



# expert.

a newsletter from Investment & Planning Services

## issue 10

### The Wrap

Welcome to the tenth issue of **expert**. Time flies when you're having fun. Christmas is approximately three months away and the New Year is looming ahead. Time to start planning for the busy holiday season and what lies ahead for 2010.

In this issue we provide some insight into what you need to know about interest rates and reasons as to why they may rise before Santa arrives this year.

We outline some simple strategies for saving towards your goals and the best ways to teach your kids about the importance of money.

We share with you great news for the IPS Home Loans team - they were recently recognised by mortgage aggregation group Choice Aggregation Services with the award of Highest Volume Business of the Year, Sole Operator 2008/2009.

We hope you enjoy this issue of **IPS expert** and we look forward to helping you plan for the upcoming New Year. As always we welcome any feedback on the topics covered in the newsletter.

Please fill in the enclosed survey and go into the draw to win a \$100 Coles Myer Voucher. Draw will take place on 30 October 2009.

**Paul Plummer**  
CEO

## Interest rates - what you need to know

The good news is that Australia is weathering the global downturn really well. It is the only major developed country to record economic growth last financial year.

Despite the financial crisis and recession in other countries, Aussie households and companies are still spending and expanding. The spending figures show consumers are buying up big on games, toys and hobbies, however, the car and gambling industries have taken a hit.

The spend-now attitude has been encouraged by the Federal Government's \$60 billion stimulus package of cash handouts. Unfortunately there is concern that spending and economic growth may get out of control, inflation will start up again and interest rates will rise.

The RBA uses interest rates to control inflation. When economic growth is in danger of going up too fast, the RBA increases interest rates to reduce spending and to slow down growth in the economy.

When the economy looks like it might slow down too much, the RBA cuts rates, to free up or create some spare money and keep spending ticking along.

The RBA board members meet each month to discuss a whole range of economic factors before deciding what it will do about interest rates. These decisions are made in advance of the growth or the slowdown actually taking place so RBA board members must constantly estimate what will or won't happen in the future.

So who benefits from high interest rates? A rate rise is a bonus for self-funded retirees as earnings from cash and fixed interest investments will increase. High interest rates also push up the value of a country's currency and it's a greater incentive for people to save.

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your local expert.

## Mailbox.

### IPS Market Update Seminar

IPS is holding market update seminars at the Wollongong Golf Club on Wednesday 18 November. There will be two sessions, 12 noon and 5.30pm, with each running for 45 mins. Paul Plummer will provide a brief market summary and the company's future direction followed by a presentation from an MLC representative. Guests are more than welcome to stay back after each session to enjoy drinks and nibbles and have a general chat to the team. If you're interested in attending one of the sessions, please contact Annette Petroska on 4227 5511.

### Exciting Office Changes

Next time you visit IPS you will notice the office has changed slightly. It has now been extended to include an area where the team will be holding short seminars for clients commencing 2010. These information seminars will be conducted with the objective of keeping clients informed and educating them on the financial planning and home loan areas within IPS. It also allows our clients to bring along friends and family and participate in a question and answer forum with our friendly team in a very relaxed atmosphere.

### Annual Spud Tobin Gold and Charity Day

IPS is a huge supporter of the Annual Spud Tobin Gold and Charity Day which Paul Plummer will once again be attending on 23 October at the Wollongong Golf Club. The event supports the Effective Delivery of Mental Health Services throughout the Illawarra and raises much needed funds for the ongoing campaign to reduce the incidence of youth suicide and raise the level of Early Intervention through Education.

# Tips on saving towards your goals

Whether your goal is a new car, holiday, retirement, or deposit for a home, you will need to decide what you really want, prioritise and focus on the most important goals first.

#### Plan

Establish a budget and then make an estimate on how much you can save by depositing funds at regular intervals.

#### Minimise debt

There are a number of ways to minimise existing debt:

- Make regular payments off your credit cards or personal loans
- Take lunch to work and put \$5 aside daily which can add up to approximately \$1000 in savings
- Use layby during the year to shop at sales for Christmas presents
- Cut bank fees by reducing the number of accounts you hold
- Use cash or a debit card if you find having a credit card increases your spending or if you're unable to pay off monthly balances

#### Maximise savings

Savings are a security buffer to cope with unexpected expenses. Here are a few tips:

- Set up an automatic deduction from your pay into a special purpose savings account
- Put aside any pay rises, bonuses, special payments and the tax refund
- Even something small like putting your change into a savings jar at the end of each day can make a difference

#### Know your finances

Savings for retirement are best made through superannuation because of the tax concessions. Make an extra superannuation contribution from your pre-tax salary, 'salary sacrifice', which will increase your retirement pension – and choices.

# Teaching kids about money



As a parent, one of the many important roles you'll play includes teaching your kids about money. This can prove a challenge as you may feel torn between giving them what you can but at the same time wanting them to be responsible with money.

Parents are a child's No. 1 role model and they study every move, even the way money is spent. The best place to start is by setting a good example for your kids by following some good, basic money management habits yourself, and reinforcing the lessons your kids are taught in school.

