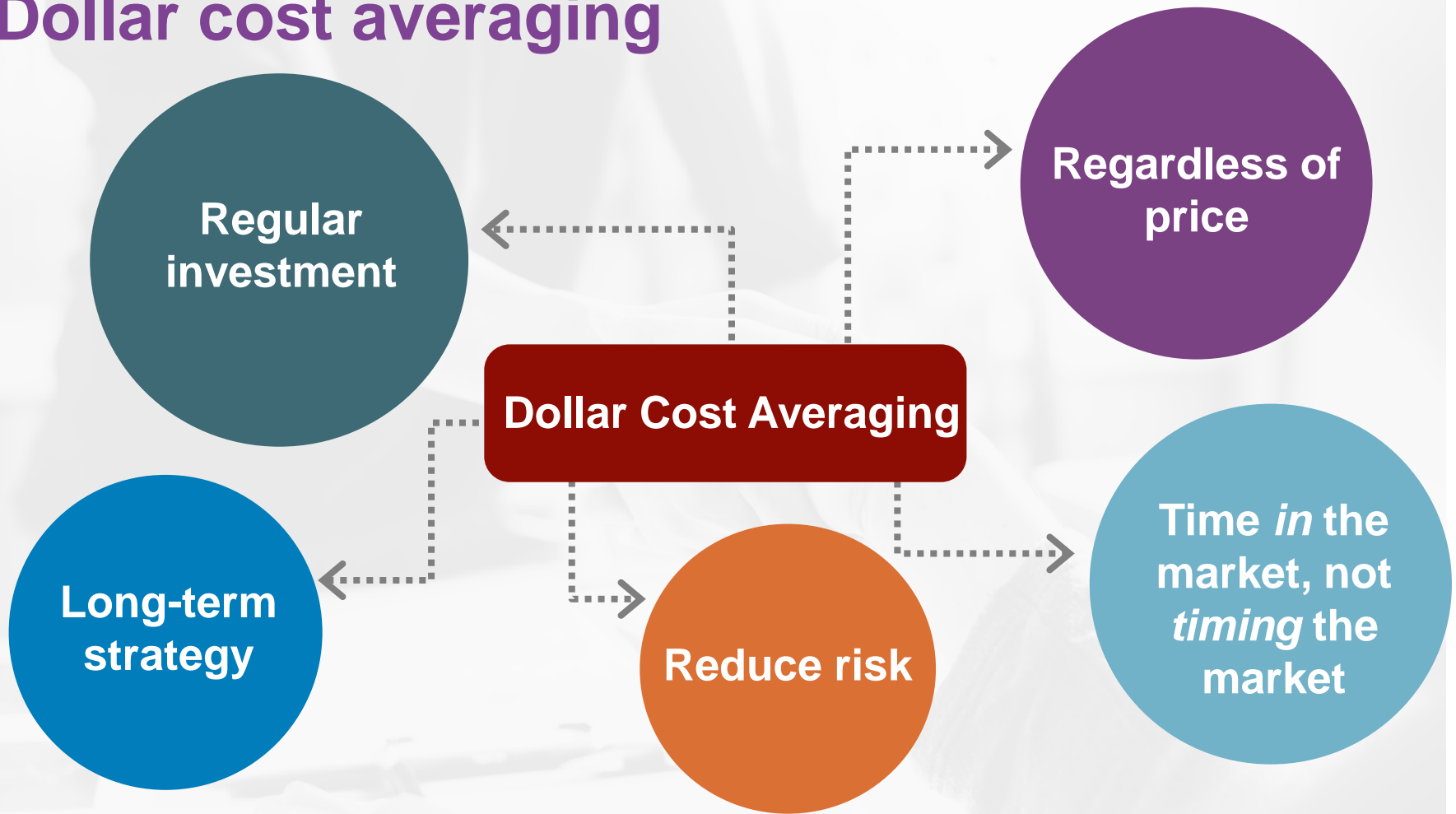


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# Dollar cost averaging



