FIDUCIAN FOCUS

Autumn 2010

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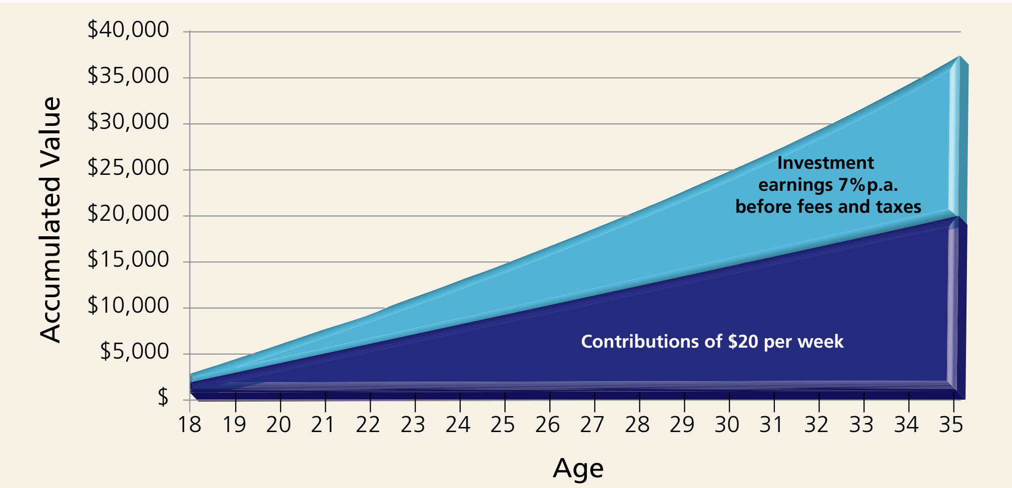
FINANCIAL PLANNING FOR ALL AGES

Obtaining the right advice for your circumstances requires careful consideration of goals and objectives and an assessment of your financial position. Below are some ideas, for different age groups, to help you achieve financial security.

Aged 18-34: Learn to pay yourself first

There is no better time to establish good money habits. This simple but powerful technique of paying yourself first will put you in good financial stead. This strategy will help to prioritise investment goals above any "impulsive wants", allowing your financial assets to grow with regular savings and compound interest.

Compound Interest needs discipline and time



Aged 35-44: Control debt

Repaying your mortgage and family commitments tends to erode surplus income. This is the time to ensure you have an appropriate debt management strategy and your family's financial security is protected. In some circumstances, restructuring your debts and/or investments is the key to ensure you are using each 'hardworking' dollar effectively.

Tip: Reducing liabilities or increasing assets, increases net wealth.

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FINANCIAL PLANNING FOR ALL AGES

Continued from page 1

Aged 45-54: Invest surplus cash

With surplus income becoming available, ensuring it is invested tax effectively for retirement is an important consideration. For many, the tax benefits associated with superannuation and the wide range of investment options make directing surplus cash into superannuation an effective strategy to consider.

	Investing outside super	Investing within super
Gross Salary	$ 80,000	$ 80,000
Pre-tax contribution into super	N/A	$ 14,599*
Taxable Income	**$ 80,000**	**$ 65,401**
Less Income Tax Payable	$ 19,050	$ 14,451
Net Income	**$ 60,950**	**$ 50,950**
After-tax Investment amount	$ 10,000	$ Nil
Net Income after Investing for retirement	**$ 50,950**	**$ 50,950**
	Same net income	
Net amount invested for retirement	**$ 10,000**	**$ 12,409****
	An extra $2,409 is invested into super for retirement	

Notes:

* Limits apply to amount that can be contributed to super before tax including employer contributions. Any amounts deemed to exceed these limits attract an additional tax at the rate of 31.5%, in addition to any contribution tax paid.

** Contribution tax of up to 15% is deducted from amounts contributed to super before tax.

Aged 55-64: Maximise retirement savings

With retirement in the not so distant future, this is the time to ensure any surplus income is invested to further boost retirement savings. In many cases, this could include taking advantage of a Transition to Retirement strategy to boost the amount contributed to super, whilst using concessionally taxed superannuation income to help meet living expenses.

Tip: Employment income is taxed at your Marginal Tax Rate. Income from a superannuation pension is generally taxed at your Marginal Tax Rate less a tax rebate of up to 15% or tax free for certain people aged 60 or over.

