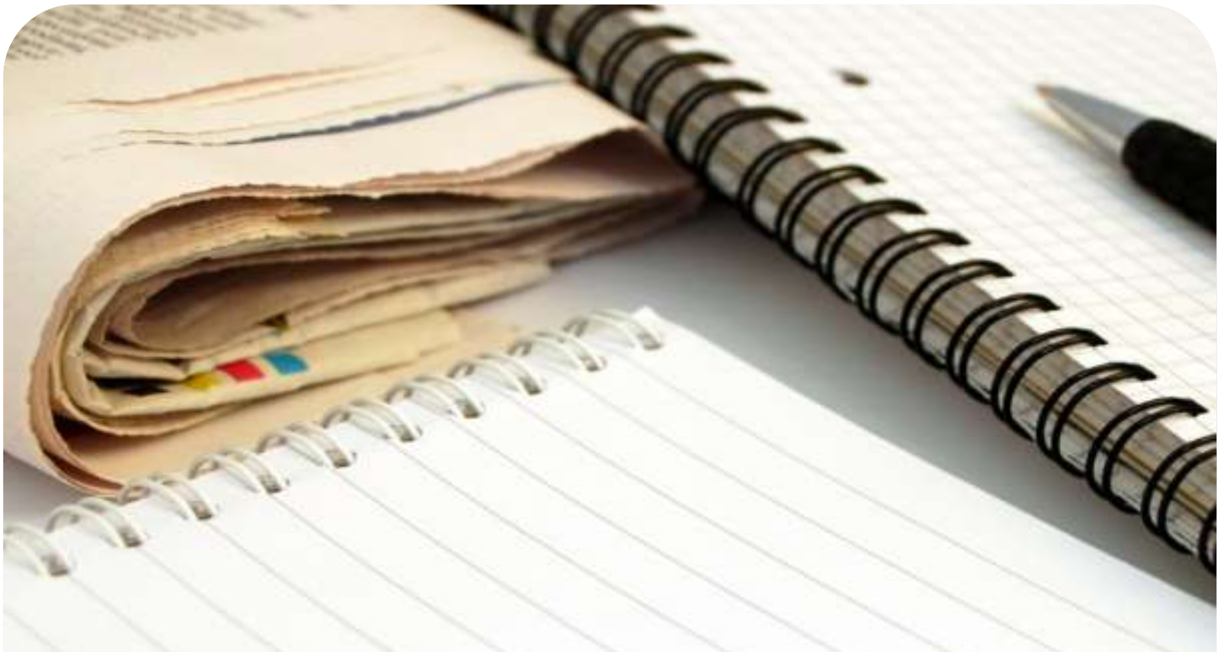
Prudentia
FINANCIAL PLANNING

Financial Advice *for* women

Helping you make sense of your finances and plan for the **future**



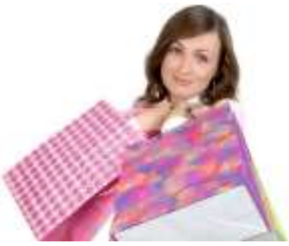
Executive Summary

Whether you're a single professional, company director or home-maker, women usually juggle many roles, including:

- We are often the primary care giver, looking after the kids or our elderly parents
- Ensure our home is clean and tidy
- Organise meals and the social calendar
- Manage the household budget
- Juggling work on top of the above priorities

After the daily activities are taken care of, we also have lifestyle and financial goals to achieve such as wanting to provide the best education for our children, saving for a holiday, paying down the mortgage, or planning for our future retirement.

It would also be nice to be able to spoil ourselves a little like treating ourselves to a facial!



Whatever your goals, a regular savings plan is the first step to meeting those goals. However, to reach your goals faster, investing your savings is critical. Building your own investment nest egg will provide you with more choices as to the way you wish to live your life.

This White Paper will teach you those basics and help you move towards your goals and a more secure financial future.

Introduction

Why financial planning just for women?

Women don't share the same kind of financial life that men do. So why should they receive the same financial advice?

