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NEW YEAR FINANCIAL CHECKLIST

income, you need to implement a plan to reduce them as a matter of priority.

As we move towards the end of yet another year, and ponder how fast it has come and gone, many of us find ourselves thinking about the coming year and our aspirations for the future.

Savings and superannuation

What is the current value of your retirement savings, including superannuation? It is estimated that by the time you reach 65, your savings will need to be at least 7.5 times your annual household income. Are you on track or do you need to start putting more away?

Let's face it, we have worked hard right through the year and now is the time to reflect on what we have achieved, where we want to go and what we need to get there. These times of reflection are critical to our lives whether we run our own business, are employed or retired

Annual savings

How much money did you save this year? Are you spending first and saving what's left, or are you saving first, and then spending what's left? If your savings aren't as healthy as you'd hoped by this time of the year, it's time to remember to pay yourself first and allocate up to 10% of your income to a regular savings plan.

A financial checklist is an excellent tool to check on how you are progressing towards your goals, and to also help identify any specific areas you might need to focus on in the immediate future.

Insurance

When accidents or illness strike, most people are caught insufficiently protected. It is important to regularly review your insurance policies to ensure that you and your family have adequate cover.

The key issues to consider are:

Home loan review

If you're still making repayments, is it time to revisit your progress? Are you able to increase your payments or frequency of payments to save interest?

Your Will

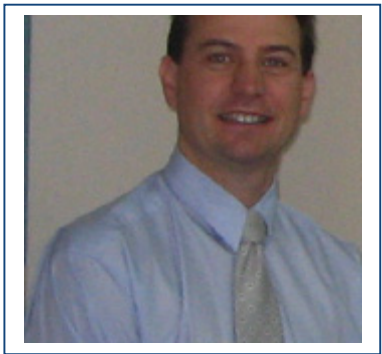
Everyone has heard of the importance of making a will and keeping it up to date. Making a will itself is not particularly difficult or even terribly expensive. It is a fact of life that people get divorced, form new relationships, change old relationships, or establish

Other debts

The amount of hire purchase, personal loans, credit card or other debts currently being paid off. If the total of all loans exceeds 10% of household

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new interests. Any of these may result in a will being challenged through the legal system and create long-term animosity, anger, resentment, and considerable delay in finalising the estate. Estate planning matters should be regularly reviewed in addition to your will.

You don't have to wait until 1 January to review your financial situation ... do it today, and you may find that your other New Year resolutions are more easily achievable as a result!

MONEY MATTERS FOR GEN Y-ERS

Every generation has different needs, attitudes and approaches to living. Life would be very boring without the generation gaps. Those in their twenties – labelled "Generation Y" – are tagged as being fast learners, practical, enterprising and sociable. On the financial side, they are said to not understand the concept of short-term sacrifice for long-term gain. They want it all, now.

Gen-Yers have unique financial planning needs. If you're 20-



something, here are five tips.

Super, super everywhere

You may have had many jobs – some casual, some short term while you seek your ideal career. Usually that means you have many superannuation funds. Whilst retirement may seem an impossibly long way away, getting super into one fund and investing for the long term will be a smart strategy. And don't forget to check if the Tax Office has details of any "lost super". Call the ATO on 13 10 20.

What happens if you die?

Of course, you aren't going to die just yet, but what if you did? You may think you have no assets and no need to have a will. But you may be surprised. Your super fund is likely to include life insurance so there will be tens of thousands of dollars that can be used to pay off debts and final expenses and be distributed to your beneficiaries. If you have no will, your assets will be distributed according to a legal formula – maybe not how you would have preferred.

Managing cash

Life in your twenties should be fun. Your salary may be increasing which gives you financial freedom like never before. The skill of managing cash is vital – paying bills on time, having cash when you want it and not having the "debt blues" is very liberating. Clocking up debts may seem of little significance but having a dodgy credit rating can be a serious problem later in life. Sure, Gen Y-ers don't worry about the future but this is one area where you will be the one who suffers.

