MONEY MATTERS.

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MATRIX PLANNING SOLUTIONS

STAYING IN TOUCH.

Make this year a good one.

Welcome to the first edition of Money Matters for 2017. To help you get the year off to a great start we have some valuable insights and guidance in the selection of articles inside.

Superannuation has been in the news recently with many rule changes ahead, but nothing changes the fundamental importance of super to your financial planning. With that in mind, our article on how key life events can impact your super highlights the importance of being pro-active in planning for retirement and being engaged with your adviser.

Similarly, our story on the stages of financial life highlights the general priorities and opportunities that we need to respond to as we move through life.

Buying insurance can be complex, but our article on the key questions you should be asking before you buy will hopefully help make things clearer.

If you are looking to be more organised this year, take a look at our article on time management and pick up some valuable tips on making the most of every day.

I hope the year will be a successful and fulfilling one for you.

Regards,

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LIFE EVENTS CAN IMPACT YOUR SUPER.

Superannuation is often a part of our financial planning that is left in the background, but certain life events may mean you need to make some fundamental decisions about it. Here are some key tips on what you may need to consider.

Getting married

Tying the knot can change a lot of things in our finances. Budgeting, saving, spending and buying insurance are all issues that we will tend to reappraise as a couple, but super is often left out of calculations. Issues such as the amount of insurance cover you both have in super and beneficiary nominations are critical to avoid surprises later on.

While it is not possible to combine your super funds, it is important that you discuss and coordinate your investment strategies and consider your retirement goals as a couple. This ensures you are on the same page in terms of your expectations of retirement lifestyle and can fund it appropriately.

Having children

If one partner eventually decides to leave work to raise children then this may cause a significant interruption to your super accumulation that should be dealt with. Extra expenses and less income may mean you need to cut back on contributions for a while, but you should plan how this shortfall will be made up by boosting contributions in future years when circumstances allow.

You should also take advantage of any government assistance available on your super, such as the spouse contribution scheme. If your spouse is earning very little or nothing at all, then you may qualify for a rebate of up to $540 p.a. on any contributions you make to their super. Talk to your Matrix adviser for further information.

Redundancy

Redundancy is something that many people will unfortunately deal with in an increasingly economically rational world.

How you plan your spending and make decisions, regarding employment will likely be top of mind when this occurs, but super should not be left out of the decision making process.

Payments made to you on redundancy can be quite complex to deal with and can have serious taxation consequences. There may be opportunities in relation to using part of your redundancy payment to make super contributions and there may also be issues to deal with in relation to any insurance cover you had in your employer's super fund.

BUYING INSURANCE: MISTAKES TO AVOID.

Taking out cover can be a difficult and confusing experience given the plethora of products available. Here are some tips on how to avoid common traps and pitfalls.

Whether it's home, car, health or life insurance, 'one size doesn't fit all'. Matching your needs to the right type of cover can be a complex business, so it pays to go in with eyes wide open and seek professional advice.

How do you know how much coverage you need?

Before you begin to compare policy benefits and costs, first make a realistic assessment of how much coverage you need. Underestimating cover is a common mistake that leaves many people in a lot of trouble in the unfortunate event of a claim.

In the case of home insurance, underestimating the right amount of cover to replace your belongings or the building may actually mean that you are unable to claim for the full value of any loss. For example, if your home value is $500,000 and you're only insured for $250,000 (ie 50% of real value), then your insurer can only pay out a maximum of 50% of the amount you potentially need.

Making a proper assessment is particularly vital when it comes to your personal life and disability insurance, since the amounts of cover required can often be a lot higher than you think and the risks of leaving yourself short can have disastrous consequences on the livelihood and financial security of your family. Some may think that a couple of hundred thousand in life cover sounds like a lot, but if there is a $300,000 mortgage, two kids in school and $3,000 in monthly living expenses involved, then $200,000 could be inadequate if the breadwinner can no longer provide income.

Questions to ask before buying a policy?

Do you really know what you are purchasing when you buy insurance? A few simple questions can be very revealing. You should reconsider buying a policy if the answers to these questions do not satisfy you.

