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MARCH 2018

IN THIS ISSUE

Welcome to our March edition of our Newsletter.

This month it gives me great pleasure to welcome back Lucas Garside to the team.

Porsha and Amanda are still on hand to help with any of your general enquiries.

This year has gotten off to a rocky start with the markets showing they continue to be volatile and highlighting the need for diversification within portfolios.

I have now returned from climbing to Everest Base camp and am looking forward to thawing out and continuing to be of service to you.

Talk to you soon.

Yours sincerely,

Julie Berry CFP
Certified Financial Planner™
Berry Financial Services
Authorised Representative No 263902
ClearView Financial Advice Pty Ltd
AFSL: 331 367

TOPICS THIS QUARTER

Money Musts before you go….Don't leave behind a financial mess

It might be hard to think about, but if something happened to you, having your financial affairs in order will make a difficult time a little easier on your family.

Teaching Kids/Grandkids about money.

In a rapidly changing world, teaching your children or grandchildren about managing money has never been more important.

Meet our New Team member

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Money musts before you go……Don't leave behind a financial mess

It might be hard to think about, but if something happened to you, having your financial affairs in order will make a difficult time a little easier on your family.

Check bank accounts and other assets

Can your bank accounts be accessed by your partner when you die? Check with your bank if you are unsure, as they may only be able to access joint accounts.
If accounts are in your name only, how would your family access funds? Do you need to set up an emergency fund to cover things like funeral expenses, that more than one person can access?
Review your assets and work out which ones will be passed directly to beneficiaries and which ones will have to go through your estate.
For example, if you own a property with a partner as joint tenants, the property will automatically transfer to your partner in the event of your death. However, the same property owned solely by you will become an estate asset and will need to be dealt with in your will.

Review your life insurance

If you have people in your life who rely on you for financial support, such as a partner or dependent child, having life insurance is one way to make sure their financial needs are taken care of if something were to happen to you.
Life insurance (also known as death cover) will pay a lump sum to your beneficiaries in the event of your death. This money could be used to pay off your mortgage or other personal debts or provide an income for your dependents.
You might also want to consider getting total and permanent disability (TPD) cover, which will pay a lump sum if you become totally and permanently disabled. If this happened, not only would you lose your income, but you may have high care costs.

Life insurance through super:
Most super funds will automatically provide you with basic death and TPD cover so you may already have some cover within your superannuation fund.

Super and life insurance beneficiaries:
Review the beneficiaries you have nominated with your super fund or life insurance policy, especially if you have separated from your partner or your children are now adults.
Make sure you understand the tax implications of your beneficiary nominations. For example, a super benefit may pass to a spouse tax-free but may be taxable in the hands of adult children.

Involve your partner

If your partner is not involved with your finances, try to get them involved. Introduce them to your accountant, financial adviser, lawyer, or any other professional you use to help manage your affairs.
If you don't do so already, consider taking your partner to any face-to-face meetings so that they will become familiar with the person and where they are located.
If something unexpected were to happen to you, your partner should at least have a basic idea of what assets and liabilities you have and who helps you manage them.
If you are managing your own affairs, consider leaving detailed instructions on how to access joint assets such as bank and investment accounts in a secure place. Do not store passwords with log in details.

Write or update your will

Having a valid will ensures your assets go to the people you want to have them. You might also consider granting someone you trust an enduring power of attorney to manage your affairs should you lose mental capacity.
It's a good idea to review your will and powers of attorney on a regular basis or whenever your circumstances change.
Be aware of events that may invalidate your will, for example, a new marriage will void your will but divorce will not.

Guardianship of children
A will can also contain details of who will take legal guardianship of dependent children if something happens to both of you. This person is usually someone you trust to raise your children in a similar way to the way you are raising them, and someone who has the emotional and financial capacity to take on the responsibility.

Setting up a trust
If you have a lot of assets or a complicated family structure you may consider using a trust to hold your assets. A family trust can be created while you are still living. A testamentary trust is created by instructions in your will, in the event of your death.
You should ask a legal professional to check your estate plan to make sure it is valid.