Here are the facts:

- **Paid less:** We are still paid less for the same quality and quantity of work as men; meaning that we have less to fund our lifestyle and retirement.
- **Lifestyle:** We often have different lifestyle commitments: Many of us take breaks from work to take care of our family, which can affect our career path and finances.
- **Less involvement in long term finances:** Women in long-term partnerships often become more involved in the day-today finances, but have less involvement in long-term finances.
- **We live longer!** We have a longer life expectancy than men; if our partner dies before us, we must take responsibility for the finances.
- **Divorce & separation:** Half of marriages end in divorce; we are then left to rebuild our finances alone.
- **Superannuation:** whether affected by any of the above, the fact remains – we are still lagging in our retirement savings. Women in general have less superannuation savings than men and rely more heavily on the age pension in retirement, according to The Australian pension review conducted by Dr. Jeff Harmer in 2009.

Our mission

Our mission at Prudentia financial Planning is to empower women like you with the skills, knowledge, strategies and confidence necessary to become and remain financially secure no matter what course your life may take.

10 Steps to creating wealth and managing your money:

1) Set your **goals**
2) Pay yourself first: **save**
3) Make your savings grow faster by **investing**
4) Harness the power of **compounding**
5) **Protect** what you have and plan for the unexpected
6) **Diversify** your wealth
7) Invest in **tax-effective** ways
8) Make the most of your **super & pre-retirement planning**
9) **Use debt wisely**
10) Ensure your assets are **distributed** as per your wishes when the time comes

Set your goals

What are your goals? Do you want to travel? Buy a new car? Send your children to private school? Pay off your house? Have a comfortable retirement? Use the below points to help you set and achieve for your goals.

- **Deadline:** For each goal, determine how much money you will need and when you need it – make it a realistic deadline.
- **Prioritise:** Then prioritise your goals – which ones are "must haves" and which ones are "like to have". This way you can focus on the goals most important to you and you are more likely to achieve them.
- **Review:** Regularly review your goals to see if they are still important to you and make adjustments as needed.
- Read your goals each day – this will help you stay focussed and keep you motivated.

Pay yourself first

Whatever your goals, a regular savings plan is the first step to meeting those goals.

It's so easy to spend everything you earn. To achieve any sort of financial goal you must ***spend <u>less</u> than you earn***. The easiest way to do this is to "pay yourself first". This means you set aside a portion of your salary for yourself as savings before you pay anyone or anything else such as bills, groceries, car, phone, etc. How do you do this?

Set up a separate savings or investment account.

When your salary hits your regular account, have a certain amount re-directed automatically into your savings or investment account. Then do NOT touch the savings/investment account until you have reached your goal. You may also choose to have different accounts for different goals.

"How much can I afford to pay myself?"

Make a budget. List expenses under the following headings:

- Fixed and essential – such as electricity, mortgage/rent, groceries, insurance premiums
- Fixed and non-essential – such as phone, internet, petrol
- Discretionary – such as clothing, toys, subscriptions, charitable donations

If you don't have 10% of your take-home pay left over, go through the discretionary items first and start culling or reducing allocation of funds, then move onto the fixed non-essential items.

Or try reverse budgeting

Another option is to do the reverse – put aside 10% of your take-home pay and then live off what's left. This then forces you to prioritise the rest of your money. You allocate what you have left to your budget, starting with your essential items and then anything left goes to discretionary items.

If you get a bonus, pay rise or tax refund, put the whole amount (or at the very least 50% of it) into your savings or investment account and watch your money grow!

Make your savings grow faster by investing

To reach your goals faster, investing your savings is critical. Building your own investment nest egg will provide you with more choices in the way live your life.

Savings held in a bank account will only give you a few percent return each year, whereas investing can deliver much more. The type of assets you invest in will depend on your financial needs and objectives as well as your tolerance to risk.

Managed Funds

Managed funds are the easiest way to invest; however, there are literally hundreds to choose from. Managed funds pool the savings of many investors and then invest those savings into assets including bonds, company shares, property, infrastructure or other direct investments. The fund managers do all of the research and manage the underlying investments on your behalf. The profits made each year are distributed to each investor in proportion to their holdings.

If you have significant funds already, you may wish to invest directly into the above assets with the help of your adviser or stock broker.

