INDUSTRY FUND FINANCIAL PLANNING

iffp news

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What type of investor are you?

THIS ISSUE

If you feel like your attitude to investment and super has changed in the last two years, you're probably not alone.

Confidence abounded back in mid-2007, when it seemed that the only way was up for the local and international share and property markets. In turn this generated healthy double digit returns for most superannuation fund members.

During most of 2008 and into 2009, however, there was a change in investors' emotions. The connection between falling share values and subsequent poor returns from super became clear, particularly to older members who were either in or approaching retirement.

Suddenly, cash and bonds seemed the only safe place to be. Some fund members switched to cash and more conservative options just in time, while others acted too late and crystallised their losses.

Others remained patient throughout and stayed in the default investment option within their fund, and have now benefited from the rebound in share markets since March.

Fund members are now looking more closely at their options both inside and outside of super, with a heightened sense of awareness about investment risks.

In this issue of *IFFP News* we look at the importance of understanding your own risk profile and using that knowledge to help guide your decisions about super and other investments.

How to work out your "risk profile"

Your risk profile depends on factors such as your goals, age, resources, investment timeframe and tolerance to risk and volatility. These factors can influence your attitudes to some of the basic financial questions most members face during their lives including:

> Should you fix your home loan rate?

> Should you top up your super or shift to more aggressive or conservative investment options?

> Is now the time to reduce credit card and personal debt or consider investing in property or managed funds?

> Do you have enough insurance cover?

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What type of investor are you?… (continued from page 1)

Part of IFFP's financial planning process is to work out which is the right investment approach for you in relation to your strategies and objectives. This is often called risk profiling. It is aimed at helping you to assess how relevant each of these types of questions on page one are to your personal financial situation.

For example, if you are saving towards a home deposit or a holiday in the next twelve months, the type of investment options you might look at to help you will be different to those that are suited to building long-term savings for an education fund or retirement.

As well as your timeframe, it is important to consider what your appetite for risk is. After two years of negative returns members have gained a first hand understanding that the higher potential returns from exposure to shares through their super also means higher risk.

Finding the time to gain an understanding of financial markets and what that means for your own situation is not easy, but learning all you can about the types of investment strategies available is vital in making good investment decisions and building security for retirement.

Where do you start?

Most industry funds run information and education seminars for members, and provide a range of information, calculators and referrals from their websites. IFFP also runs an annual series of free financial information seminars. Take a look at our website iffp.com.au for more details or to pre-register.

Leading industry and public sector funds also offer a free one-hour consultation with a qualified financial planner licensed through IFFP. Make an appointment and use the time to gain a better understanding of your personal risk profile.

Editorial

As Australia emerges from the global financial crisis, members are again looking at their overall financial situation. In this edition of *IFFP News* the focus is on encouraging members to take active steps when reviewing super and their finances.

We urge readers to understand more about their individual risk profiles and how this can affect decision making. We ask members to make best use of the education seminars, advice options and information services available from their super fund. We also provide a first hand account of a real members personal experience with IFFP as they plan for their retirement.

The underlying message is very straightforward – now is the time to act, to look again at your financial situation and set some goals for the future.

There is value in advice, and there are many options open to members, ranging from a simple call to your fund to discuss insurance levels or contributions, to developing a tax effective, transition to retirement plan with an IFFP planner. It is never too late. Make the most of the services available through your industry super fund and IFFP.

David Haynes
General Manager

> *…learning all you can about the types of investment strategies available is vital in making good investment decisions and building security for retirement*

Commissions, financial advice and value

You may have seen a lot of negative headlines in recent times about financial planners and commissions.

It's fair to say that if a planner helps you towards achieving your financial goals, they need to be remunerated for their work.

However, if they are paid by commission from a product provider rather than a flat fee for their advice, can you really be sure that it is your interests they are most concerned with?

Fees, commissions, bonuses, rebates... what's the difference?

The mainstream media has recently bombarded us with the above terms, and many more, as they relate to payments within the financial planning industry.

The key issue when receiving any advice from a financial planner is feeling confident that the strategy or investment products you are paying for are being recommended to you in your best interest only – and not the interests of anyone else. In other words, are they paid for giving advice or for selling a product?

The value of advice – are all planning groups the same?

These headlines have left many members either unsure about where to go to seek financial advice or believing there is little value to be gained from advice with all financial planners being the same.

