



Helping you build yours.



A Quarterly Newsletter for Clients and Friends of Empire Financial Planning

From the trenches

Whilst it is a relatively small part of what we do as Financial Planners, it's hard to escape the reality that we are judged by the performance of the portfolios in which we invest clients' monies. The media likes to drag out some attention grabbing headlines after a difficult year. "Worst Super Returns Ever" and "Not So Super" are headlines that grabbed our attention in July 2009 as Superannuation Funds across Australia reported their year-end results.

We can say with much pride that our portfolios performed well ahead of the average and ranked among the best in Australia.

With the Australian market falling in value by more than 50% during the Global Financial Crisis, the results below show the significant outperformance we were able to achieve above our peers, during this challenging period.

All things considered, the past year has been full of challenges, but as the Chinese Proverb tells us – every crisis is an opportunity. The opportunity we took throughout the past year was to be highly proactive with investments and making the tough decisions as they were needed.



By **Damian J. Toms**
Financial Planning Manager

Some highlights include:

- Increasing the allocation to Australian Bonds, by far the best performing asset class of 08/09, with an annual return of 10.4%;
- Adding alternative assets into the portfolio, with the Blackrock Alpha Fund generating a return of 28.5% for the year;
- Retaining the Platinum International Fund, whose remarkable performance since the start of 2009 has helped record a one-year performance of 18.2%.

What does the future hold?

While there is talk of an economic recovery, our job is to not time the market, but to ensure that the assets held in the portfolios are the best quality in their particular asset class. We can't predict what will happen next, but we can ensure that no matter what the future holds, we will prepare thoroughly and react to the rapidly changing economic conditions as they unfold.

Portfolio / Benchmark	1yr %	3yr %	5yr %
Empire Financial Planning Balanced Portfolio	17.11%	1.49%	6.56%
SuperRatings 50 Conservative Balanced (41-59) Index	10.45%	0.50%	4.13%
Empire's return above the benchmark	6.66%	0.99%	2.43%
Empire Financial Planning Growth Portfolio	20.42%	-0.41%	7.16%
SuperRatings 50 Growth (77-90) Index	12.78%	-2.38%	4.55%
Empire's return above the benchmark	7.64%	1.97%	2.61%
Empire Financial Planning High Growth Portfolio	23.53%	-1.22%	8.21%
SuperRatings 25 High Growth (91-100) Index	15.76%	-3.38%	4.33%
Empire's return above the benchmark	7.77%	2.16%	3.88%

Welcome to our new-look newsletter



It's a new year and time for a change!

The purpose of "The Empire Advisor" is to

provide informative and relevant news for you, your family and friends.

We will incorporate new ideas over the coming months to make each edition as interesting and educational as possible.

For example, in this issue, Damian Toms has performed an analysis of our performance during the Global Financial Crisis compared to the 50 largest superannuation funds in Australia.

Our goal is to ensure that you have the best team of trusted individuals advising and assisting you at all times.

We hope you enjoy "The Empire Advisor" and we look forward to your feedback.

Dominic W. Kelly
Managing Director



Changes to Seniors Health Card



By **Damian J. Toms**
Financial Planning
Manager

The Commonwealth Seniors Health Card (CSHC) assists retirees who do not receive an age pension with the cost of particular prescription medicines and other health services. It is available to people of pension age who are self-funded and have a taxable income of under \$50,000 (singles) or \$80,000 (couples).

When the superannuation laws changed on 1 July 2007, income from most superannuation pensions became tax-free for those over age 60. As a result many retirees found that they qualified for the CSHC. In the 2008 federal budget the government decided it was 'not fair' that retirees on relatively 'high' incomes should get cheaper prescriptions.

Therefore since 1 July 2009, the income test to determine qualification for a CSHC will include tax-free superannuation pensions, lump sum withdrawals, salary sacrificed amounts to superannuation and various other sources of income which may not necessarily fall into the category of 'taxable income'.



Financial planning – more than just advice

Financial planners are often the first port of call for people seeking advice on investing a lump sum of money.

Most advisers can offer clients a great deal more than this. Financial advisers can provide assistance and advice on:

- **Education** – answering your questions and help you to understand your investments and other financial matters, which helps build an individual's knowledge and confidence.
- **Retirement planning** – answering the important questions such as:
Will I be able to retire comfortably?
How much do I need to retire?
When I can retire?
- **Government benefits and allowances**
– determining your eligibility for government assistance for various benefits from pensions to co-contribution allowances and ensuring correct entitlements are being awarded.



By **Dominic W. Kelly**
Managing Director

- **Estate planning** – how best to structure your assets to the benefit of your estate upon passing.
- **Insurance** – how to protect your family and your assets in the event of illness, injury, disability or death.
- **Budgeting** – reviewing your finances and identifying opportunities to manage debt and save money.

A professional financial adviser has the knowledge and skills to help you achieve your goals and objectives by tailoring strategies to specifically address your needs. They can help alleviate the worry and stress of finances from your life, leaving you with more time to enjoy living.