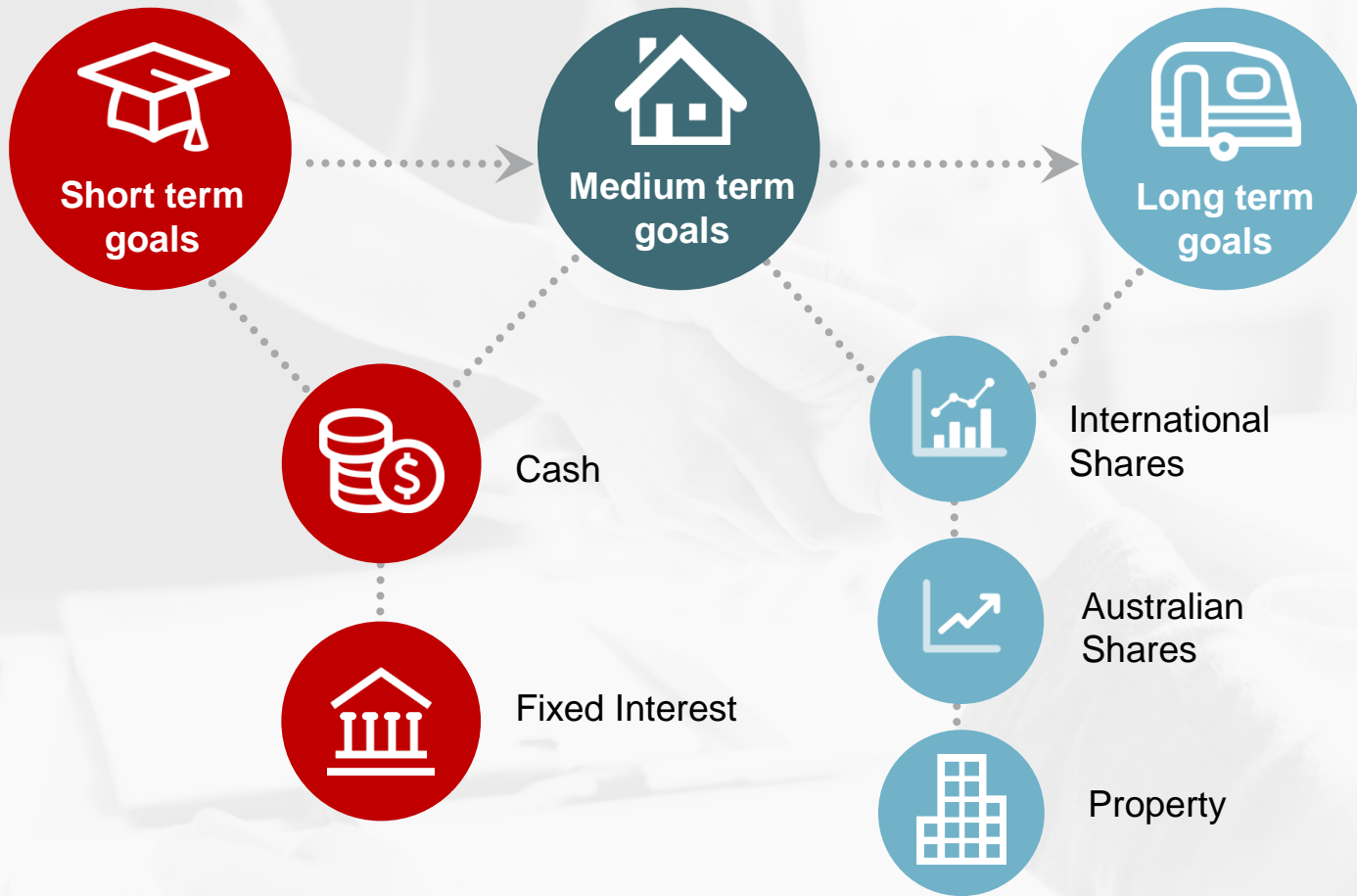
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# How are you going to get there?

