MCP Wealth Management Pty Ltd

February 2019

This Edition

What does a Financial Planner do?

A Financial Planner is a professional services provider who works with clients with the aim of helping them to achieve their financial goals within the time frame specified by the client – and optimising the utilisation of the resources accessible by the client.

A good Financial Planner will be appropriately qualified, experienced in a relevant range of advice services and able to demonstrate that he/ she has listened to their client, understood the needs and able to provide solutions to the needs, goals and aspirations of the individual client. They will back that service up with ongoing services that show they care about the clients' financial well-being (and peace of mind).

When should I start financial planning?

Because financial planning covers so diverse a range of matters, you are likely to be able to benefit from advice from an experienced financial planner as soon as a key lifetime/ financial event occurs.

Key lifetime events include: starting employment (first time; or a change); moving out of your parent's home; buying a property; entering a relationship (personal or business); starting a business; starting a family; and impending retirement.

Key financial events include: starting a regular income (wages, rent, dividends etc); taking on debt (whether by mortgage, credit card or other credit 'instrument'); receiving an inheritance; and, benefiting from a capital gain.

The above events will call for consideration of investment planning to meet future goals or commitments; insurance to protect the most significant asset at your service (yourself and your health); and succession/ estate planning.

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Insurance - Protecting you and your family
Balanced Funds - What is Balanced?

When we talk about the type of investor you are, conservative, balanced, growth, etc it is in relation to your asset allocation (allocation between growth and defensive assets) and in turn the risk you are willing to take. If you went back 25 years, the starting point (or middle of the road) was to be a balanced investor, which typically saw an allocation of 50% to both growth and defensive assets. While this has moved more recently, and the general market view would see a balanced investor exposed 60% to growth and 40% defensive there are many funds that have moved way beyond this.

In an attempt to create better returns (the higher your exposure to growth assets in good markets, the higher your return) there are lots of particularly well know industry funds that call themselves “balanced” but currently have an exposure of over 85% in growth assets. In our opinion this is simply not true to label and to the everyday person impossible to understand, additionally exposing clients in many cases to risk beyond their want or need.

The most important thing to consider when analysing performance, is not what the fund names itself “balanced” but what the underlying asset allocation is, the percentage exposure to shares, infrastructure, property, currency, commodities, etc.

If you are feeling uncomfortable or simply want to review your exposure to risk, please contact us for a review.

Would you let your family travel in a car without ‘buckling up’? I can hear you say ‘definitely not’. Yet every day, many Australians set-off for their next destination in the journey of life without adequate protection. To help your family cope with traumatic events and make their life more secure, insurance is as important as buckling up.

Insurance will help you:
• restructure your life if you are critically injured or incapacitated through accident or illness
• get back on your feet if you are unable to work for an extended period
• protect your family if you are taken from them.

Think you’re already covered?
Think again. Many super funds provide automatic cover for death and total and permanent disablement but in the event you were temporarily unable to work due to an illness or accident, this cover would not protect you. That’s why income protection insurance is so important. It pays you up to 75 per cent of your income and gives you the chance to maintain a reasonable standard of living.

Can you afford not to be insured?
Did you know that one in five families will be affected by the death of a parent, a serious accident or illness that means a parent is unable to work? Under these circumstances, a typical Australian family will lose half or more of their income.

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