Aged 65 and over: You should be set to start life's next journey.

Cash is king to help meet income needs in retirement. However, too much cash may mean the buying power of retirement savings is reduced or it doesn't last the distance. Having an investment strategy which considers short, medium and long-term income requirements will help to identify an appropriate mix of income and growth assets which is in line with an acceptable level of investment risk.

Tip: The regulations and economic environment are subject to change, so regular reviews are a must!

For more information or to discuss any of the ideas above please contact your Fiducian Financial Adviser.

FIND A WORD

Find all 20 words in the Find a Word.

A	Z	B	N	W	E	A	L	T	H	S	P	N	I	S
D	L	O	C	F	B	N	P	S	B	C	E	O	K	U
V	I	R	G	O	A	R	E	M	F	Y	N	I	E	R
I	A	D	G	H	M	E	S	V	A	E	S	T	O	P
S	B	W	Q	T	A	P	F	T	Y	L	I	A	C	L
E	I	A	U	S	R	A	O	X	E	G	O	U	I	U
R	L	C	N	E	G	Y	F	U	T	S	N	N	N	S
U	I	T	A	R	I	I	D	E	N	Y	S	N	V	T
H	T	A	X	E	N	N	N	I	U	D	J	A	E	B
G	I	B	R	T	A	G	W	C	X	I	D	R	S	E
Q	E	T	D	N	L	O	M	I	O	T	K	E	T	D
I	S	A	V	I	N	G	S	R	E	M	Z	P	M	C
V	H	Z	J	M	K	Y	E	N	O	M	E	U	E	I
H	R	E	T	I	R	E	M	E	N	T	J	S	N	P
V	Q	S	W	P	E	G	A	G	T	R	O	M	T	X

Adviser	Mortgage
Assets	Net
Compound	Pension
Debt	Repaying
Income	Retirement
Interest	Savings
Investment	Surplus
Liabilities	Superannuation
Marginal	Tax
Money	Wealth

See page 4 for answers.

EMERGING SHARE MARKETS

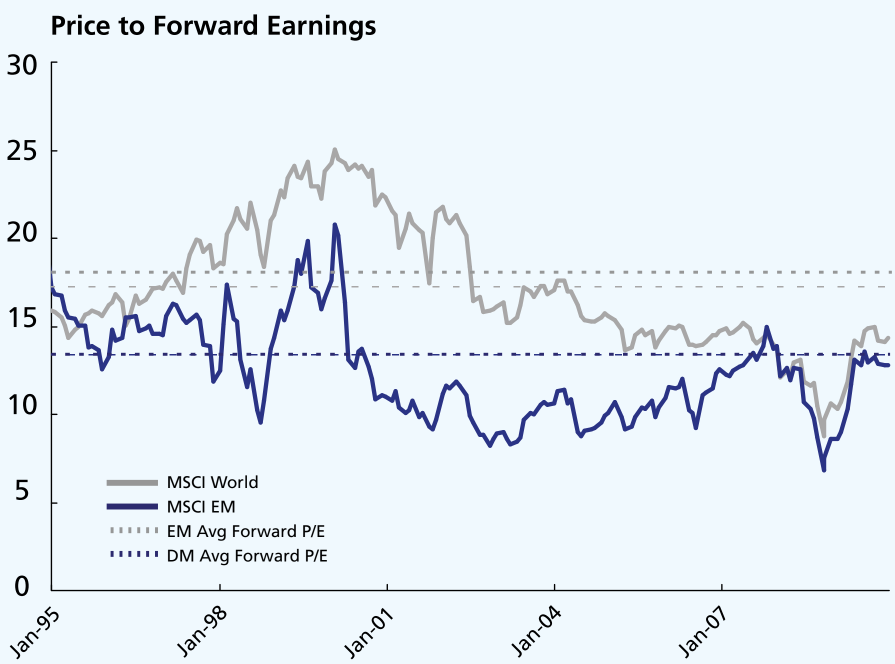
Article provided by Legg Mason Asset Management, an emerging markets manager for the Fiducian Global Smaller Companies and Emerging Markets Fund

As we head into 2010 we expect growth in the emerging markets equity asset class to remain strong. The key drivers of growth should continue to be the strength of the fundamentals underpinning this asset class, specifically healthy domestic demand in the economies of these markets, even in the face of sluggish consumption growth in the developed world (particularly over late 2010 and into 2011, as we expect the process of stock rebuilding to slow down).

