



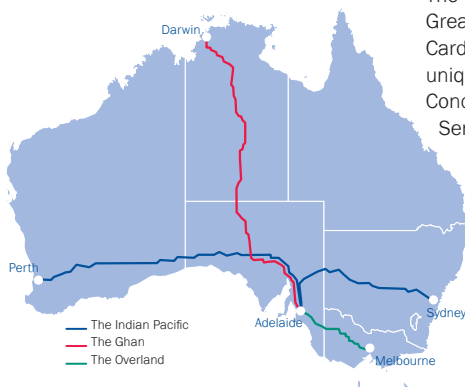
Full steam ahead for seniors' discount train holidays

The Australian Government has teamed up with transcontinental train operators Great Southern Rail to offer cheaper rail fares to all Seniors Card holders.

Great Southern Rail's concession fares were previously only offered to state or territory Seniors Card holders who were eligible to receive a pension or Commonwealth Seniors Health Card entitlements.

Under the new agreement funded by the government, an additional 800,000 seniors will be eligible for the cheaper rail fares. Seniors Card holders who access these concessions will be able to save up to 25 per cent on the full fare price for all ticket classes (except Platinum class on the Ghan).

Great Southern Rail



Great Southern Rail operates Australia's three iconic rail services: the Indian Pacific, the Ghan and the Overland. They span the country from Sydney to Perth, Adelaide to Darwin and Melbourne to Adelaide respectively.

Seniors Card holders can now save up to \$490 per trip on the Indian Pacific, \$481 on the Ghan and \$31 on the Overland with the new ticket concessions. This means a gold class ticket between Sydney and Perth on the Indian Pacific will now cost \$1,518 for Seniors Card holders, rather than the full fare price of \$2,008.

Seniors Cards are issued by state and territory governments to people who are over the age of 60 and meet specific eligibility tests. To apply, pick up an application form at any Australia Post office or visit www.seniorscard.com.au.

The new concession arrangements with Great Southern Rail require Seniors Card holders to pre-register for a unique Great Southern Rail Seniors Concession Travel Card. Eligible Seniors Card holders can register at: www.gsr.com.au/gsrseiorscard.

To find out more ways you can save in retirement, contact us today.



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Where is your cash stashed?

More than 645,000 Australians have money sitting in unclaimed cash. Are you one of them?

There is currently more than \$564 million in unclaimed money lying lost or forgotten in government coffers, and the Australian Securities and Investments Commission (ASIC) is encouraging all Australians to search the ASIC database.

It's free to search the database and if any of the money is yours, there is no cost involved in claiming it back.

Unclaimed money generally ends up with ASIC and the Commonwealth Government after it has lain dormant for more than seven years in accounts with insurance companies, banks, building societies, credit unions or friendly societies. It also includes money from company takeovers or from companies that have been unable to contact shareholders for six years.

According to ASIC, the pool of lost money comprises amounts ranging from \$1 to as much as \$990,000 – with the latter amount sitting unclaimed in a Commonwealth Bank account in Western Australia. Thousands of Australians are reunited with millions in



lost money each year – including one lucky person who found a massive \$3.1 million in a forgotten deceased estate – but there are still millions more to be claimed.

How to find missing money

Log on to ASIC's online database at www.fido.gov.au and type in your name or call ASIC on 1300 300 630.

If you find money you think may be entitled to, just lodge a claim to prove it's yours or that you're the beneficiary.

No matter how small the sum, it's worth taking a few minutes to see if any of the unclaimed money is yours. For more information or assistance with claiming, please contact our office.

Insuring against a cancer shock

Cancer is a devastating illness – not just for the person who suffers from it, but also for those around them.

When cancer strikes, money is usually the last thing on anyone's mind, but once the dust settles, the financial stress caused by cancer can be much greater than expected and may even lead to new problems.

Sarah's story

Working as a primary school teacher in regional New South Wales meant that Sarah led a hectic life. At age 46, with two small children and a class of Grade 4s during the week, there was rarely a dull moment.

Sarah had visited her local doctor for a pap smear. Three days after the screening test, her GP had called to say the test had returned an abnormal reading and that she was referring Sarah to a specialist gynaecologist in Sydney.

The following week, Sarah took a day off work and drove to Sydney. The specialist arranged for a biopsy and explained that the results would reveal whether cancer was present.