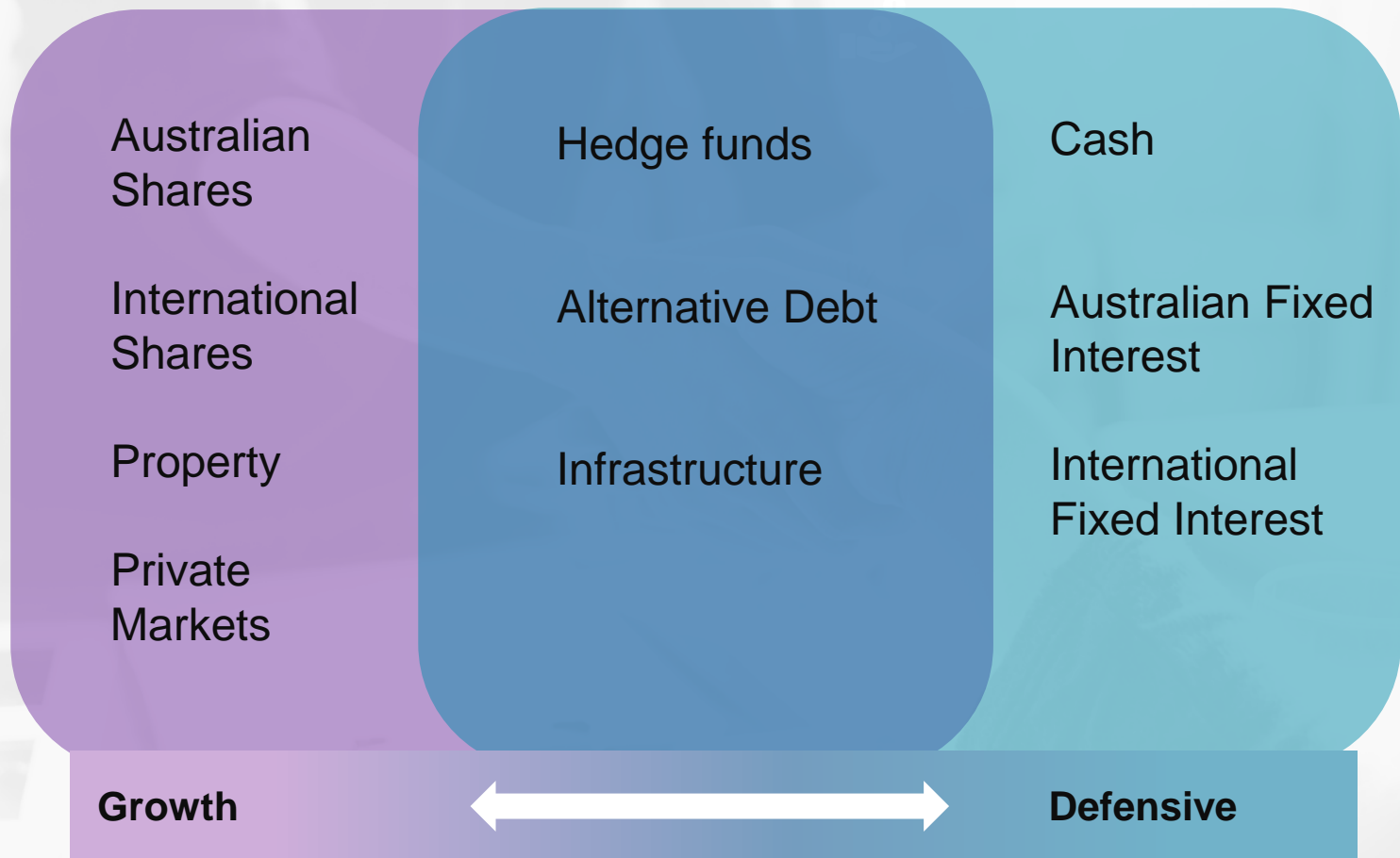
# Asset classes



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# Asset Types



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# Characteristics of Asset Types



## Shares

Growth/income  
Volatility  
Long term  
investment  
Tax effectiveness  
Flexibility