Where you do need insurance

A regular income gives you financial freedom but what if you can't work? Sick leave will cover you for a short while. Maybe you have annual leave you can take but then you will be dipping into savings or giving the credit card a work over to buy groceries. How will you pay the rent? Moving back in with Mum and Dad may not be an appealing prospect!

Income protection insurance can keep you in your own place and pay the car loan and the groceries until you recover.

Virtual savings

If you are saving for a trip, car or deposit on a house, online savings accounts may be the way to go. They are a simple, flexible and profitable way to save. With interest rates over 5% per annum and automatic deduction arrangements, it's easy to build up a stash of cash quickly. And you can access it within 24 hours.

There are more important things to worry about than money. Financial freedom will help you get on with enjoying life.

DOLLARS AND SENSE FOR KIDS

How do your children learn about money? Some will learn from their friends and what they see on TV much more than from school. But the most powerful lessons come from the examples set by their parents and other adults around them.

No one wants their children to be



financially irresponsible. Imagine seeing your children in adulthood...

- Deeply in debt with poor money skills and being dependent on you.
- Equating money to self-worth and becoming addicted to possessions.



- Being unable to set financial goals or unable to save.
- Experiencing family conflict due to financial problems.

Children, like adults, learn more from their experiences than from what they are told so here are some tips on involving your kids in financial experiences. They need to practice spending, banking, and saving. They need to learn what it feels like to "blow their cash" on something frivolous and not have money available for something they really want or need.

- Talk about money in front of the kids as if it is a natural part of living and not some deep, dark secret.
- Start small letting them use banks, ATMs and debit cards with their pocket money or gifts of money from relatives. Start early so they enjoy the "adult" experience of handling money.
- Give up control. Let them make bank deposits and withdrawals, make their own purchases, decide what they want to spend their money on. Offer advice, but let them do it themselves.
- Let them make mistakes. They will spend their money on the wrong things but let them do it. They'll learn from it.
- Set limits. Give them enough money to learn important financial principles, but not so much that

they think money is unlimited. Let them learn to make choices based on financial limits.

- Provide structure. Help them establish a consistent saving and spending plan so they will have some type of structure to work within as you let them learn financial principles.

In our busy lives, it is easy to say, "I don't have time", but building fun and interesting financial experiences into your children's lives can pay big dividends. Like most things, in the long run, it's worth it.

SYDNEY TO HOBART FACTS

- The Sydney to Hobart, also known as the 'Bluewater Classic' is hosted by the Cruising yacht Club of Australia, starting in Sydney on Boxing Day and finishing in Hobart.
- The great south race, at 628 nautical miles, starts from Sydney Harbour at 1pm Boxing Day. The race attracts yachts as small as 30 footers and as large as 90 footers.
- The inaugural race in 1945 had nine starters. Rani was the winner, taking six days, 14 hours and 22minutes.
- Initially planned to be a cruise, the race has grown over the decades since to become one of the pre-eminent offshore yacht races in the world and now attracts maxi yachts from North America and Europe
- It took 25 years to break the 1975 record by Kialoa from the USA of

two days, 14 hours, 36 minutes and 56 seconds. It was finally broken by the German boat Morning Glory in 1996, and then only by 29 minutes.

- The 1998 Sydney to Hobart yacht race was marred by tragedy when, during an exceptionally strong storm (which had similar strength winds to a lower-category hurricane) five boats sank, six people died and 55 were rescued. Of the 115 boats that started, only 44 made it to Hobart.
- The two biggest yachts in the 2003 race Skandia and Zana, both 98-footers, battled each other all the way from Sydney to Hobart, with Skandia taking out Line Honours.
- In 2005, Wild Oats became the first boat since Rani to win the treble, taking Line Honours, winning the corrected handicap (IRC) and breaking the course record (1 day, 18 hours, 10 seconds—over 1 hour off Nokia's record.)
- Wild Oats will be looking for its third consecutive win in 2007, winning in both 2005 and 2006.
- This year, four super maxis will be fighting it out for line honours, including Skandia Wild Thing and Wild Oats.



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