Investing directly vs. indirectly

Direct Shares/Investments:	**Managed Funds/Unit Trusts**
Pros: • Direct ownership of company or assets • You can control capital gains (i.e. you control when assets are sold) • Can receive regular income (e.g. via dividends or rent) Cons: • Large amount of funds usually required • Lack of diversification • Must keep track of all paperwork yourself (unless you use an administration platform)	**Pros:** • Can invest small or large amounts • Diversification • Regular savings program • Yearly tax-statement provided by the fund Cons: • Costs of retail funds can be high • Can't control distribution of capital gains • Distributions/income may or may not be regular (depending on the type of investment)

Grow your investments

Harness the power of compounding

Each dollar you invest returns to you additional income in the form of a dividend, interest or distribution. If you re-invest this income it will earn more dollars, allowing your investment to grow much faster.

Example: $10,000 invested; 4% pa income + 4% pa capital growth

If you **spend** the income paid to you, the **capital** would have ***doubled*** in 20 years. The income paid in year 20 is $842.

	Balance (end of year)
Year 1	$10,400
Year 2	$10,816
Year 3	$11,248
Year 4	$11,697
Year 5	$12,164
Year 20	$21,898

If you **re-invest** the income paid, the **capital** would have ***quadrupled*** in 20 years. The income paid in year 20 is $1,725.

	Balance (end of year)
Year 1	$10,800
Year 2	$11,664
Year 3	$12,596
Year 4	$13,602
Year 5	$14,690
Year 20	$46,580

By re-investing the income paid, after 20 years you would have **quadrupled your money!** That is the power of compounding.

Note: The numbers above are based on a hypothetical investment returning a consistent 4% pa income and 4% pa capital growth (excluding fees & taxes). Returns from an actual investment will differ but the same principals would apply.

Protect what you have and plan for the unexpected

Especially considering the multiple roles you will play in your lifetime, what would happen if you were no longer able to perform them? Ask yourself:

- How would it affect your family (or your business)?
- How would it affect your financial position?

Financial protection is just as important for women as it is for men because:

- Women make up 46% of the Australian workforce [3]
- Many families depend heavily on both incomes
- Women generally live longer than men
- Even if you are not in paid employment, consider how much it would cost to pay someone to do everything you do in managing the home and family
- 1 in 4 women will be diagnosed with a malignant cancer before the age of 75 (4)
- Working Australians have a 1 in 3 chance of becoming disabled for more than 3 months before they retire (5)

An injury or illness could de-rail any well-laid financial plan.

The majority of people who own a car or home would not consider not insuring these major assets. In fact, you cannot register a car without CTP (Green Slip) insurance. The impact of being involved in a car accident could have devastating effects not only in terms of injuries but also cost of medical bills, rehabilitation and lost earnings. Not to mention added costs such as hiring a cleaner, nanny/ child minder, carer, etc. while you are unable to perform your duties. The same would apply if you were hit with an illness or required surgery.

A comprehensive financial protection plan includes the following:

- Life insurance
- Total & Permanent Disablement insurance (TPD)
- Income Protection
- Trauma/Critical Illness
- Business expenses (for business owners)

The above insurance covers are meant to complement each other and each has a different role to play.

Let's look at how each one works.

Life Insurance

You receive a lump sum payment in the event of your death. The amount depends on how much you applied for. The payment can be used to repay outstanding debt, cover costs of children's education and their long term care, funeral costs, or to keep your business afloat.

Total & Permanent Disablement Insurance (TPD)

You receive a lump sum payment should you suffer an illness or injury which totally and permanently prevents you from working again or unable to do any normal physical domestic duties.

Income Protection

You receive a regular monthly payment in the event you are unable to work due to sickness or injury. The amount you can receive is up to 75% of your pre-tax salary or business income (excluding investment income). Some policies also include a superannuation payment. The benefit is paid until you return to work or up to a pre-determined and agreed benefit period.

Trauma/Critical Illness

You receive a lump sum payment in the event you suffer a specific medical condition as defined by the policy such as heart attack, stroke, cancer, kidney failure. The benefit is designed to help you recover and can be used to pay for medical expenses, nursing care or rehabilitation costs.

Business Expenses cover

Your business receives a monthly payment in the event you are temporarily unable to work due to illness or injury. The benefit is designed to reimburse you for certain business expenses such as rent, utilities, lease costs and depreciation. The benefit is generally paid up to a maximum of 12 months.

Can't afford insurance cover?

A lot of people say they can't afford insurance cover. However, if structured well, it can be affordable. Additionally, the money you save on insurance premiums can be used to increase your investment savings. The two keys ways to reduce the impact of insurance premiums are – superannuation and waiting periods (for income protection cover). And you can maintain the same level of cover.