At IFFP, our planners operate on a fee for service basis, which helps to ensure that we place our members interests first.

Leading industry super funds also offer a mix of telephone and face to face advice services using qualified advisers working under the IFFP Licence.

When a member contacts an IFFP planner they know they will receive quality, well- researched advice based only on their best interests. No product selling, hidden fees and commissions, or asset based charges.

For more information on how you can gain value from advice, contact your industry super fund or IFFP.

MEMBER CASE STUDY

The value of advice

Denis and Pauline are members of Australian Super, and that's how they met their IFFP financial planner a couple of years ago.

"I'd received a redundancy and decided it was time to retire," says Denis, now age 62. "I wanted to learn more about what I could do with [the money]".

Denis and Pauline went along to a seminar organised by their super fund with a presentation from an IFFP Planner. On the night, they heard a lot of useful information about retirement that was relevant to their situation.

Denis: "We wanted to know more, so we called and made an appointment for an IFFP initial consultation. It was free and we didn't have to sign up for anything we didn't want."

Ultimately, Denis and Pauline were happy to pay a fee for the advice and guidance they received from their planner.

"[He] made us feel relaxed, answered our questions and … took us through the whole process and explained everything," says Denis.

"[It] was good value for money. We were very happy that our retirement money was being looked after."

And with recent market fluctuations, Denis is thankful that his planner gave him plenty of options to make sure he was comfortable with where his money was invested.

"I did go into an investment option that's less aggressive than what I was in before. I was very happy with this choice since I am now on limited income."

For Denis and Pauline, it's now time for them to revisit their planner due to a change of circumstances.

"Pauline has just retired and we plan on going back to [our planner] to sort things out for her and have a general look over the whole [plan]."

IFFP have offered the same quality advice and service to thousands of clients and members just like Denis and Pauline. If you would like to arrange an appointment to discuss your investment strategy or other financial goals with one of their financial planners, contact your industry super fund or call IFFP on **1300 138 848**.

Are you due for a financial check-up?

Take the *IFFP News* Financial Health Check

Just like a visit to the doctor, a review of your finances can be triggered by a change of circumstances or reaching a key time of your life. Is now the perfect time for you speak to a financial planner about your finances? Before answering you should first ask yourself the following six questions from the IFFP Health Check List…

If you answer "no" or "not sure" to three or more of these questions, then it's likely that contact with your industry super fund or an appointment with a professional IFFP financial planner could be of great benefit to you and your financial wellbeing.

When is a review necessary?

Regular reviews are an essential part to any successful financial strategy, and the key to giving your super and other financial investments the best opportunity possible for the future. They are also integral to ensuring that your financial strategy is in line with your current goals, risk profile and changes to your financial circumstances. The most common reasons that a review may be necessary include:

> Changes to income and financial wealth and liabilities.
> New government policy, tax rules or Centrelink eligibility.
> Major life events, such as marriage/divorce/inheritance.
> Changes to your risk profile.
> Increased or decreased levels of insurance required.

How often should you review?

Even if you're not confronted with these types of life changes, it's good to have a regular review just to check how things are going. If you don't have complicated financial affairs and your goals are long term, you might only need one annual review plus some phone contact with your financial planner along the way. On the other hand, if you have a large amount of your wealth invested in volatile markets, or if your personal situation tends to change frequently, a shorter timeframe between visits may be valuable.

Our IFFP financial planners are always here to help you towards your lifestyle objectives. If your children have finished school or you've paid off the mortgage, do you need to establish some new goals? You cannot "set and forget" most financial strategies. Both the external environment and your personal situation need to be continually monitored. Regular contact and advice via your superfund or with an IFFP financial planner is a good way to make the most of your opportunities.

IFFP Health Check List	Yes ✔	No ✘	Not Sure ?
Are you concerned about the impact of the Global Financial Crisis on your super balance?			
Will the changes to contributions caps and salary sacrifice announced in the May 2009 Budget affect your retirement plans?			
Have you checked your insurance levels with your super fund anytime in the last two years?			
Have you attended a member seminar organised by your superfund in the last two years?			
Have you experienced a change in your level of personal income or expenses in the last five years?			
Do you have clear set financial goals for the short, medium and long term future?			

Industry Fund Financial Planning:
1300 138 848
iffp.com.au

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