## Property

Growth/Income  
Long Term  
investment  
Value  
fluctuations  
Inflexible



## Fixed Interest

Income only  
Low risk/return  
Inflexible



## Cash

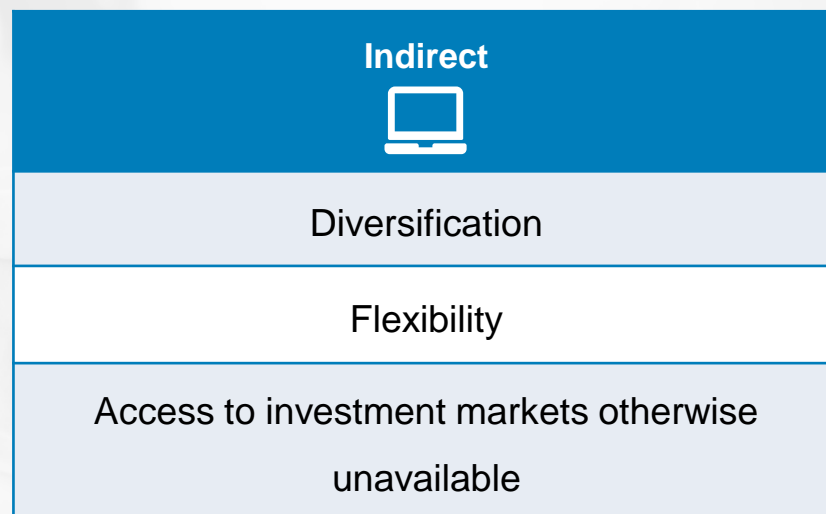
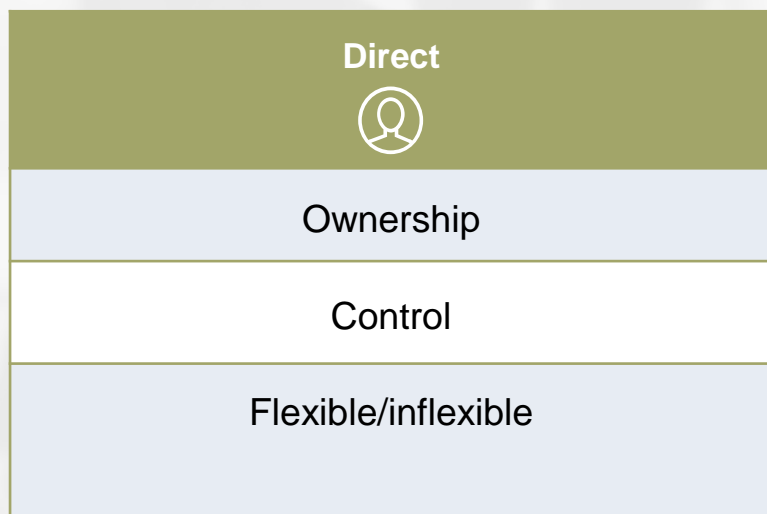
Income only  
Low  
risk/return  
Flexibility



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# Direct vs Indirect



## Examples

- Shares
- Property
- Term Deposit
- Cash

## How

- Broker/Online/  
Public Offering
- Agent
- Financial institution

## Examples

- Managed Fund
- ETFs
- Superannuation

## How

- Financial Adviser
- Financial Institution
- Prospectus/ PDS



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# Exchange Traded Funds (ETFs)



Low cost index fund

Generates a return to the client after fees  
Traded on the stock market



Created & managed by  
Fund Manager (issuer)



- Issuer covers costs
- No outside owners
- Investors retain any returns a fund earns

- 4,000 ETFs globally
- Australian ETF market:  
\$36.2 billion FUM invested  
178 products
- 2017 FUM growth: 33%
- Leading issuers:  
iShares (BlackRock)  
Vanguard  
SPDR  
BetaShares  
VanEck Vectors
- Examples:  
Crude Oil Index  
China Large Cap  
Global Gold Miners  
Australian Sustainability Leaders  
Global Robotics & Automation

Source: Vanguard

Source: Stockspot Australian ETF Report 2018



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# Income or Growth

## Income



- Generate cash flow/passive income
- Income Tax
- Potentially higher yield
- Lower or minimal growth prospects

## Growth



- Increase in capital value
- Capital Gains Tax (CGT)
- Potentially higher return
- Generally lower yield