So make sure you're using your adviser's skills to the fullest and taking the pressure of the unknown from you.

Boost retirement savings

What a great deal! If you are over 55, here's how you can lower your tax bill, boost your savings and perhaps even take advantage of other government products, all of which will assist in a more comfortable life in retirement.

Transition to retirement (TTR) strategies offer workers aged over 55 the opportunity to further boost their retirement savings. The main points of the strategy are as follows:

- Once you are age 55, you can start a pension with your superannuation. The pension income will be taxed at a concessional rate between the ages 55 and 59. From age 60, this pension is tax free.
- The government halved the concessional contributions cap from 1 July 2009. You can make concessional contributions up to \$50,000, this includes both employer



Janine M. Scott
Senior Financial Planner

SG and salary sacrifice contributions. The superannuation fund will deduct contributions tax at 15% rather than at your marginal tax rate.

- Income streams drawn while still working must total between 4% and 10% of the total TTR account balance at the commencement of the first income payment in a 12-month period.

The key is to structure a strategy through salary sacrifice so that your taxable income is around the level at which you pay the marginal rate of 15%, which is the same rate your super is taxed. You then replace the sacrificed income with income from the superannuation pension.

Over age 60, TTR strategies are most

tax effective for people who have a reasonable amount in superannuation and high incomes. Furthermore, you should check if your employer can accommodate salary sacrifice arrangements.

The strategy can be used to:

- Boost your superannuation as you near retirement through the tax savings available;
- Reduce your hours of work but maintain your available income;
- Create a new lifestyle as you make the transition from full-time work to part-time work, and later to retirement.

As there are many tax implications with the movement of money in and out of your superannuation fund, and mistakes could be costly, it is wise to seek the advice from our qualified financial advisers who can construct a strategy suitable for your needs.

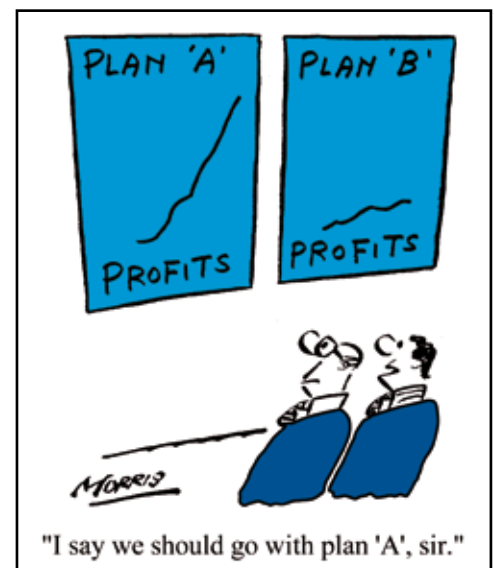
10 QUICK HEALTH TIPS

1. Drink plenty of water.
2. Eat breakfast like a king, lunch like a prince and dinner like a beggar.
3. Eat more foods that grow on trees and plants and eat less food that is manufactured in plants.
4. Live with the 3 E's - Energy, Enthusiasm and Empathy.
5. Make time to laugh (quick call to a best friend).
6. Play more games.
7. Read more books than you did in 2009.
8. Sit in silence for at least 10 minutes each day.
9. Sleep for 7 hours.
10. Take a 10-30 minutes walk daily. And while you walk, smile.



The 19th century belonged to England, the 20th century belonged to the US, and the 21st century belongs to China. Invest accordingly.

—Warren Buffet



Stay focused on your objectives

When popular investment options begin to show negative returns, some people may wonder if they should change their investment selection.

We all have a personal "risk tolerance" which may be defined as our ability or willingness to endure declines in the value of our investments while we wait for them to return a profit. This will vary from one person to another and will also change as we go through life.

Mature age people often have a lower risk tolerance as they near retirement, knowing that money lost cannot easily be replaced. Conversely, as we have more experience of investing we learn that markets always rebound. Before you start to worry, remember that in 1987



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the Australian share market dropped by 42% but recovered to reach much greater heights in following years.

When assessing our risk tolerance we also have to consider our objectives. While it may be more comfortable to hold very low risk investments, such as cash or the Capital Guaranteed option within our portfolio, these carry the risk that we may not achieve a sufficient return to enable us to enjoy a comfortable retirement.

It all comes down to the level of risk we can tolerate without spoiling a good night's sleep!

Our Services - By Referral Only *

We ensure our clients are maximising their current position through tax planning, superannuation and investments by taking a holistic approach to financial planning.

Your first appointment is at no cost and provides an excellent opportunity to review your current position and discuss successful financial planning strategies.

We provide specialist financial planning advice in the following areas:



[*By Referral Only" means: We invest 100% of our time and energy to delivering premium service to our clients. As a result, our valued clients, suppliers, and friends refer their family, friends and work associates to us for financial planning advice. We're interested in building strong life long relationships one person at a time.]

Contact Us

We hope you find the information relevant and interesting. If you would like to know more about any of these topics, please contact us.



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