- What are the exact circumstances that will qualify for a claim?
- What events are specifically excluded from making a claim?
- What are the specifics on definitions – for example, on an income protection policy, how is "Total Disability" defined?
- Is renewability guaranteed, or does the insurer have discretion to arbitrarily withdraw cover at any time?
- What additional benefits are available apart from the main benefit? To use the example of income protection again - are there additional benefits paid for rehabilitation expenses, hospitalisation, specific injuries or waiver of premiums during claim?
- Are cover increases offered regularly or are benefits indexed to inflation?

Never shop on price alone

As the list above may suggest, the old adage that 'you get what you pay for' is especially true when it comes to insurance. A 'too good to be true' price may mean there are limitations and exclusions on cover that may only be discovered when you come to claim. There is a big difference between comparing the cost of a policy and its actual value.

A classic example can be found in the area of income protection where policies often known as "sickness and accident" or "personal accident" may have low premiums, but will have no guarantee of renewability if your health or occupation changes. Beware also of a limitation of perhaps two years on benefit payments and severely restrictive claim definitions.

Professional help removes the worry

When it comes to your personal life and disability insurances, enlisting an adviser to help assess your cover requirements and the relative merits and costs of different policies can be an invaluable advantage. The experience and research capability of a Matrix adviser can take all the worry out of the process and ensure you achieve the dual goals of maximising quality of cover, while minimising costs.

THE FINANCIAL STAGES OF LIFE.

While no two people will have identical life experiences, it is possible to follow some general guidelines on how our financial lives will progress through different stages.

Setting out the characteristics of various life stages can be a useful way to help highlight financial issues and priorities. Of course this will vary from person to person, but the general foundation this provides is something we can all build upon.

Early yearnings

During our twenties and into our thirties most of us will experience many firsts, which will all have a profound impact on our financial future and will require a planned response if we are to take full advantage. Our early employment brings with it the chance to establish some sound savings habits that can last a lifetime and can fuel wealth creation.

Finding a life partner brings greater responsibilities and expenses along with increased income and assets. This requires a higher level of financial planning so that life, income protection and disability insurances are put in place to help protect each other's livelihoods and savings plans are put in place to build toward major goals, such as buying a home or travelling.

Starting a family and buying a home in this phase will also require protection plans to be well established as a priority.

From an investment standpoint, your early years are an opportunity to incorporate growth assets such as shares and property into your wealth creation strategy, given the amount of time you will have to take advantage of their greater long term growth potential (assuming this also fits your personal risk profile).

Middle aged consolidation

Hopefully your income will be increasing, but your expenses may also be burgeoning as children grow, education costs escalate and perhaps the family home is upscaled. This puts an increased emphasis on budgeting so that debts and expenses are kept in check and a longer term savings and investment plan is in place.

Superannuation needs to be given adequate attention too, as your super assets will likely be growing and thus giving you more scope to diversify the way they are invested.

Protection needs during this stage will peak, to cover the growing family expenses and mortgage commitments. Neglecting this important aspect of financial planning could result in financial catastrophe if breadwinners and homemakers are not adequately insured.

Cresting the hill

Assumedly, the nest will begin to empty, mortgage expenses will reduce and insurance needs will begin to taper. These factors can create an increase in discretionary income and an opportunity to supercharge important investments. This could include loading your superannuation to maximise concessional limits and expanding your property, share and managed fund portfolios, so that dreams of financial independence can start to become reality.

This is also a time when we should be looking at positioning our assets to take full advantage of the tax opportunities that present themselves in the run up to retirement.

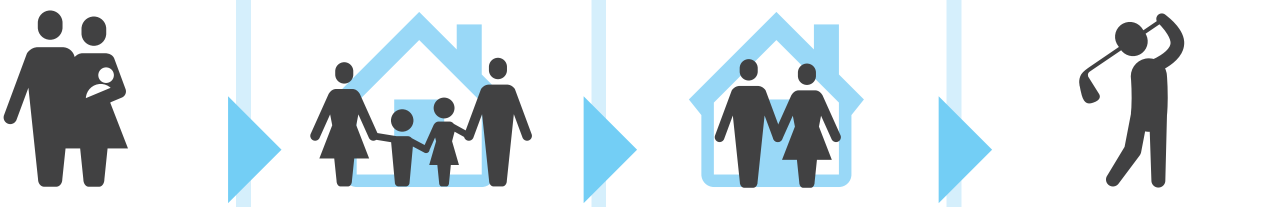
Relishing retirement

Stepping into retirement should hopefully be stress-free if you've planned carefully. You should ideally enjoy the well-earned fruits of your labour but this requires careful structuring of your portfolio, using a combination of growth and income based investments and income stream plans, as well as planning the liquidity needed for major purchases and lifestyle experiences. At the same time your social security position needs to be considered, so that you can take full advantage of entitlements. Passing on your estate to beneficiaries needs due consideration too, so that the wealth you have built is preserved in accordance with your wishes and for the maximum benefit of those who will inherit it.

