

# INTEGRA INSIGHTS

*Great Advice Greater Life*



**INTEGRA**  
FINANCIAL SERVICES





## WELCOME

### to our Autumn 2018 edition of Integra Insights

Well 2018 has hit at a fast pace, someone recently made the comment to me that we have hit the fast forward button on 2018!!

No matter the pace of life it's important for us to take stock on where we are heading and in this issue, Anthony shares an article on the volatility coming out of the US markets.

We also introduce you to David Fullerton, our preferred Estate Planning Specialist, and Jason Platt from Finance Connect shares some more handy tips for you to help with your mortgage and finances.

I am a pet lover and have two at home, Lucy and Molly. Given so many of our clients our animal lovers as well, we've looked into the issue of "pet insurance" something that is becoming both popular and necessary for many people with the rising cost of pet care.

2018 is the year of the "Royal Commission" into the Banks and Financial Services sector and a "royal wedding"!! Both will get a lot of media attention, both for very different reasons. The Royal Commission will be capturing our attention however we are looking forward to watching the wedding on TV.

Why a Royal Commission? Three years ago, ABC Four Corners put the spotlight on CBA Financial Planning business, since then we have seen many other banks caught up in Financial Planning wrong doing. Including insurance and education misconduct, rigging in bank bill swap rates, and CBA caught in an anti-money laundering issue.

There have been many parliamentary inquiries into the issues of the Banking system, whilst these have forced ASIC to initiate higher standards, the Royal Commission was still inevitable. Consumers want to know that their banks are acting ethically and in their best interests. A Royal Commission cannot prosecute however they can uncover issues and make recommendations.

At Integra, our focus is to act in the best interests of our clients; we aspire to the highest compliance practices possible. Sometimes this means we are required to complete extensive paperwork and involves significant time, but these things are necessary for us to meet our best practice commitment to you.

You can be sure we will keep you up to date with what is happening as the Royal Commission unfolds. In the meantime, enjoy all that the Royal Wedding will deliver!

#### In house Happenings

We want to congratulate Payal for achieving her first year anniversary with Integra. We are very fortunate to have Payal as a contributing member of our team.

We were thrilled to see that Lara sang at the wedding for our long-term client Judy's Granddaughter. Fantastic that Lara was able to share in this special occasion with Judy.



I'm celebrating! I am also proud and relieved to say that after 18 months of hard work, I have finished my Fellow Chartered Financial Practitioner Designation, FCHFP. It's been a lot of effort but for now I get to have my weekends!

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# Economic Update

## Should we be concerned about the recent volatility in Markets?

Recently we have seen some sharp down turns in investment markets, something that we are all too used to with investing. There are usually reasons for it. So should you be concerned? We don't think so with a good diversified portfolio, the right advice to stay the course your portfolio will weather this current volatility

To help understand we have drawn on the opinions on Shane Oliver Head of Investment Strategy & Chief Economist with AMP who has these few points to put it into perspective

- The current pullback in shares has been triggered by worries around US inflation, the Fed and rising bond yields but made worse by an unwinding of bets that volatility would continue to fall.
- We may have seen the worst, but it's too early to say for sure. However, our view remains that it's just another correction.
- Key things for investors to bear in mind are that: corrections in the order of 5-15% are normal; in the absence of recession, a deep bear market is unlikely; selling shares after a fall just locks in a loss; share pullbacks provide opportunities for investors to pick them up more cheaply; while shares may have fallen, dividends haven't; and finally, to avoid getting thrown out of a long-term investment strategy it's best to turn down the noise during times like the present

We are always here to assist with any concerns that you might have, don't hesitate to contact Anthony or Deborah

If you would like to read Shane's full article go to this link <http://www.ampcapital.com.au/article-detail?alias=/olivers-insights/february-2018/the-pullback-in-shares>

## Pet Insurance - Is it worth it?

Clocking up hefty vet bills is familiar to many proud pooch and feline owners who are often caught short without pet insurance.

There are more than 25 million pets nationwide but only five per cent of owners fork out money each year to insure their dearly loved animal. Frustrated veterinarians constantly find themselves telling owners they are up for exorbitant charges, sometimes thousands of dollars to have their pet treated.

And it could all be averted by an insurance policy, some costing as little as \$250 per annum.

One of the nation's largest pet insurers, Greenstone, this week announced it was preparing to list on the stock market and was aiming to see close to 400 million shares between \$2 and \$2.50, a move that is tipped to increase competition in the pet insurance game.



But the Australian Veterinary Association established a pet taskforce in 2013 to deal with the dog's breakfast that can be pet insurance.

It has been known to leave animal lovers confused around policy exclusions and inclusions resulting in many cases of refused claims.

