Financial & Lifestyle Planning
abound
Successful Investing

Issue 4 – 4th Quarter 2009

Christmas Edition

2009 – The GFC and Optimism

The past year started out with the GFC[1] at the forefront of most investors' minds, and fear of job losses, rises in unemployment and slowdown in economic growth were the main headlines. The mood was far from positive. At the start of the year the world's sharemarket indices were still on the way down.

The S&P/ASX 200 Australian share index hit rock bottom on 6 March at 3,145. This ended up being the turning point as investors realised that shares were starting to look cheap. Since that point in time the S&P/ASX 200 has continued on an upward trend, taking the occasional breather, ending November 2009 at 4,701. Fear of loss, which existed at the start of the year, had turned into fear of missing out on the gains. The current positive sentiment is expected to continue in 2010, albeit with periods of volatility.

Abound Financial and Lifestyle Planning is focused on guiding all of our clients through the current environment and helping you achieve your lifestyle goals. This can only be done with regular strategy reviews and open communication so that proper reviews can be conducted and timely changes made to financial strategies. The past two year period should only serve to reinforce this message.

Abound Financial and Lifestyle Planning will continue to help our clients identify and achieve their current and future lifestyle goals.

If you have a friend or relative who could benefit from the services of a financial planner feel free to refer our services. Getting the right professional advice in the current environment can be a life-changing experience.

From the team at Abound Financial and Lifestyle Planning we wish you and your loved ones a Merry Christmas and best wishes for the New Year. May it bring you health and happiness.

Richard, Clinton, Milan, Matthew, Rhiannon and Rosemarie

As a reminder our new phone number is (03) 9373 3500. Also if you are sending anything to us via mail, please send it to PO Box 393, Flemington, VIC 3031.

[1] Global Financial Crisis

Christmas Office Hours: **Please note the office will be closed from 23rd December to 5th January 2010. If you need to speak to someone urgently during this period please call Richard on 0408 102 010.**

Estate Planning

By Law 554

Estate planning is a process designed to help protect the wealth you have built over your lifetime so that it is distributed smoothly and in accordance with your wishes.

More than just a Will, an estate plan also takes into account your superannuation and powers of attorney as well as assets held solely in your name or jointly with others, or assets held in private companies or trusts.

Some elements to consider in estate planning:

Will

Put simply, a Will is a legal document which outlines your wishes following your death. Whilst most people have a Will in place (and if you don't you certainly should), it is important that your Will is updated when your circumstances change, in order that your estate is dispensed according to your current situation and wishes. Some examples of when you should speak to your lawyer about updating your Will:

- getting married, commencing a de facto relationship, separating or getting divorced;
- having children, grandchildren or becoming a step parent;
- a married child's division of assets on a possible failure of the marriage;
- buying real estate or other valuable assets;
- buying, selling or operating a business;
- if you have family members with special needs or children who are vulnerable; and
- if you set up a family trust or company.

These days, the provisions you make in your Will can be challenged, and the best way to protect against this is to update your Will when your circumstances change.

Testamentary Trust

This forms part of a more comprehensive version of a standard Will, which establishes a trust upon your death, rather than passing assets to the beneficiaries in their own name. A Will incorporating a testamentary trust has a number of potential advantages over a regular Will, including:

- protecting your estate's assets from existing or future creditors;
- minimising the tax payable on income and capital gains earned by the trust.

Perhaps most importantly, a testamentary trust can also be structured so that the assets stay with your 'blood' relatives in the event of a marriage breakdown at some future stage.

Superannuation

Super is often a large component of a person's assets upon death (particularly where life insurance is held in a super fund, as is often the case), yet few of us are aware that super is not automatically distributed in accordance with your Will. The trustee will often have absolute discretion in who receives your super upon your death, leaving the funds at risk of being distributed in a manner contrary to your wishes.

This problem can often be overcome, however, by making a written, binding nomination directing your trustee to pay your super to your estate upon your death.