The result confirmed the presence of abnormal cells on her cervix with a 'CIN 3 grading'. The specialist explained that this was a pre-cancerous growth that had been picked up at a very early stage.

Sarah would need a minor operation to remove the area where abnormal cells were present, followed by pap smears every six months for the first two years. If the results were normal, she'd then have check-ups annually. The good news was that she'd more than likely make a complete recovery.

A year before Sarah's initial screening, she'd discussed her insurance needs with her financial adviser. Her adviser recommended a Trauma Insurance Plus Plan with a sum insured of \$200,000.

Once Sarah was diagnosed with the early stages of cervical cancer, she notified her insurer and received a lump sum payment of \$20,000*. The insurance payment meant she didn't have to worry about taking time off work or the cost of travelling to and from Sydney for appointments, allowing her to focus on her treatment and getting better.

* The sum insured (benefit) is \$200,000, so Sarah would be entitled to claim 10 per cent of the benefit (\$20,000) for this trauma event, based on having purchased a Trauma Insurance Plus plan.



With rapid improvements in modern medicine, many people who suffer a trauma such as cancer, heart attack or stroke can expect to survive and recover to live long into the future.

Trauma insurance can step in to provide a financial helping hand and help you to maintain the quality of your life, in the event that you suffer a traumatic event.

For further information about trauma insurance to suit your needs, please call our office.

Dollar cost averaging – for the smart investor

Dollar cost averaging is a useful investment strategy that can help smooth the ups and downs in a volatile market.



The extreme volatility of share prices over the past year has eroded many investors' faith in the markets. Substantial daily fluctuations have made it very difficult to pick the best time to invest.

One weekend in October 2008 provided a snapshot of the extreme turbulence. On Friday 10 October the All Ordinaries Index suffered its worst daily percentage loss for more than two decades, shedding 8.3 per cent. But the following Monday a market rebound saw the index post its biggest one-day gain for 11 years, jumping 5.5 per cent.

With this degree of unpredictability, investors could be forgiven for being wary of dipping their toes back into the sharemarket.

But playing a waiting game can backfire.

Missing out

During periods of market volatility, some investors try to guess when share prices have reached rock bottom, trying – and usually failing – to time their investment. Other investors can end up paralysed by inaction, only reinvesting when a recovery is obviously underway.

Either way, you can miss out on the bulk of the market recovery by coming in too late when prices have already firmed.

That's exactly what happened during the last market downturn in 2003. Investors moved in large numbers to 'safer' defensive assets such as cash and fixed interest offering low returns exactly at the wrong moment. The market rebounded strongly by more than 20 per cent in the space of a few months, leaving these cautious investors behind.

Staying in the hunt

In uncertain times, it's understandable if you're loath to invest the bulk of your savings all at once. But there is another strategy that could reward you.

It involves making regular contributions into a particular investment – shares or a managed fund – over a set period of time. Your fixed investment buys more shares or units when the price is lower, and fewer when the price is higher.

Dollar cost averaging is a deceptively simple strategy that can reap surprising rewards. It can help reduce risk over a period of market volatility, compared with investing a lump sum. While you won't necessarily obtain shares at a bargain price, you won't pay too much either. And it also saves you worrying about how much to buy or when to buy, giving you peace of mind.

Dollar cost averaging will smooth out the effects of short-term market volatility.

Dollar cost averaging at work

Let's have a look at how dollar cost averaging can work in practice. Imagine you have \$100,000 to invest in a managed fund.

You have two options:

Option 1. Invest the whole amount at once. Your unit price fluctuates to finish at \$1.10 at the end of the period. Your initial investment gains 10 per cent to finish at \$110,000.

Year	Amount invested	Unit price	Units purchased	Value of investment at end of period
1	\$100,000	1.00	100,000	\$100,000
2	\$100,000	0.80	0	\$80,000
3	\$100,000	0.70	0	\$70,000
4	\$100,000	0.90	0	\$90,000
5	\$100,000	1.10	0	\$110,000

Option 2. Stagger the investment in regular payments over a set period of time, for example \$20,000 each month. As the unit price falls, your regular \$20,000 investment buys more units. When the price increases, the investment purchases fewer units. At the end of the period, your initial investment has increased by more than 25 per cent to over \$125,000 – a significant advance on the lump sum investment. Each unit has cost an average of \$0.88.

