

Newsletter

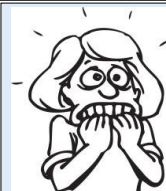
Acting in Our Clients Best Interest

Autumn 2020



Established 1992

Autumn Colours



Fear Is often a driver of investment markets. So, why have our superannuation funds lost value? The standard balanced fund will traditionally hold 70% growth and 30% conservative assets. The growth assets are subject to market movements. The uncertainty surrounding the **Corona Virus**, has created a fragile and volatile investment atmosphere. Investors don't like uncertainty and the herd instinct - run for cover - takes



over; investments are sold off as investors cash up. Hence, shares in Commonwealth Bank were \$90.99 on 14th February, had fallen to \$63.16 by 20th March. Another unusual consequence of the Corona Virus is that people in Australia, UK and Japan are buying up large quantities of toilet paper??..... This is not the first time that fear has caused panic: Y2K2, SARS, H5N1 Bird Flu, Mini Swine Flu, Ebola Virus...etc. Based on unfounded fear of food shortages some Britons stored food prior to the UK leaving the European Union. By taking appropriate action the world's leaders can co-ordinate a plan to prevent the virus spreading, and if a vaccine can be found; we may see Investment values return.....until the next time.



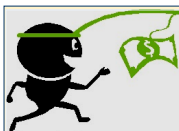
First one home's the winner



Deal



Doh!



Greed Is another driver of investment markets. If you are one of the people yet to be invited to participate in a **Bitcoin** trading plan, not to worry, you probably soon will be. It works like this:

an internet ad showing a photo shopped billionaire celebrity like Richard Branson, extoling the virtues of the plan. If you show interest, you'll receive a call explaining how the people running the scheme want you to share in the secret of how to double, nay triple, your outlay. After investing in the scheme, you will be assured that you are making oodles of lovely lolly; and you would be wise to increase your investment. The problem arises when the investor, (victim), seeks to withdraw these profits. For, like the morning mist, the company, you've been dealing with has disappeared.



Question: What happens if Centrelink lose your information?

Answer: They'll likely stop paying your entitlements.

This happened to a client recently. The required information was provided to Centrelink but not processed by them. The client's Age Pension was stopped. The obligatory long wait phone call to Centrelink was made, the information was located, processed and the entitlement was restored. A good resolution to an unnecessarily stressful situation.

Ultimate Financial Planners are able to assist our clients with Centrelink applications and enquiries

2 March 2020 Life Insurance industry losses blow out to nearly \$1billion

Newton's third law of motion states: That for every action in nature there is an equal and opposite reaction.

The Action - Between 2018 and 2020, legislation has caused a reduction to the up front commissions paid to life insurance agents by 50%

The Reaction - many Life agents' businesses became unviable, and the agents left the industry.

The consequences - a reduction in new premium income coupled with a higher claims level has put life insurers into a situation of struggle. Although the life insurers are well capitalised, their future operations are uncertain.



Independent Professionals Network

Is a network of trusted best practice service providers: Financial Planning, Wills and Powers of Attorney, Mortgage and Reverse Mortgage, Tax Accountancy, Tax Planning, and Aged Care. For help in any of these areas, please call **03 9585 7585**, or visit the Professionals at: www.independentprofessionalsnetwork.com.au

Investment Fundamentals:

Terminology: Growth Assets - Australian and overseas Shares - Australian and Overseas Property - Infrastructure, such as Sydney airport or Transurban roads - some Bonds

Defensive Assets - Cash - Australian Income and Global Income - Debentures - some Bonds

Ultimate Financial Planners Portfolio Construction

Conservative Portfolio	Allocation
Cash	2.00%
Australian Income Fund	50.00%
Global Income Fund	15.00%
International Property	3.00%
Australian Property	3.00%
Global Shares - Hedged	9.00%
Australian Shares	18.00%
Total	100.00%

Balanced Portfolio	Allocation
Cash	2.00%
Australian Income Fund	23.00%
Global Income Fund	5.00%
International Property	5.00%
Australian Property	5.00%
Global Shares - Hedged	22.00%
Australian Shares	38.00%
Total	100.00%

Ultimate Financial Planners Portfolio Returns to 24-01-2020

Conservative Portfolio	Performance
Time Period	
1 Year	11.31%
2 Years	5.31%
3 Years	7.22%
5 Years	7.27%
7 Years	8.59%

Balanced Portfolio	Performance
Time Period	
1 Year	19.03%
2 Years	7.17%
3 Years	10.67%
5 Years	10.56%
7 Years	12.44%

The investments which comprise these allocations are unique to Ultimate Financial Planners



'There's no easy way to put this, Ted, but we need to reduce staff levels and you're a member of the demographic group no one cares about.'

Mortgage Repayment - A client asks:

I'm aged 60 and own an investment property which has an outstanding mortgage of \$100,000 at 4% interest, I earn \$65,000 pa. Our after tax income is \$52,328, living expenses are \$42,000 pa, leaving a surplus of \$10,328. I want to be debt free when I retire at age 64. Should I: a) increase my super contributions and repay the mortgage at retirement? or, b) Use the surplus after tax income to increase our regular mortgage repayments.

*By comparing the two options, it was found that by using option a), Salary Sacrifice into super, this client was able to repay his mortgage and have surplus of **\$10,724** at age 64*

*Option b) By increasing his mortgage repayments with after tax earnings, he will still owe **\$10,093** at age 64*

If you need advice with a financial calculation we are happy to help.

If you have questions with regard to funding your retirement, repaying a loan, investment advice, personal insurance, or any other related matter, our knowledgeable Financial Planner, **John Lansdowne** is keen to help

This Newsletter contains information of a general nature only and should not be acted upon without first receiving personal advice.

Ultimate Financial Planners sole and only obligation is to act in the best interest of its clients at all times. We welcome your call on **03 9585 7585**, we are happy for you to drop by in person. Your initial enquiry/meeting is free and provides you with an opportunity to assess our value to you.



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