Shares  
Property  
Fixed Interest  
Cash

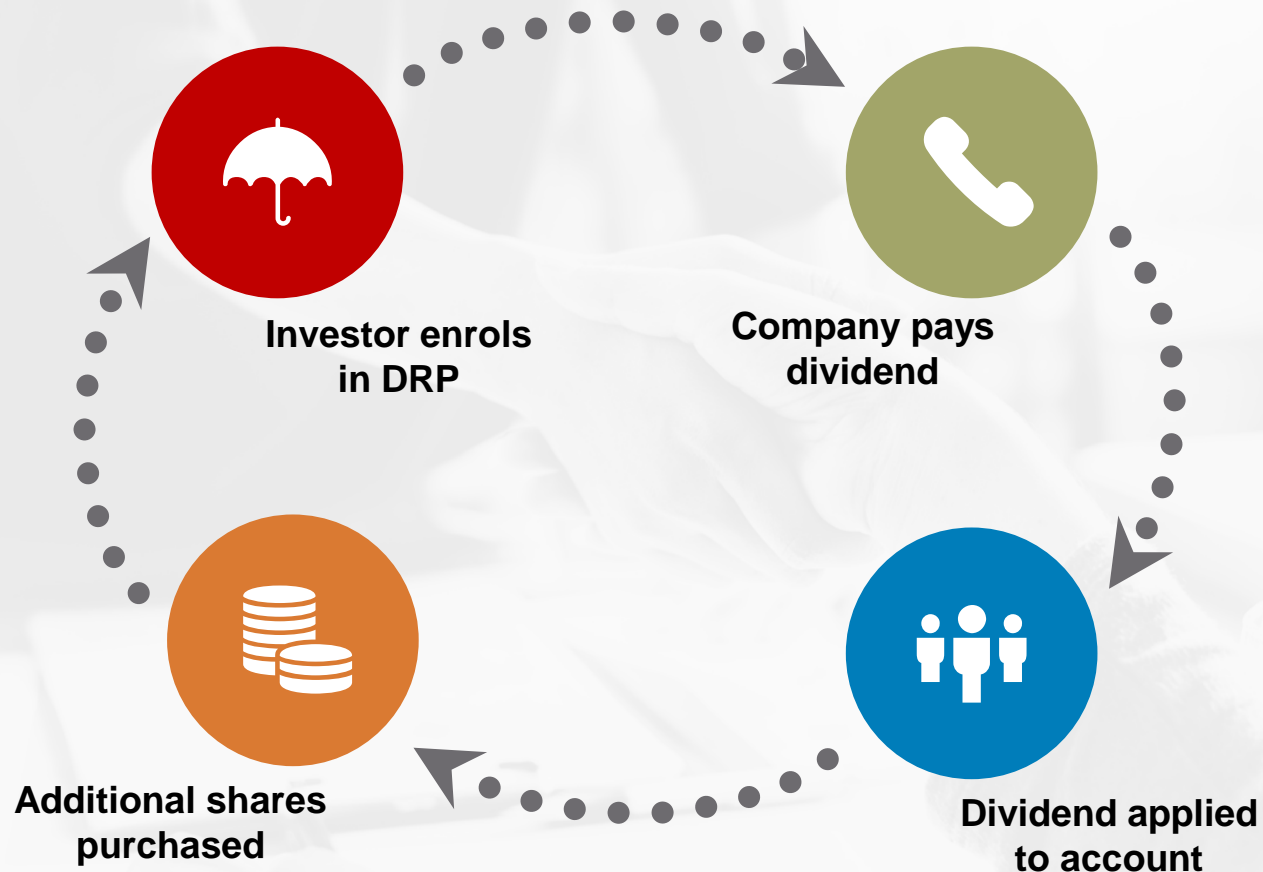
Shares  
Property  
ETFs  
Managed Funds

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# Dividend Reinvestment Plan (DRP)



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# Borrowing to invest



## Investment Property

Gearing strategy  
Income – rental  
Growth potential  
Stamp duty  
Management and maintenance costs



## ETFs

Gearing strategy  
Diversification  
Broad range of assets  
Flexibility  
Fees & charges



