



ADF Financial Services Consumer Council

YOUR MONEY AND YOU



Post Deployment Financial Education Seminar
Version: August 2011

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- This session is about independent financial education
 - ✗ no products
 - ✗ nothing to sell
- This session is not about personal advice
 - licensing laws



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PROGRAM OUTLINE

- Financial Discipline
- Investing
- Borrowing Money
- Managing Risk – Insurance
- Financial Advisers
- Protecting Your Assets



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FINANCIAL DISCIPLINE

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BUDGETING

- The foundation for everything.
- The need for financial discipline.
- Prepare a budget (you don't have to be an accountant).
- ADF Online Budget Planner:



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CONSERVATIVELY MINIMISE TAX

- Tax Office has advised that some ADF members make claims in their tax returns which are well above the national average
- Always make sure you have documentary proof of any claims you make
- Deal with a qualified accountant or registered tax agent
 - The claims are your responsibility – not theirs



INVESTING

RISK/REWARD RELATIONSHIP

- The Golden Rule: the higher the reward, the higher the risk.
- Lower the risk by:
 - Limiting borrowing
 - Diversifying your asset base (don't put all your eggs in one basket)
- If any lesson came out of the GFC, this is it!

SHARES

- Can you beat 'the index'?
- Should you actively manage, or just 'set and forget'?
- The chances of beating 'the index' by active management over 10 years is 1 in 36.
- The odds on the 'roulette wheel' are 1 in 37.

REAL ESTATE

- Buy for the investment potential, not for the tax breaks
 - "Location, location, location"
- Understand negative gearing and its risks
- 'Guaranteed' real estate rental deals
- You can lose money on real estate, especially if you borrow too much



INVESTMENT CLASSES – REAL ESTATE

DEFENCE HOME OWNERSHIP ASSISTANCE SCHEME

- Consider its suitability for you
 - switching costs
- Read website
 - www.dhoas.gov.au





BORROWING MONEY

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DEBT

Consider clearing old debt first

- Pay-day Lender
- Credit / Store Card
- Personal / Car Loan
- Mortgage



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DEBT (cont'd)

- Interest rates may go up
- Have a fall-back position.
- Consider holding 3 – 6 months' worth of cash to cover disasters.



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HOME LOANS

- Variable Rate
- Fixed Rate
- Split / Hybrid Rate
- Interest Only
- 'Professional' or 'Wealth' Package
- Lenders' Mortgage Insurance
- Low Doc Loans
- Mortgage Brokers



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DO YOUR HOMEWORK

- Research your options
 - ratecity.com.au
 - infochoice.com.au
- Don't rush in without reading the fine print
- Don't be pressured into signing



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MANAGING RISK: INSURANCE

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YOUR ENTITLEMENTS

- Death benefit under Military Superannuation
– www.militarysuper.gov.au
- Military Rehabilitation and Compensation Scheme
– www.mrcs.gov.au
- Generous especially by private sector standards



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LIFE AND ACCIDENT INSURANCE

- How much cover should you have?
– Perhaps more than you think!
- Note products 'unique' to the ADF:



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LIFE AND ACCIDENT INSURANCE (cont'd)

	Defence Health	Navy Health
Life Insurance	Asteron Term Life	Zurich Ezicover Term Life
	1800 335 425	1300 306 289
	defencehealth.com.au	navyhealth.com.au

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CAR INSURANCE

- Comprehensive
– Covers damage to your own car and to other people's property in an accident.
- Third party fire and theft
– Covers damage caused by your car to other people's property, and limited cover for loss or damage to your car caused by theft or fire.
- Third party property insurance
– Covers damage caused by your car to other people's property. It does not cover the cost of repairs to your own car.

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FINANCIAL ADVISERS

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BE SCEPTICAL

- Take advice, but be sceptical about the motives of advisers.
- Structural 'conflicts of interest' in the financial services industry.

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REMUNERATION

How do they get paid?

- Commissions
- Percentage of assets
- Bonuses
- Hourly rate / flat fee
- Trailing fees / commissions

WHAT DO THEY DO?

1. Investment advice ('best' returns)
2. Asset allocation / diversification (risk/reward)
3. Structures and strategies
 - Tax planning
 - Asset protection
 - Estate planning

If you don't get pts 2 and 3, you're dealing with a salesman – not a financial planner!

WANT TO LEARN MORE?



ADVICE Video and e-Learning module:
www.adfconsumer.gov.au



PROTECTING YOUR ASSETS

THE LEGAL ISSUES

LEGAL DOCUMENTS

- Wills
 - Preparing
 - Updating
- Powers of Attorney
 - General
 - Enduring
- Getting professional assistance



NOW WHAT SHOULD I DO?

PUTTING EVERYTHING INTO PRACTICE


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FINANCIAL INFORMATION SERVICE

- Make an appointment with a FIS Officer
 - Free financial education and information service
 - Independent and confidential
 - Helps people make informed financial & investment decisions, and to plan for the future
 - Provides service by phone, interview or seminar
- Call FIS on 132 300, book into FIS seminars on 136 357
- More info at www.centrelink.gov.au

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WRAP UP

YOUR POST-DEPLOYMENT CHECKLIST

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YOUR CHECKLIST

1. Understand your superannuation entitlements
2. Conservatively manage debt
3. Conservatively minimise tax
4. Understand the risk/reward relationship (don't be greedy)

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YOUR CHECKLIST (cont'd)

5. Control costs of investments
6. Have adequate insurance
7. Have a cash buffer for bad times
8. Do your homework and research your options
9. Get advice, but be sceptical
10. Understand conflicts of interest

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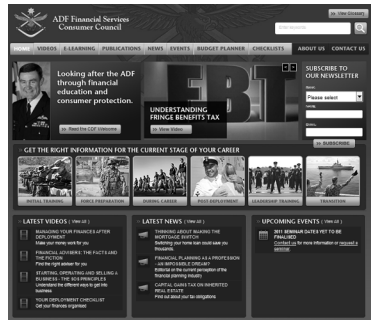
YOUR CHECKLIST (cont'd)

11. Keep your will up-to-date
12. Consider a Power of Attorney
13. Make an appointment with a FIS Officer
14. Have a budget/plan and exercise discipline

Online Budget Planner at www.adfconsumer.gov.au

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For more detailed information about these topics, and if you'd like to sign up to our free eNewsletter, go to www.adfconsumer.gov.au

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