We expect corporate earnings growth to play an increasingly important role in supporting emerging markets, as it has become increasingly apparent that growth in profits will become essential to sustaining this asset classes' valuation. Despite market gains of around 30% for the six months to end-December 2009, positive earnings growth and upward revisions to forward estimates of earnings have allowed the forward Price-to-Earnings ratio for the asset class to remain stable (at roughly 12.5). In other words, current valuation measures for the emerging markets sector do not yet appear excessive (even after a stellar year of returns) as they remain around the long term average Price-to-Earnings ratio (12.8) and around 8% below this valuation measure for developed market indices.

While slightly above long-term valuation on a Price-to-Book basis, the emerging markets asset class still remains attractive on this measure. This is because current price levels are supported by the structural improvement which has occurred in the economic fundamentals of the major developing economies within the last decade (as demonstrated by a superior forward looking Return on Equity ratio relative to developed markets). In this environment we remain confident about the positive growth prospects of the emerging markets asset sector.

In terms of contribution to world economic growth, China - the largest Emerging Market - will continue to punch above its weight and we expect Chinese growth to reach around 9% in 2010, driven not only by investment but increasingly also by consumption. China's exchange rate policy will also be important to watch as a de-pegging from the US Dollar will become increasingly important to prevent rising protectionist pressures in the West.



"In this environment we remain confident about the positive growth prospects of the emerging markets asset sector."

FIDUCIAN IN THE COMMUNITY

ACT CYCLIST CHLOE HOSKING

Chloe Hosking competing at the Australian National Road Cycling Championships in Ballarat in January 2010.

Fiducian proudly continues to sponsor teenage road cyclist, Chloe Hosking from the ACT. Now 19 years of age, Chloe has just returned from a world adventure cycling all over Europe against some of the world's top riders, where she finished on the podium numerous times. Because of her successful race performances we have watched Chloe's world ranking rise from nothing at the beginning of 2009 to 16th, and the second ranked Australian elite female rider. Chloe has also recently signed with one of the biggest and best professional women's cycling teams, American based, hTC Columbia. Congratulations Chloe!

Chloe Hosking receiving a medal for 2nd in the Women's National Criterium and 1st in the Under 23 age group.

INVESTING IN YOUR HEALTH

The annual O'Connell Street office 'Client Briefing' continues to be a very popular event. Our most recent briefing attracted over 200 clients, who came to hear an economic update from Fiducian Investment Manager Conrad Burge and a guest speaker who talked about all important lifestyle issues. Health Presenter, Rob Edwards gave valuable ideas and practical skills to achieve good health and a high quality of life, even when the pressure is on! Rob believes in investing in your most important asset. You!

Rob Edwards presenting at the 2009 Client Briefing.

His valuable work is well described on the web at www.thehealthpresenter.com.au.

Answers

A	Z	B	N	W	E	A	L	T	H	S	P	N	I	S
D	L	O	C	F	B	N	P	S	B	C	E	O	K	U
V	I	R	G	O	A	R	E	M	F	Y	N	I	E	R
I	A	D	G	H	M	E	S	V	A	E	S	T	O	P
S	B	W	Q	T	A	P	F	T	Y	L	I	A	C	L
E	I	A	U	S	R	A	O	X	E	G	O	U	I	U
R	L	C	N	E	G	Y	F	U	T	S	N	N	N	S
U	I	T	A	R	I	I	D	E	N	Y	S	N	V	T
H	T	A	X	E	N	N	N	L	U	D	J	A	E	B
G	I	B	R	T	A	G	W	C	X	I	D	R	S	E
Q	E	T	D	N	L	O	M	I	O	t	K	E	T	D
I	S	A	V	I	N	G	S	R	E	M	Z	P	M	C
V	H	Z	J	M	K	Y	E	N	O	M	E	U	E	I
H	R	E	T	I	R	E	M	E	N	T	J	S	N	P
V	Q	S	W	P	E	G	A	G	T	R	O	M	T	X

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