Personal insurance through superannuation: By insuring via super, your household budget and cash-flow are not affected as the premiums are funded by your super account. However, this means your super balance will decrease if you do not contribute funds into your super account. There may also be tax implications at claim time.

If you are self-employed or have a SMSF – you can elect to have your insurance premiums paid through super by making the Trustee of your super fund the owner of your insurance policy (excluding trauma insurance).

If you are an employee – you can apply for insurance cover through your personal or industry super fund. Super funds can often provide insurance cover for lower premiums, however you must check what they cover, the amount of benefit paid in case of a claim, and how long the benefit is paid in the case of income protection insurance. Also, watch out for any exclusions or off-sets that may apply.

Increase waiting period – income protection cover: One of the easiest ways to reduce your premiums on your income protection cover is to increase the waiting period before benefits start being paid. For example, you could increase your waiting period from one-month to three-months.

However, if you do this, you must first have cash savings equal to at least 3 months' wages available in order to fund your mortgage & lifestyle expenses for the length of the waiting period. Also check how much sick leave entitlements you have and you could reduce your emergency cash funds by that amount e.g.: if you have sick leave equivalent to 4 weeks wages, then your emergency funds would be equal to 2 months' wages.

So let's say you are unable to work for 12 months due to injury or illness, the first 3 months' living expenses would be funded by your sick leave / emergency cash funds and the next 9 months would be funded by the insurance company under your Income Protection policy. Additionally, any investment strategy you have in place or mortgage repayments are unaffected by your inability to work.

Diversify your wealth

Your largest asset is likely to be your home or your business (for those who are self-employed or business owners). Having all of your money tied up in one asset can be problematic, particularly if you are planning for your retirement.

Most people will not have sufficient super for a comfortable retirement and will likely have to sell their home to fund their retirement over the long-term. Owning your own home is a goal most of us strive for, but over the short-term property values rise and fall as seen recently in the US and Ireland. You don't want to be in a position to have to sell in a depressed market.

Diversifying your wealth across many asset classes such as cash, bonds, shares and property will ensure you have choices when it comes to retirement.

Financial year total returns (%) by asset class for last 33 years

Year to 30 June	Australian Shares	Global Shares	Global Shares (A$)	US Shares	Australian Bonds	Global Bonds (A$)	Cash	Australian Listed Property	Global Listed Property
1986	42.5	55.2	34.5	33.5	20.5	29.2	18.3	23.8	no data
1987	54.0	32.6	33.2	17.7	12.1	17.6	17.3	41.3	no data
1988	-8.6	-10.0	-5.3	-15.5	19.4	12.5	12.5	-2.8	no data
1989	3.5	18.1	18.3	26.7	3.0	16.3	15.7	-1.1	no data
1990	4.1	1.9	5.3	11.5	17.8	13.1	18.5	15.2	no data
1991	5.9	-2.0	-5.8	10.3	22.4	15.3	13.5	7.7	-15.9
1992	13.3	7.1	-3.0	16.3	22.0	15.8	9.0	14.7	6.9
1993	9.9	31.8	17.3	26.6	13.9	14.7	5.9	17.1	28.3
1994	18.5	0.0	6.7	-6.5	-1.1	2.1	4.9	9.8	8.4
1995	5.7	14.2	3.7	30.0	11.9	13.1	7.1	7.9	7.5
1996	15.8	6.7	27.7	12.9	9.5	11.2	7.8	3.6	2.4
1997	26.6	28.6	26.0	42.6	16.8	12.1	6.8	28.5	35.7
1998	1.6	42.2	22.1	58.2	10.9	11.0	5.1	10.0	25.0
1999	15.3	8.2	15.9	14.2	3.3	5.5	5.0	4.3	-6.8
2000	13.7	23.8	12.6	18.2	6.2	5.0	5.6	12.1	14.1
2001	8.8	-6.0	-16.0	0.5	7.4	9.0	6.1	14.1	38.2
2002	-4.5	-23.5	-19.3	-26.3	6.2	8.0	4.7	15.5	7.5
2003	-1.1	-18.5	-6.2	-15.2	9.8	12.2	5.0	12.1	-5.2
2004	22.4	19.4	20.2	15.4	2.3	3.5	5.3	17.2	28.7
2005	24.7	0.1	9.8	-4.1	7.8	12.3	5.6	18.1	21.2
2006	24.2	19.9	15	11.6	3.4	1.2	5.8	18.0	24.2
2007	30.3	7.8	21.4	5.6	4.0	5.2	6.4	25.9	3.0
2008	-12.1	-21.3	-15.7	-23.4	4.4	8.6	7.4	-36.3	-28.6
2009	-22.1	-16.3	-26.6	-12.5	10.8	11.5	5.5	-42.3	-31.2
2010	13.8	5.2	11.5	8.9	7.9	9.3	3.9	20.4	31.3
2011	12.2	2.7	22.3	3.7	5.5	5.7	5.0	5.8	9.2
2012	-7.0	-1.5	-2.1	11.1	12.4	11.9	4.7	11.0	7.5
2013	20.7	33.1	21.3	32.5	2.8	4.4	3.3	24.2	24.3
2014	17.6	20.4	21.9	22.7	6.1	7.2	2.7	11.1	11.8
2015	5.7	25.2	8.5	31.8	5.6	6.3	2.6	20.3	23.1
2016	2.0	0.4	-2.7	7.5	7.0	10.8	2.2	24.6	20.4
2017	13.1	14.7	18.9	13.8	0.2	-1.0	1.8	-6.3	-4.8
2018	13.7	15.4	10.8	19.0	3.1	2.5	1.8	13.0	9.0
Average p.a.	11.6	10.2	9.2	12.1	8.9	9.8	7.1	10.9	8.9