## Share Portfolio

Gearing strategy  
Income – dividends  
Growth potential  
Brokerage costs



## Managed Funds

Gearing strategy  
Diversification  
Broad range of assets/markets  
Flexibility  
Fees & charges



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# Your goals and investment structure



## Superannuation

Funding retirement  
Paying off debt at retirement  
Tax benefits



## Personal

Simple and low cost  
Negative gearing  
Potential high tax



## Company

Lower tax rates  
Asset Protection  
Higher costs



## Family Trust

Income distribution  
Tax benefits  
Beneficiaries



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# Taxation considerations



## **SUPERANNUATION**

A tax-advantaged environment  
Concessional tax rates apply  
Tax-free on drawdown from age 60



## **PERSONAL**

Marginal tax rates (MTR) apply  
Capital Gains Tax (CGT)  
CGT discount may apply



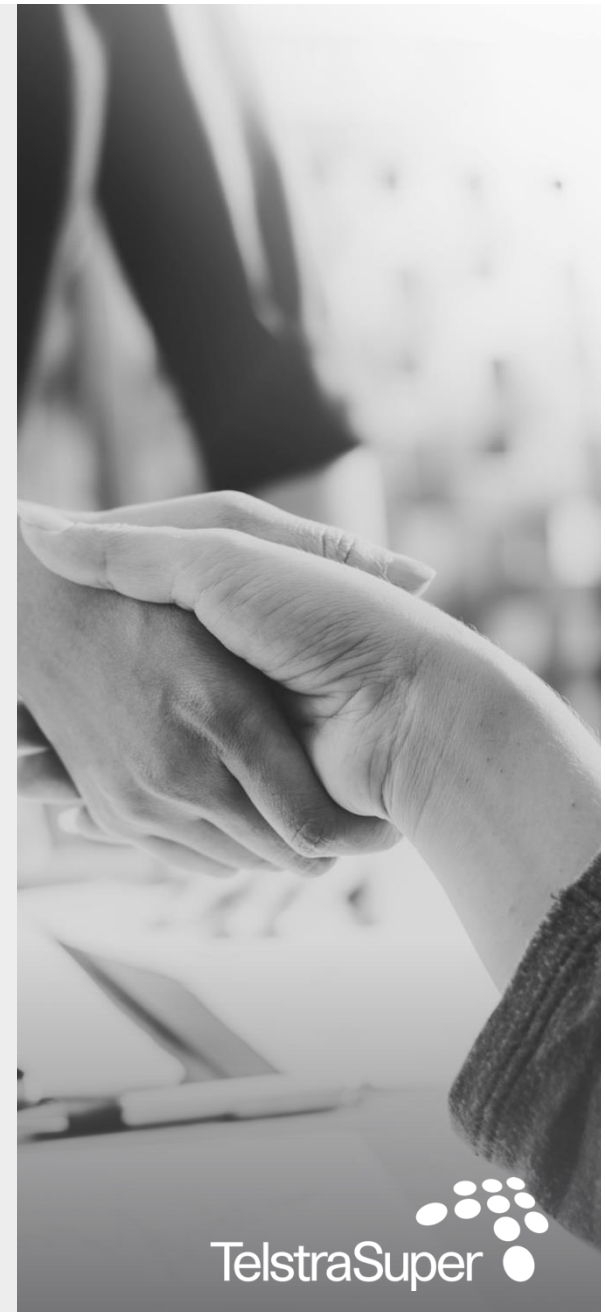
## **COMPANY**

Income and capital gains taxed at flat rate  
Generally no CGT discount



## **FAMILY TRUST**

Ability to distribute income  
Income and capital gains taxed at marginal  
rate of beneficiary(s)  
CGT discount may apply



# Strategies for a personal investment plan

# Strategies

01

## CASH FLOW MANAGEMENT

Pay yourself first (PYSF)  
Controlling your spending, paying your bills on time  
Eliminating debt  
Savings capacity

02

## DIRECT VS. INDIRECT

Direct – ownership of investment/asset  
Indirect – pooled investment

03

## BORROWING TO INVEST

Negative vs Positive gearing  
Property, shares, ETFs, managed funds  
Margin lending – shares, ETFs, managed funds