Why advice is so important

Each life stage has its challenges and complexities and this is where some experienced, professional advice can make all the difference. Your Matrix adviser is ready to guide, coach and support you on every twist and turn, so that you can be confident and secure along every stage of the journey.

YOUR FINANCIAL LIFE STAGES



GROWTH	CONSOLIDATION	EMPTY NEST	RETIREMENT
Income established Expenses develop	Income rising Expenses peaking	Discretionary income lift Expenses tapering	Investment income Expenses contained Lifestyle developed Estate planned

TIME MANAGEMENT TIPS.

Feeling stressed about not having enough hours in the day to get things done? Try these tips to get in control.

Plan ahead

Many of us never bother to plan the day ahead and wait until the day is upon us before deciding what they will do. Inevitably 'stuff' happens and we end up being reactive, rather than allocating time effectively. Planning the day ahead the night before will allow you to be objective about time use and eliminate time wastage.

Get in control of your social media

The great modern day time guzzlers of Facebook and Twitter can sap our energy and brain space, so allocate specific time for its use. Email can also chew up unnecessary hours, so allocate time to attend to it during the day, rather than making it your first port of call.

"Me time"

Whether it is walking the dog, taking a nap or playing a musical instrument, find out what it is that "refuels" your energy levels and gives you mental breathing space and then make sure you schedule that "me time" as a priority in every day.

Consolidate housekeeping tasks

Busy lifestyles can often mean that tasks such as shopping, cooking and cleaning happen in an ad hoc fashion. Consolidating such activities can reap you hours every week, so why not shop once a week instead of daily, cook meals that can be batched and frozen and set aside a specific time of the week for all the cleaning.

MARKET UPDATE.

CASH

The Reserve Bank of Australia (RBA) left the overnight cash rate at 1.5% at its final meeting for 2016 in December and did the same in the February 2017 meeting. Market expectations are that the RBA continues to sit pat throughout 2017.

BONDS

A sharp move in bond yields in November was moderated in December.

2016 was remarkable as yields defied expectations and continued to get even lower in the first half of the year. The Australian 10 year government bond got to a low of 1.8% in early August, before rocketing to 2.9% just before Christmas, primarily on the back of the US market.

The US 10 year hit a low of 1.4% in early August and then climbed to a year high of 2.6% in mid-December. Having said this, the spread (that is the extra yield investors demand to hold Australian bonds over US bonds) continued to tighten, reflecting the contrast between Australia's post-mining boom economy and a US economy at full employment with the prospect of pro cyclical fiscal stimulus.

AUSTRALIAN EQUITIES

Australian equities jumped by over 4% in December, giving a healthy 11.6% return for 2016. As well as the general revival of Keynesian "animal spirits", Australian shares were driven by developments in China, where authorities, spooked by a sharp slowdown in growth, hit the stimulus lever in late 2015. This revived infrastructure and residential property construction in 2016, which flowed on to our commodity exports.

In addition, an environmentally driven clampdown on domestic coal producers saw the two coals (coking and thermal) rally.

Much of the extreme move in iron ore prices, (from USD39.51 a tonne USD 83.58), cannot be explained by fundamentals. Indeed, iron ore stockpiles in China by year end were back to 2014 levels and new supply sources are coming online in Australia, which will add to seaborne iron ore supply in the first half of 2017.

INTERNATIONAL SHARES

Developed market equities continued their push upwards, adding another 4.5% in December. The US dollar continued to strengthen against the Australian dollar and even moreso against other currencies due to the elevated price of hard commodities, resulting in currency hedged international shares underperforming unhedged. Emerging markets stocks recovered over the December quarter, following the initial post Trump sell off on fears of protectionism and rising US interest rates. Brazilian shares gave up -3% in December, but still remained one of the best performing markets globally for the year with 37% in local currency terms and an eye watering 67% in USD.