Best asset class in a year

Worst asset class in a year

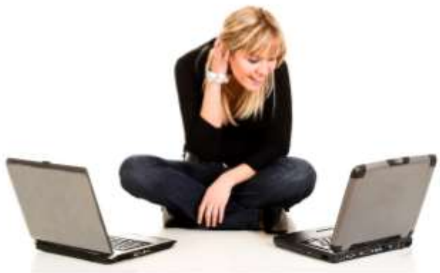
Past performance is not an indicator of future performance.

Source: Vanguard 2015 & 2018 Index Chart

4 Ways to Invest tax-effectively

This may mean investing in super, investing in the name of the lower-income earner for a couple, investing via a family trust and/or in investments that offer franking credits.

Let's look at each one in turn.



1. Superannuation

- The income earned by investments in super are taxed at 15%. Compare this to your marginal tax rate which can be as high as 45 + Medicare levy.
- You can add extra funds to super via salary sacrifice – this will also reduce the amount of income tax payable.
- If you're self-employed, you can claim a tax-deduction for your super contributions.
- If you contribute after-tax dollars into super, you may qualify for a Government Co-Contribution – i.e. the Government will match your contribution with 50 cents for each dollar you contribute (up to maximum of $500), however this depends on how much you earn each year.
- Keep in mind:
  - salary sacrifice and tax-deductible contributions are taxed at 15% at the time they are received by your super fund;
  - there are limits on how much you can contribute to super that qualify for the tax concessions;
  - you cannot access your super funds until you retire after reaching your preservation age or upon reaching age 65.

2. Lower income earner

If one or both partners of a couple work and you invest outside of super, it is usually more tax effective to have the investments owned by the person who earns the lowest salary/income (unless you are using a gearing strategy).

Each adult can earn $18,000 per annum tax-free. Along with available tax concessions, the amount you earn tax-free can be even higher. Let's look at a couple Jill and Jack.

- If Jill's marginal tax rate is 37%, any additional income earned from investments in her name will be taxed at 37%.
- If Jack's marginal tax rate is 15%, any additional money earned from investments in his name will be taxed at 15%.

Let's look at an example of how this would work. If Jill and Jack had $100,000 invested and it earned say 6% interest, the income earned would be taxed as follows:

- If owned in Jill's name - $6,000 x 37% = $2,220 tax payable each year.
- If owned in Jack's name - $6,000 x 15% = $900 tax payable each year.

Having the same investments in Jack's name would save the family $1,320 each year compared with having these investments in Jill's name. The money saved could be re-invested to accelerate their wealth accumulation.

3. Franking Credits

When investing in shares and the company makes a profit, the company will often pay tax on their profits before distributing the after-tax profits to shareholders/investors whether you hold the shares directly in your name or via a managed fund. In order to avoid paying tax twice, a statement is issued with the amount of tax already paid, called an "imputation credit". You would then include this in your tax return.

