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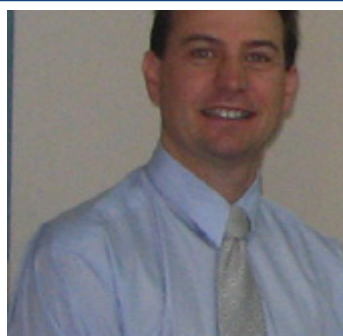
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Danber Financial Planning  
Paul Hewins

Head Office:  
Level 1, 13 Scott St,  
Dandenong 3175

Ringwood Office:  
3A/37 Seymour St,  
Ringwood 3134

Phone: 9794 8108  
Fax: 9793 9190  
Mobile: 0417 143 175  
paul@portfoliomanagers.com.au



### PAYING FOR YOUR HOLIDAYS AFTER THE FUN IS OVER

The holidays are over and you've had a great time. The dreaded credit card statement has arrived and you wonder how you are going to pay it off. Unfortunately there are no magic ways to wipe out debts - it just takes discipline.

Paying off a credit card debt quickly requires more than hiding it away and paying off the minimum each month. Most credit cards ask you to pay around 2% of the balance each month. With interest rates at around 18% pa, most of your payment will pay interest with only a small part paying off the debt. It may take over 40 years to pay it off this way!

You need to pay more than the minimum and here are some ideas to make the process less painful.

#### Hide it before you spend it

Arrange for an automatic deduction from your pay to a separate account so you never see the money. Use that account to pay off the debt. Alternatively, you can organise a automatic deduction from your everyday account every pay day. If the money is not there, you can't spend it.

#### Save the little bits

Put all the 50c pieces or "gold coins" (\$1 and \$2) you get in change into a savings pot. Preferably one you can't open, like the piggy bank of your childhood. You'll be surprised how quickly it adds up and every time you add to your pot you'll be reminded of your goal. When it's full attribute the entire contents to reaching your goal.

#### Work more

Take on a part time job, work more hours or overtime and allocate all the extra money to paying off the debt.

#### Sell something

Many of us have things we really no longer need – an old record collection, a bicycle we never ride, an unused musical instrument, and so on.

#### Use windfalls

Every now and then a chunk of money comes your way – back-pay, a bonus or a tax refund. It's all right to give yourself a treat but use some of it to pay off the debt.

#### Spend less

Careful spending doesn't need to impact on your lifestyle. Try these ideas.

- Check the supermarket catalogues and buy the brands on special.
- Cook at home rather than take away.
- Lay-by birthday and Christmas gifts during the store sales.
- Check out upmarket clothes recycling stores, they often have designer clothes at bargain prices.

#### Ask for help

If all else fails, talk to your credit card institution about other ways to pay off the debt. They want to be re-paid and may be prepared to make special arrangements for you.

A disciplined approach like this will work. And remember it doesn't have to squash your lifestyle into boredom.

Think creatively about having fun and enjoying life without spending a fortune – and don't forget to celebrate when the debt is gone.



## THE US MORTGAGE EFFECT ON AUSTRALIA'S SHARE MARKET

There has been a term creeping into the Australian investment language called "sub-prime mortgage market" which has been the blame for a lot of the volatility in the Australian share market in late 2007/early 2008. Many investors are asking how the US housing market could have such wide-reaching effects... this is why.

### What is a sub-prime mortgage?

Sub-prime mortgages in the US are similar to "non-conforming" or "low-doc" loans in Australia. The common feature is that the borrowers would often be considered ineligible for a loan under standard lending criteria, often due to a poor credit history. In return for being 'high risk', the lending institution usually charges the borrower a higher rate of interest (sometimes after a low rate 'honeymoon period').

Unfortunately, borrowers using these types of loans are more likely to be unable to repay their mortgage. Which is what has happened in the US, and we've felt the impact in Australia.

### But isn't that the lender's problem?

Correct, but if the borrower does not meet their repayments, the lender often relies on being able to sell the home to recoup the outstanding loan.

The 2007 crisis was emphasised by a weak housing market in the US. Some lenders had even provided mortgages of more than 100% of the value of the home, relying on future capital growth to make up the difference over time.

So even after foreclosing on a mortgage and selling the property, some lenders weren't able to recoup all of the debt owed to them.



### Why has this had such an impact on the overall market?

Losses haven't been limited to the US alone. A number of financial institutions worldwide invested in the mortgage market.

Very few companies in the broader market were spared the volatility, both locally and globally. It is reasonable to wonder why a lending crisis has had such an impact on blue chip mining companies like BHP, or an airline like Qantas.

In practice, a credit squeeze in the financial sector affects the business world at several levels. It means that companies looking to borrow money to fund their business activities will find that money is harder to get or it will come at a higher price. Individuals rely on available credit to fund a significant amount of their investment and consumer purchases, so companies in many different industries will be impacted by lower sales figures. And overall market sentiment from these various participants tends to be more cautious in this type of environment, leading to a downturn in economic activity and financial outlook. This is why a credit crisis of this magnitude has an inhibiting effect on general business activity and company profits.

### The Australian share market – where to from here?

Market participants generally decide the price they are prepared to pay for a share based on information that is available on that particular day. So one of the key drivers of the rise or fall of a company's share price (or of the market generally) is the release of new information.