Faye Van Wyk, 25, from Kensington in Melbourne's inner northwest, pays about \$65 per month to insure her two pooches, Jess and Steve, and said she wouldn't live without pet insurance.

"Growing up I had dogs that got sick and one that got hit by a car and got put down, the vet bills were too expensive," she said.

"Once I got my own dogs I thought if anything happens they are covered, they're my little babies and I don't want it to be an issue if something goes wrong."

Financial comparison website Canstar's research manager Mitchell Watson said it's a complicated industry with policies having caps on what you can claim.

"Pet insurance is still a relatively new product in comparison to other insurance, it's still in its infancy and there's a lot of new players coming into the market," he said.

"Pets can cost a considerable amount of money when it comes to medical costs, the main traps with pet insurance are pre-existing conditions."

An Understand Insurance spokesman said dogs and cats can usually be insured once they are eight weeks old. Pooch policy costs are based on the species, breed and aged of the pet whereas cats are classed as all the same.

The location of the pet's home is also important and then it comes down to the type of cover and amount of excess the owner selects.

Animal Emergency Centre's business manager Peter Hammond said he sees cases of owners who have uninsured pets having to put their animals down because they can't afford the vet bills.

"Sadly a lot of owners don't have pet insurance, the financial situation of an owner can restrict treatment options," he said. "Total hip replacements can cost \$5000 per hip, knee reconstructions can cost \$3000 per knee and for really bad snake bites or paralysis ticks, bills can be as much \$10,000 but that's at the extreme end."

Source: <http://www.news.com.au/lifestyle/home/pets/is-pet-insurance-worth-it-we-look-at-the-pros-and-cons/news-story/ee4e459a282ac86daa8aaa8298b210b0>



# Where there's a Will there's a way

## What are the benefits of personal succession planning?

Personal succession planning can:

- provide certainty by getting the right assets in the hands of the right people, at the right time, and
- enable you to provide for your loved ones while minimising tax payable by your nominated beneficiaries

## What are the consequences of NOT having a personal succession plan?

Personal succession is something you should address now. Don't wait until it's too late.

- If you die without a valid Will, intestacy legislation will determine how your estate assets are distributed among your surviving family members.
- If you die without a valid superannuation or life insurance death benefit nomination, the proceeds may not be distributed according to your wishes.
- And, if you're badly injured in an accident or lose mental capacity, who will manage your affairs while you're still alive but unable to make your own decisions?

## So, what's Next?

Estate planning may not be as challenging as you think, finding a Financial Planner who can assist you in mapping your estate plan, making what seems complicated a little easier, engage with a trusted Lawyer and together complete an estate plan that gives you and your family peace of mind.

Deborah Kent

## Introducing David Fullerton - Trusted Legal

David Fullerton from Trusted Legal is our preferred Estate Lawyer, David has practised as a solicitor since 1997. He partners with accountants, financial planners, lawyers and other professionals to provide advice to clients on wills, estate planning, superannuation, asset protection strategies and trusts. David is a recognised SMSF legal expert who has worked with SMSF professionals and trustees for more than 10 years.

Having an Estate Plan is so important David can take the complex and make it simple for you. We organise meetings with David in our office which we attend with you as part of our ongoing service to you, David has helped many of our clients achieve the right outcomes with their Estate Planning. Please ring Lara or Payal to make a time to discuss your estate planning.



As a financial adviser I have had many conversations with my clients about the need to have a plan for your business and personal affairs should tragedy strike you or a family member. Time and time again I hear:

"I will get around to it", "I have a Will I did it years ago, its ok" "if I make a will I will die "many times I hear clients that have done a will by writing it out on a piece of paper thinking that's good enough.

There is just a lack of enthusiasm for the task of estate planning and this reflects the way many people feel about it. They think that so long as you have a Will, you have a way to ensure your wealth is passed correctly to your loved ones. But this is not necessarily the case.

## The truth about Wills

A Will can help ensure the assets that form part of your estate get distributed according to your wishes. But did you know that a Will typically only applies to personally held assets and therefore may not deal with a significant portion of your wealth? For example, the proceeds from your superannuation funds and life insurance policies don't necessarily form part of your Estate. They can pass directly to certain beneficiaries nominated by you or go to your Estate where they'll be dealt with by your Will.

Also, some assets never form part of an estate, like jointly owned assets, assets held in a discretionary family trust, superannuation benefits or life insurance proceeds. To cover all bases, thorough estate planning (or personal succession planning as it's also known) involves putting in place strategies that address all your assets, not just those covered by your Will.

## Do I need a personal succession plan?

Another common misconception is that personal succession is only for the wealthy or the elderly. However, just about every asset you own and every investment you make has estate planning implications. As a result, personal succession planning is something everyone needs to consider, regardless of age or stage in life.