For example:

Assume Jack invested $10,000 in Australian shares or a managed fund which paid a fully franked distribution (i.e. tax paid distribution) of $700 which included a franking credit of $300 (i.e. the amount of tax paid). Jack's before-tax return would be 7% pa.

The tax paid by the company was at the rate of 30%. However, Jack's marginal tax rate is only 15%. Therefore, Jack would receive a tax refund of $150. Jack's after-tax return would be $850 or 8.5% pa.

So a $700 fully franked dividend/distribution is actually worth $850 to Jack. The same would apply if this investment was held in a super fund. If you were retired, you could possibly receive the full $300 as a tax refund.

Please note: the above information and examples are for illustration purposes only and you should seek advice on tax matters from a licensed tax accountant.

4. Family Trust

For those who have significant assets, a family trust can be a useful structure. It can help to protect your assets from predators or bankruptcy and as an estate planning tool. It can also be used to distribute income among various beneficiaries (e.g. family members) in the most tax-effective way. Family Trust structures are particularly useful for people who have a business or who work in a profession where litigation is a real risk such as medical professionals, company directors, etc.

This is a complicated area of financial planning and requires a multi-disciplinary approach with input from a financial advisor, tax accountant and solicitor.

Plan for retirement early

1. How much money do I need when I retire?

The Association of Superannuation funds (ASFA) benchmarks the annual budget needed by Australians to fund a comfortable or modest standard of living in post-work years. It is updated quarterly to reflect inflation, and provides detailed budgets of what the average single or couple would need to spend to support a "**comfortable**" lifestyle. The following represents the average budget for those aged around 65 (ASFA June quarter 2018, excluding gifts, alcohol & tobacco).

Expenses (per week)	Couple	Single
Housing - ongoing costs	$ 119.62	$ 114.40
Electricity & Gas	$ 58.64	$ 47.28
Food	$ 199.25	$ 114.64
Phone/Communications	$ 31.74	$ 24.38
Personal Grooming	$ 28.75	$ 19.16
Clothing & Footwear	$ 51.94	$ 27.20
Household Goods & Services	$ 60.98	$ 53.84
Health/Medicines	$ 185.66	$ 99.20
Transport/Car	$ 156.68	$ 144.45
Leisure/Holidays	$ 267.76	$ 178.31
Total per week	**$ 1,161.02**	**$ 822.86**
Total per year	**$ 60,373**	**$ 42,789**

A comfortable (as opposed to modest) retirement allows a healthy retiree to engage in a broad range of leisure activities, which means you cannot rely solely on the Age Pension. Therefore, in order to fund a 'comfortable' retirement*, you will need to have an investment nest egg or superannuation savings (excluding your family home) of at least:

Single: $545,000
Couple: $640,000

If you want to retire earlier than 67 years of age, you want some luxuries in retirement or you don't own your home, you will need more funds at retirement.

**Assumptions: you own your home with no debt, retire at age 67, funds held in an account-based pension, investment returns of 6% per annum net of fees, inflation of 2.75% pa, & eligible for part-age-pension. Funds estimated to run out around age 100.*

2. Make the most of your super

Strategies:

- You can add extra funds to super via salary sacrifice – this will also reduce the amount of income tax payable.
- If you're self-employed, you can claim a tax-deduction for your super contributions.
- If you contribute after-tax dollars into super, you may qualify for a Government Co-Contribution – i.e. the Government will match your contribution by 50 cents for each dollar added to super up to $500; however this depends on how much you earn each year.
- If you have a spouse that earns less than $40,000 per year, you can make a spouse contribution into your husband's/wife's super fund of up to $3,000 and receive a tax offset of up to $540.
- If you own a small business or are self-employed and sell the business assets in order to retire (and you're over 55 years of age), you may be able to contribute a significant amount of the sale proceeds into your super fund and obtain a tax benefit. This is a complex area and requires specialised advice.
- If you are have reached age 57 and still working, you may be able to undertake a "Transition-to-Retirement" strategy to accelerate your superannuation savings without sacrificing your current lifestyle. The age at which you can start this strategy depends on your date of birth.