Get into the habit and take control of your money!

- Create a budget plan and keep it up to date
- Set some goals and make them realistic
- Get into the savings habit – start saving now, no matter how small the amount

#### Tip: Compound interest

When your kids save, they earn interest on the amount they deposit, as well as the interest they accumulate. So their saving pays twice! Explain this concept to your kids – it makes the idea of saving much more attractive.

If you need any information or want to know how compound interest works, please contact your financial adviser Paul Plummer.



**Paul Wright,**  
Director  
IPS Home Loans



## Award win for IPS Home Loans

IPS Home Loans was recently recognised by mortgage aggregation group Choice Aggregation Services with the award of Highest Volume Business of the Year, Sole Operator 2008 / 2009.

The award, presented in August at a gala award night in Sydney, acknowledged the ongoing business growth of IPS Home Loans.

"In what have been difficult market conditions the drive of IPS Home Loans principal Paul Wright has helped ensure consistently outstanding client servicing while maintaining growth," said Choice Aggregation Services CEO Brendan O'Donnell.

"It is primarily these two elements that have elevated Paul above his peers," Mr O'Donnell added.

Speaking on the award win, Mr Wright believes that strong demand from first home buyers since the increase of the first home owners grant has driven the need for specialist mortgage advice and services.

"Most mortgages for this borrower segment have been in the \$300-400,000 bracket. With a good cross section of properties around this range in the local area, many first home buyers have been able to realise their dreams of owning property" said Mr Wright.

According to Mr Wright, the local market still has some excellent buying opportunities, as long as borrowers do their homework, research the market and find the right mortgage product to match.

IPS Home Loans conducts a lot of mortgage and property seminars for local borrowers, ranging from how first home buyers can enter the market through to using the equity in their home to purchase an investment property.

To be recognised as the top performing business in NSW is testament to IPS Home Loans long term strategy and commitment to service the Illawarra region as well as the focus of our team to ensure excellent and consistent client servicing.



Pictured: (from left to right) Brendan O'Donnell, Paul Wright & Steve Weston.

## Tips to sell your property quickly

Spring has arrived and for some this heralds an increase in activity in the real estate market. If you are thinking of listing your property for sale here are a few tips on how you can improve the marketing of your asset and hopefully achieve a better result!

- Look at the property from the **buyer's point of view**. Try to be objective as you evaluate your property's good and bad points.
- Simple **conservative improvements** can make a big difference for example a quick paint job or just a good clean to remove the clutter.

- **First impressions linger.** The outside of the house should present in top condition. Mow the lawn, re-paint a fence or plant some flowers for low-cost instant appeal.
- Inside, the **presentation should represent a 'blank canvas'** so that prospective buyers can visualize themselves living in the house. Try to remove objects that establish the home as someone else's.
- **Price it right.** Do your research on what sold recently in the area and how long these properties were on the market. Compare these properties to yours and set the price accordingly.

# Protect your future



Research shows that Australians are more likely to insure their cars and homes than themselves, however, insurance through super funds

is helping redress this problem and to provide security for employees' families.

Most people don't like to think about the financial strain they could put on others if they died, but the financial consequences of a serious accident or job loss can be dire – leaving a family with a mortgage and other debts.

Life insurance pays a specified lump sum to dependants when someone dies. It is usually Term Insurance, where premiums increase until 65 or a fixed term and benefits decrease to zero at retirement.

Total and Permanent Disablement insurance provides a lump sum to help maintain lifestyle and finances, plus the cost of rehabilitation programs – more people are surviving serious illness.

Trauma insurance is designed to help people get back on their feet after suffering a major health incident, such as cancer, heart attack, stroke and coronary artery surgery.

Income protection insurance can pay 75 per cent of income if a person is too sick to work, for a fixed period.

Super funds offer unbeatable value with insurance and often provide life insurance automatically to members, which is a simple and cost effective way of getting covered.

Many funds also offer disability and income protection insurance, yet the basic default cover is minimal. It's probably a good idea to top up the insurance to a level sufficient to pay off debts and provide an income for dependants, in case of injury, death or job loss.

## Faced with questions about finances?

There is no question that the state of the world's economies and the recent performance of financial markets have caused a great deal of uncertainty and concern.

Over the past 12 months many of you have posed questions to us about the choices you face or changes in your circumstances and the impact this has on your financial position.

IPS aims to help you to achieve your lifestyle goals by educating, motivating and guiding you to make the right financial decisions. Whether it's buying a home,

building an investment portfolio or planning a comfortable retirement, a sound financial strategy can help you reach these goals sooner.

If you have friends or family members who have questions about their financial position into the future and how to protect their wealth, refer them to IPS Senior Financial Planner, Paul Plummer for a no obligation appointment.

They can discuss their financial needs and goals and look for some strategies that could assist them through these difficult times. All information will remain strictly confidential. Paul will be more than happy to meet with them and help make sense of the future.

### REFER A FRIEND

We appreciate, encourage and reward all referrals and like to thank all of our clients who have referred a friend or family member to IPS.

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