Year	Amount invested	Unit price	Units purchased	Value of investment at end of period
1	\$20,000	1.00	20,000	\$20,000
2	\$20,000	0.80	25,000	\$36,000
3	\$20,000	0.70	28,571	\$51,500
4	\$20,000	0.90	22,222	\$86,214
5	\$20,000	1.10	18,181	\$125,371

The difference in the initial investment at the end of the period shows that dollar cost averaging has smoothed out the effects of short-term market volatility.

Smooth passage

Dollar cost averaging doesn't guarantee a profit and isn't necessarily the optimal strategy for every investor in every situation. Investing a lump sum can still be advantageous under certain market conditions.

But dollar cost averaging can help smooth out the ups and downs of market volatility and allow you to stay in the market while minimising your risk.

And the regularity of the payments means you can easily incorporate the strategy into your monthly budgeting.

Contact our office for more information on how dollar cost averaging could benefit your financial situation.

Making the most of redundancy

Where do I start?

Redundancy is a common occurrence – most people have either been made redundant in the course of their career or know of someone who has been made redundant.

However, when it's you facing redundancy, it's often difficult to remain calm and rational. Everyone's circumstances will be unique, and we can help you make the most of any payments that you receive as part of your redundancy.

Restructuring your financial affairs can be the first step to achieving a sense of direction and order in your life.

What payments will I receive?

You may receive a termination payment from your employer. The amount of money you receive will depend upon a number of variables, such as the industry you work in and the number of years you've been employed.

Your redundancy payment will generally consist of:

- a tax-free amount
- an employment termination payment (ETP), and
- leave entitlements.

What about tax?

It may be tempting to use your entire redundancy payment to pay off the mortgage, go overseas or invest in the share market. However, it's also important to consider the tax implications of any payments that you receive, which could substantially reduce the amount of money you actually take home.

We recommend you contact our office to discuss the specific tax implications of your redundancy payment, as they will be unique to your circumstances.

Employment termination payments

ETPs can no longer be contributed into superannuation (other than for individuals who qualify to use the transitional arrangements outlined in the following section). As a result, these payments must be cashed and are subject to tax depending on your age and the ETP components.

The tax on the payment will depend on your age. The following table outlines the tax treatment of the taxable component, which includes the Medicare levy. There is no tax payable on the tax-free component.



Age at financial year end	Tax on the taxable component
Under 55	<ul style="list-style-type: none">▪ Up to \$150,000 – taxed at a maximum rate of 31.5%▪ Excess over \$150,000 – taxed at 46.5%
55 or over	<ul style="list-style-type: none">▪ Up to \$150,000 – taxed at a maximum rate of 16.5%▪ Excess over \$150,000 – taxed at 46.5%

Transitional termination payments

From 1 July 2007 to 30 June 2012 (inclusive), the rate at which an ETP is taxed is different if the ETP is paid under a transitional arrangement.

A transitional termination payment is one where:

- you were entitled as at 9 May 2006 to a payment on termination of employment under a written contract, Australian or foreign law, legal instrument or workplace agreement made under the Workplace Relations Act 1996, and
- the payment is made before 1 July 2012.

A payment under a transitional arrangement can be:

- paid in cash as a transitional termination payment
- contributed to a superannuation fund, or
- used to buy a superannuation annuity before 1 July 2012.

What should I do with my payout?

There's no standard answer to this question as it depends on your individual circumstances. However, if you think you're likely to have trouble meeting any immediate repayments please contact us to discuss ways of restructuring your finances.

Redundancy may lead to a period of uncertainty, and liquidity is often important during this time. Be wary of tying up your payout until you know when you will be receiving a regular income again.

What else should I consider?

Personal insurance

If you have:

- personal insurance provided by a super fund into which your employer has been contributing, or
- sick leave or insurance provided by your employer outside super,

these may cease once you have been made redundant.

It is important to review your needs as soon as possible to make sure you and your family are adequately covered. Some super funds allow you to continue with your insurance through a continuation option after you have left your employer – your super fund administrator can help you with this.

If you have any queries about redundancy, we can help you assess your options and determine a suitable plan of action that fits in with your ongoing financial goals.