Keep in mind:

- salary sacrifice and tax-deductible contributions are taxed at 15% at the time they are received by your super fund;
- there are limits on how much you can normally contribute to super that qualify for a tax deduction and these may change each year – you can access current contribution limits from the ATO or your super fund provider; and
- you cannot access your super funds until either you retire *after* reaching your preservation age (between 57 and 60 years of age depending on your DOB); have reached age 65 (either working or not); or in case of severe financial hardship or severely disabled (strict rules apply).

Use debt wisely

Debt isn't necessarily a bad thing. We may need to borrow money when we don't have sufficient cash to purchase an item all in one go; like a home, or for investments. These things can be positive for your financial wellbeing as it will benefit you in the future.

However, you also need to ensure you manage your debt and stay on top of your repayments, as well as prioritising your debt; pay off 'bad debt' first (like your credit card).

How to use debt wisely

- Only borrow money to buy assets or investments that appreciate in value and provide an income. This way you can usually claim the interest on the borrowings as a tax deduction.
- Only borrow the amount that you can comfortably service i.e. make sure you can afford the repayments even if interest rates went up an extra 2% pa.
- Pay down non-deductible debt as quickly as practical such as your credit card and home loan.
- Only use your credit card if you can pay it off at the end of each month in full.
- Seek advice before you borrow so that you understand the risks and have a plan in place to mitigate the risks.

Estate Planning

This is about ensuring your assets are distributed as per your wishes and in the most tax-effective way.

A comprehensive estate plan includes the following documents:

- Wills
- Enduring Power of Attorney
- Testamentary Trust (for minor children)
- Nomination of a Guardian
- Superannuation Binding Nomination

Estate planning is a complicated area and requires professional advice from your financial advisor and solicitor.

At the very least, you should have a Will and preferably drafted by a solicitor. If you die without a Will, your assets are distributed according to Intestacy laws (which are different for each state and territory in Australia). And this could have unintended consequences.

This is especially relevant if you are on your 2nd marriage (or domestic relationship of more than 2 years or one that has resulted in a child) and have children from a previous relationship.

Having a comprehensive estate plan is also essential if you have a disabled child that will require extra care and assistance and to ensure they are looked after financially. A special purpose trust set up for a disabled child may also be exempt from Centrelink assets test.

Hypothetical Case Study – unintended consequences:

Jack and Jill live in Sydney, NSW and don't have a Will. Jill has 1 child from a previous marriage and has joint custody. Jack and Jill also have 2 children together.

Returning from a 2nd honeymoon, Jack and Jill have a horrific car accident and Jill dies instantly. Jack is rushed to hospital and dies 35 days later from complications. According to Intestacy laws in NSW, when Jill died, she left behind a spouse and 3 children, one of whom was not the child of Jack. Jack would be entitled to the following:

- Jill's personal effects (e.g.: her jewellery and clothing),
- a statutory legacy (around $350,000), and
- half of the remainder (if any) of Jill's estate.

All 3 children would then receive anything left in equal share.

The family home (worth $1 million) would revert to Jack in whole because it was held in joint-names and therefore does not form part of the estate. Also, all of the investments held in Jack's name ($100,000) would remain in Jack's name. The only asset left in Jill's name was her car and her Superannuation. As Jill did not have a binding nomination in place, her super funds were distributed as per the trustee's discretion – which was split equally between the three children. As Jill's super fund was around $300,000 and she had no insurance cover, each child received $100,000.

As Jack survived for more than 30 days, he was considered to have survived his spouse, and according to the above formula, he received the whole of the estate except for Jill's super funds. But when Jack died, he left behind two children and no spouse (because Jill died 35 days before Jack and Jack did not adopt Jill's other child).

According to Intestacy laws in NSW, Jack's children are entitled to the whole of his estate. Jack's superannuation funds ($200,000) also went to his two children (as per the Trustee's discretion). Therefore, although Jill and Jack died within 2 months of each other, Jack's two children ended up with an equal share of almost the whole of their combined assets (about $750,000 each) and were looked after financially. However, Jill's child from her first marriage would receive just $100.000. Is this what Jill would have wanted for her first born child?

How can we help?

The 3 main areas a financial planner can assist are:

(1) **Strategic Advice** – coaching and guiding you through the changes you will likely face throughout your life with the understanding of a woman's perspective. To help you make the big life decisions by taking into account the financial implications.

Most people have many goals, needs and wants and limited resources. A financial plan will help you to prioritise those goals and put in place the best way of allocating your resources to meet them.