At a minimum, every individual should have:

- a current Will to distribute estate assets
- an Enduring Power of Attorney to cover situations where they're unable to make financial decisions themselves, and
- appropriate estate planning arrangements to distribute specific assets that are not covered by the Will.

# Gen Y leading the pack

We've all seen the headlines - 'Housing affordability crisis', 'Will Gen Y ever own a home?', 'Young buyers turn to bank of mum and dad' etc. Yet despite media reports of an 'affordability crisis' in the Australian housing market, recent research<sup>1</sup> shows that one in every five Australians owns an investment property - an increase of 3% since 2015.

Even more surprising, the research<sup>1</sup> shows it is our younger generation of property investors who are leading the way with 22% of 18 to 34 year olds (Gen Y) owning at least one investment property followed by 20% of Gen X (35 to 49 years old) and 19% of Baby Boomers (50 to 64 years old).

So how are some of our younger generation overcoming the challenges of entering the property market?

An ongoing study<sup>2</sup> by a research team at the University of Sydney aims to understand how property investment is impacting millennials (Gen Y). Initial findings indicate many millennials believe the path their parents took, ie getting a good job and buying a home to live in, will no longer be enough to secure their own financial future. Instead, they see property investment and additional sources of income as important to secure their financial future.

The growing trend towards 'rentvesting' by millennials purchasing a rental property in an affordable area while renting where they want to live - would seem to support this finding.

So if you're considering your first property investment where do you start?

Most Gen Ys will be sick of the infamous 'smashed avo' reference but there is no doubt a level of sacrifice IS required to take that first step onto the property ladder.

Buying a property takes preparation and planning - often over a few years. But remember that if you are purchasing an investment property the property will be rented out. This will give you additional income (the rent) that will be included in your loan application.

Some expenses may also be tax deductible often making it more affordable for you to own an investment property rather than an owner occupier home.



## So what can you do NOW to help you buy a property in the future? Here are our top tips:

1. Research the market NOW and plan your savings goal. The sooner you get your foot in the property market the sooner you have an appreciating asset. You will be less likely to be caught in the savings/deposit spiral of prices outpacing your ability to save.
2. Work hard at saving a deposit. Track your spending and see where your money goes! What could you live without? Foxtel? Those daily takeaway coffees? Friday night drinks with friends? Perhaps family could help boost your deposit? It's certainly not for everyone but if you and your family are fortunate enough to explore this option we're here to help.
3. Pay your bills on time. When the time comes to apply for a loan you need to make sure you meet the lender's criteria to be approved. Just having the deposit is not a guarantee of approval! Create good habits now.
4. Eliminate debt. Not only will this help you move ahead a little quicker it can improve your borrowing capacity. Ask us how!

If you are keen to explore your future options for property investment then we encourage you to contact us and we can put you in touch with our Mortgage Specialist Jason at Finance Connect.

1. Financial Wellbeing Index/ING Direct  
2. Understanding Finance Culture in Australian Households/University of Sydney



## Deborak Kent



Deborah co-founded Integra Financial Services in 1996, and has over 25 years' experience as a professional financial adviser. She prides herself on developing long term rewarding relationships with her clients and providing financial guidance throughout their stages of life. She has a thorough understanding of consumer, investor and market behaviour that allows her to share her knowledge and experience with her clients.

Deborah enjoys clearing the confusion of seemingly endless rules and regulations so her clients can get on with enjoying the things that matter most to them.

Deborah is a Certified Financial Planner CFP, has a Diploma in Financial Planning. She is a member of the Association of Financial Advisers (AFA) and Financial Planning Association (FPA) and the Australian Institute of Company Directors (AICD)

## Anthony Pears



Anthony joined Integra Financial Services in 2000, and has over 15 years' experience as a professional financial adviser. He helps clients achieve their financial objectives and lifestyle goals by providing strategically focussed financial planning advice and solutions.

He enjoys working with his clients who have challenging but realistic expectations who values his advice and support. Anthony prides himself on continuously expanding his knowledge and education so his clients can be confident with receiving the most appropriate advice and solutions for their needs.

Anthony is a Certified Financial Planner CFP, has a Diploma in Financial Planning and a Bachelor of Business. And he is also a SMSF specialist and a member of the SMSF Association, The Association of Financial Adviser (AFA) and Financial Planning Association (FPA).



## Lara Parker-Kent

Lara has been with Integra for over 10 years, and is part of the Client Service team. She has been responsible for delivering friendly, efficient service to our clients over the years, she is the friendly face that greets you when you arrive and is a very valued team member



## Payal Sharma

Payal recently joined the Client Service Team at Integra in the role of Client Service Officer working with our Advisers to meet all the ongoing needs of our clients. Payal is working to one day become a Financial Adviser.

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