Many commentators are of the view that volatility in the share market will continue for some time.

This will mean different things for different people. Retreating to cash might be the safe option if you need access to your funds in the short term, but if you have a long-term timeframe you may be better able to ride out the fluctuations. And for some people in wealth creation mode, the current state-of-play might represent a good time to make more investments.

As always, talk to your financial professional to determine how this situation affects yours.



## THINKING ABOUT YOUR FINANCES IN YOUR 30's

Like every new decade, it seems, reaching age 30 is one that leads us to ponder how we are travelling towards our goals. We might have hoped to buy our first home by this time, or to get married and have a family, or to reach a certain level in our career, or to have travelled through Europe and the UK ...

Whatever the goal, age 30 is a turning point for many of us. Whilst it may mean life is getting more serious, most thirty year olds are determined to retain their individuality, are committed to their family and friends and are still determined to have fun.

The following examples may help you build a stronger financial future.

### Protecting what you've got

Mark was doing well in his job and had bought a small unit. Over time, he had furnished it in style and his entertainment system was his pride and joy. His friends loved to come round and enjoy his collection of CDs and DVDs. To his horror he came home one day to find the front door off its hinges and his unit trashed. Not only had his entertainment system gone, the intruders had made the place unliveable. You guessed it – he wasn't insured. He thought it would never happen to him.

### And now there are three

Nick and Helen have just had their first baby and two salaries are now one. Expenses have shot up and apart from the emotional turmoil of having a young baby they have to juggle their money to cope. Whilst Nick looks after the baby Helen goes to the Family Assistance office and applies for the Maternity Payment (now \$4,133) and Family Tax Benefits (almost \$7,800 a year for them).



### Getting treatment when you want it

George is an all-round sportsman and at age 33 is finding niggling injuries means he visits the physio more often than he'd like. He enquires about private health insurance and finds that premiums increase by 2% a year after age 30. The good news is he qualifies for a 30% tax rebate so that reduces the cost. He likes the idea that he can get medical attention when he wants it rather than having to wait in a public hospital queue.

### Play safe with loved ones

Jane always wanted kids and now she has three. Being a home Mum is her passion. Husband Chris loves his young family and would do anything for them. One day he is knocked off his bike when riding to work and spends two months in a coma before a long period of recuperation. He had disablement cover in his super fund but it didn't pay out because he is expected to recover. His sick and annual leave was soon used up and Jane and the kids are doing it hard. Income protection insurance would have made life more bearable for his family.

### Keeping what you've earned

Kylie has hit the jackpot. Her career has taken off and she's loving the work and earning more money than she ever imagined. But she's horrified to find out how much tax she's now paying. She talks to her financial planner about putting money away for the future and finds that strategies like salary packaging, salary sacrificing and investing in shares and property can save her tax as well as build her personal wealth.

All of us will be at different stages in meeting our lifestyle and financial goals by age 30. Regardless of whether you are well on the way, just getting started – or haven't even set your goals – there's no time like the present to seek assistance to see if you are on track.

### IT'S NOT EASY BEING GREEN

With more and more people realising the importance of caring for the planet on which we live, it's not surprising that many are looking for investments that make a positive impact on our environment, our communities, and our children's future as a whole.

Investor concerns now range from the environmental implications of a company's activities, to how it treats its workforce and the communities in which it operates, and to how ethically the company is governed.

These concerns are usually wrapped up under the description of Socially Responsible Investing (SRI), or Environmental, Social and Governance (ESG). In response to the growing interest in this area, a number of managers offer specific SRI funds.

### Light and Dark Green

There are a wide range of SRI funds available, and they use different methods of weeding out undesirable investments, or identifying desirable ones. For example, some funds just use a negative screen, to exclude things like alcohol, tobacco, gambling or uranium mining. These funds are sometimes described as being 'light green'. Another form of 'light green' fund is those that apply a 'best of class' approach. Such a fund might still invest in mining companies, but only the ones with the best environmental record.

Other funds apply positive screens, specifically looking for companies that are trying to make the world a better place as they generate a return for shareholders. These might include renewable energy companies, cosmetics companies that don't use animal testing, or property companies that specialise in sustainable building development. Funds that operate a positive screen are more likely to be considered 'dark green'.

**It's not easy being a Green Fund Manager.** Applications of both positive and negative screens aren't always easy. For example, how would a fund classify Woodside Petroleum?

Woodside is an oil company, and oil use is a major cause of greenhouse gas emissions. Woodside also produces large amounts of natural gas. Gas is a cleaner fuel than coal, and may help in the move to a low-carbon economy, but it is still a source of greenhouse gasses. Then to make the fund manager's job even harder, Woodside is a significant investor in geothermal energy, a strong contender for the production of very clean electricity in the future. So where do you think Woodside belongs in relation to socially responsible investing?



### Other colours

Green isn't the only colour when it comes to socially responsible investing. Non-environmental concerns are important to many investors who want to avoid any involvement in companies associated with alcohol, tobacco, gambling or armaments. Corporate governance and social equity issues are also a factor for some investors.

If you would like to be a more socially responsible investor, talk to us about the many options available.

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