(2) **Tactical Advice** – we have the expertise on investments, insurance and superannuation to determine the best plan, tailored to your specific circumstances, to help you achieve your goals.

(3) **Implementation** – if you don't have the time to 'DIY', we will implement your financial plan, monitor and make necessary adjustments over time to ensure you are on-track to reaching your goals.

Why choose Prudentia Financial Planning as your adviser?

In Latin, Prudentia stands for "Foresight, Wisdom, Discretion".

Our mission is to help empower women and families to become financially secure.

Based on our research and experience and those of our licensee we aim to provide you with the best financial strategies, investments and insurance to suit your particular circumstances and goals.

In particular:

- We understand the needs of women and the multiple roles you play including the need to juggle family and career. We understand that the financial and emotional well-being of your family is paramount.
- We have a caring and compassionate approach in our dealings with our clients and their family.
- We first aim "to do no harm". That is, making sure we preserve and protect what you have already accumulated.
- We aim to build a financial plan that is tailored to your specific circumstances, needs and goals and to review your financial plan on a regular basis.
- We are not owned by any bank or financial institution and therefore can provide you with unbiased product advice.
- We will consider all forms of investments including direct property if that is your preferred choice.
- We have access to the best research, expertise & support available through our licensee "MyPlanner Professional Services Pty Ltd" and independent research companies such as Morningstar, Lonsec among others.
- You will have access to "wholesale" funds – which would not normally be available to the average investor. Wholesale funds have much lower administration fees than retail funds, thus providing better returns than their retail equivalents and access to sophisticated investment strategies.
- If you have more significant funds, we can also help you with developing a direct shares portfolio.

Our specific areas of expertise include:

- Budgeting and cash-flow management
- Debt management
- Wealth creation
- Investment research and advice
- Asset allocation
- Superannuation
- Salary packaging
- Personal insurance
- Retirement planning
- Estate planning
- Aged Care advice

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Prudentia Financial Planning Pty Ltd is a Corporate Authorised Representative (No. 400165) and Sofie Korac is an Authorised Representative (No. 400164) of MyPlanner Professional Services Pty Ltd (AFSL 425542).

Principal Adviser – Sofie Korac F Fin, AFA

BAppSc, GDipFinPlan

Sofie was born in Australia to non-English speaking parents. Her parents worked very hard to pay off their home and provide for their family. She learnt from her parents the value of working hard and saving.

After Sofie completed her Higher School Certificate, she took off 2 years to work and travel while deciding what sort of career she would like to pursue. She originally wanted to pursue a career in ballet but knee and ankle problems prevented her from making dance a formal career.

Sofie completed her Bachelor of Applied Science (Food & Nutrition) in 1986. She worked in the food industry for 8 years, including 5 years at CSIRO in a research role. Sofie had published four research papers and moved from food research into marketing research in 1995. Sofie spent the next 10 years researching and analysing consumer opinions on numerous topics including food and beverage products, financial services, pharmaceutical products and mental health issues. Sofie had also started investing in the stock market in 1996 through the help of a stock broker and doing her own research. She used part of her profits to buy a unit in 1999 in a quite ordinary suburb of Sydney but which is now quite trendy and made a healthy profit.

During 2004 Sofie took some time off work to consider her career path. She wanted to use her research skills to help individuals rather than large corporate companies. Because of her personal experience in successful investing, she was encouraged by her friends to look at a career in the finance world. After much research and contemplation Sofie decided on a career in financial planning and advice.

Sofie completed the Graduate Diploma of Financial Planning from the Financial Services Institute of Australasia (FINSIA) in 2008; was admitted as a Fellow into the Institute in 2009; and is a member of the Association of Financial Advisers (AFA). As a member of these organisations, Sofie is bound by their Code of Ethics and observes the highest levels of professional conduct and follows the core values of:

- Trust,
- Integrity,
- Honesty, and
- Respect

Sofie has been developing and implementing financial plans for 12 years and has 22 years of personal investment experience. She has helped women and couples from all walks of life build and protect their wealth among other strategies. Sofie knows how hard it is to start from nothing and then want to protect what one has built up.

Sofie is married to Anthony and helping to raise their son. She understands the many roles women have and the need to juggle family and career and finding the right balance. Her passion is to help empower women and families to become financially secure.

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Disclaimer

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