04

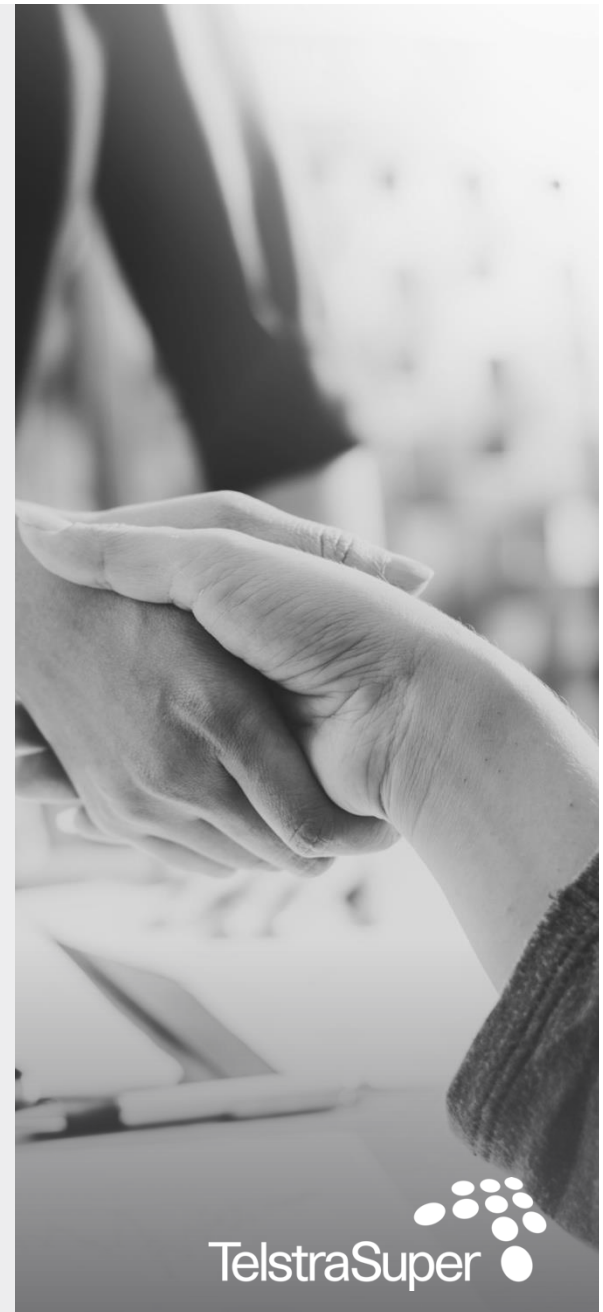
## DIVIDEND REINVESTMENT PLAN

Receive dividends as additional shares  
Compound investment returns  
Franking credits

05

## INCOME OR GROWTH

Income – provides passive income  
Growth – emphasis on capital appreciation



# Summary

# Stay on track

01

## **BUDGET**

Set up your budget to make sure your money goes where you want it to  
Aim to save 10%-20% of your income

02

## **PAY OFF DEBT**

Debt reduction is a key to wealth creation  
See how much you'll save by repaying your debts faster

03

## **INVEST WISELY**

Plan your investments

04

## **SEEK ADVICE**

Navigate the financial advice process with confidence





# Useful tools


▶ ASIC Moneysmart website:  
[www.moneysmart.gov.au/](http://www.moneysmart.gov.au/)

▶ Thomson Reuters Cleardocs

▶ [www.investors.asn.au](http://www.investors.asn.au)

▶ [www.netactuary.com.au/](http://www.netactuary.com.au/)  
Calculators

▶ [www.superannuation.asn.au/  
resources/retirement-standard](http://www.superannuation.asn.au/resources/retirement-standard)


 1300 033 166

 [talkingsense@telstrasuper.com.au](mailto:talkingsense@telstrasuper.com.au)

 [www.telstrasuper.com.au](http://www.telstrasuper.com.au)

# Thank you



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 [www.telstrasuper.com.au](http://www.telstrasuper.com.au)



# Next topic...



## **Building a better future**

A few simple steps now can help you achieve a better lifestyle in retirement