As there are various ways your super can be structured and ultimately dispensed, it is important that you discuss the various options with both a financial planner and lawyer so you can make better, more informed choices which will benefit both you and your family.

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Estate Planning

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Powers of Attorney (PoA)

Being in control of our lives and the decisions we make is important to us all. However, sometimes things happen that mean we don't have quite as much control as we might like. State law gives you a number of ways to help ensure you have maximum control over how decisions are made when you are not in a position to make those decisions yourself. You can appoint someone to make those decisions for you through documents known as Powers of Attorney.

Your estate plan will provide you with the comfort of knowing that your wishes will be carried out should anything happen to you in the future. This benefits not only you, but also your family members, who otherwise may face the burden of making choices for you without your input. If you already have an estate plan in place, you should see your lawyer every few years to have this plan reviewed.

Law 554's offer for clients of Abound Lifestyle Planning

Law 554, at 554 Mount Alexander Road, Ascot Vale, and its predecessors has been practicing in the local area for almost 40 years. We provide a range of legal services including, in particular, advice on estate planning.

Law 554 and Abound Lifestyle Planning have been providing each other with support for the past few years and in recognition of that support, Law 554 is pleased to provide Abound Lifestyle Planning clients the opportunity to meet with a lawyer at the following discounted fee rates:

Schedule of Fees:

Single
- Standard Will $200 + GST
- Will incorporating Testamentary Trust $400 + GST
- Financial and Medical PoA $100 + GST (for both documents)

Couple
- Standard Wills $300 + GST
- Wills incorporating Testamentary Trusts $600 + GST
- Financial and Medical PoAs $165 + GST (total cost for couple)

Feel free to contact Law 554 on 9375 2616 to make an appointment. Naturally we would be more than happy to assist in briefing Law 554 with a background of your situation and assets if deemed appropriate.

Christmas Trivia

- More diamonds are sold around Christmas than any other time of the year.
- Coca Cola was the first beverage company to use Santa for a winter promotion.
- Electric lights for trees were first used in 1895.
- Germany made the first artificial Christmas trees. They were made of goose feathers and dyed green.
- If you received all of the gifts listed in "The Twelve Days of Christmas" song, you would receive 364 presents.

Christmas thought of the day: *Had it been Wise Women instead of Wise Men, they'd asked for directions, arrived on time, helped deliver the Baby, cleaned the stable, made a casserole, and brought diapers and other practical gifts.*

Economic Update

The third quarter could be seen as the time when the global recession ended. The UK came out of its downturn, as did the US. This followed France, Germany, Hong Kong, Japan, Singapore and Thailand which left the downturn behind in the second quarter. Australia fared much better than most, avoiding a recession in statistical terms.

The world economy is certainly heading in a better direction than it was over a year ago, when Lehman Brothers had just collapsed.

Most politicians and central bankers will want to see their economies back to full health, especially reduced unemployment, before easing support measures. Finance ministers from the 20 leading industrialised nations said just last month that interest rates would stay low for the foreseeable future. That introduces the risk that too much money will be left in the system for too long, stoking inflation.

There is already talk of central banks increasing interest rates soon in some countries, to ensure the pendulum doesn't swing to excess growth and subsequent inflation. Australia has already increased rates over the last couple of months.

We believe that the Australian stock market is in a recovery phase and the sectors that tend to do best in this environment are sectors like retail, media, housing and diversified financials. These were also some of the sectors that were hit hardest in the downturn and we see their earnings recovering the strongest coming out.

If the improving economic trends continue and we experience low growth, coupled with low inflation, and low interest rates, this is what some would consider the 'Goldilocks' scenario; not too hot, not too cold – just right to allow the economy, companies and therefore, markets to grow steadily.

Source Fidelity International.

Reminder - Website Competition

To be in the running to win accommodation for two at the Sofitel at Werribee Mansion just visit our website www.aboundlp.com.au, go to the 'WIN' section of the site and answer five easy questions to go in the running!

The prize will be drawn on 15th December and the winner will be notified by email, phone and post.

Don't miss out on your chance to WIN this great prize!

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You're Privacy

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