Keeping your important documents safe

To make sure the person managing your estate can easily locate all of your financial information, set up a file listing all your assets, liabilities, insurance policies and other financial information. The file should include all relevant details such as:

- the financial institution, account number, name of the account
- policy provider, policy number, date account opened or policy commenced
- any other information that may be required to accurately identify you or your account.

You should also include the latest account statement for these documents in the file. Don't forget to include financial products where you receive correspondence by email.
Consider keeping a hard copy and an electronic copy of this file.

Don't leave behind a financial mess when you die. Develop a plan and get your paperwork in order to make sure your loved ones have one less thing to worry about when you've gone.

Source: ASIC MoneySmart: www.moneysmart.gov.au

Teaching Kids and Grandkids about money.

Piggy bank basics

In a rapidly changing world, teaching your children or grandchildren about managing money has never been more important.

Why teaching financial skills is important

If kids develop good financial skills from an early age they'll be ready for the financial challenges of adulthood.
Giving your kids a good foundation and teaching them about money matters is critical for their personal development.
Showing children the basics such as how to budget, spend and save will establish good money habits for life.
In a time of credit cards, internet banking and online shopping, children don't often see people buying products with physical money like notes and coins.
Not seeing money exchanged for purchases makes it harder for kids to get their heads around what things cost. They might see this invisible money as an abstract and unlimited resource rather than real money coming in and out of their family's bank accounts.
Talk to your kids about money often to help them make this invisible money real.

When should you talk to your kids about money?

Teaching younger kids the value of money through real life situations and examples will help them understand where money comes from and how it is earned. Here are a few examples of how you could approach this with your kids.

At the ATM

The ATM is a great place to start teaching kids about money.
You could explain to your child that the ATM holds the money you have made by working hard and saving. It is not just a hole in the wall where money comes out.
When you take money out of the ATM it is taken from your bank account and you'll have less in your account to spend later.

At the supermarket

When buying items at the supermarket, you can explain to your kids how items are priced and that you can get cheaper or more expensive versions of the same product. This is also an opportunity to discuss how you can shop around for the best price.
You could get them to compare prices for you and pick the cheapest one. If they want a particular brand then explain the price difference to them.

Paying bills

If you receive bills in the mail or online, this can be an opportunity to explain that electricity or your internet connection costs money. You could explain that to pay a $150 power bill it took you so many days at work to earn the money.

This will help create a connection between time spent at work and money, as well as the fact that electricity and the internet cost your family money. It might also make them think twice about leaving lights and appliances on.

Doing a budget

Involving your kids in discussions about your family budget is another way you can talk to your children about money. This helps give them the big picture about costs and spending.
By explaining how much money your family has to spend every week and how this money is spent your kids will better understand the costs of family life and how much can be saved for other things.

Giving pocket money

Pocket money can help children better understand the value of money. See our giving kids pocket money webpage for more details.

Which money concepts to teach at different ages

As your children grow up, they will have different experiences and require a better understanding of money. Here are some ideas about the sorts of things your children will need to know at different ages.

Smart tip

Let your kids pay for small expenses with their pocket or birthday money. This will help them work out how far their money will go.

Younger children (Preschool age)

- You need money to buy things
- Money includes notes and coins that have different values
- You earn money by going to work
- There is a difference between things you need and things you want

School age children (Primary school)

- Comparing prices and shopping around before you buy something is a good habit to get into
- Be careful when shopping online and never share your personal information online
- You need to be patient when saving up and you can make choices about how to spend your money

Teenagers (High School)

- It is better to use cash than credit
- Credit is money that you borrow and have to pay back with interest
- It is good to have savings in case of a money emergency
- If you work a part-time job, you need to check your pay slip to see that you are being paid the correct amount and if you are paying tax
- Keep track of mobile phone data and expenses to make sure you don't run out of credit or get stuck with a large bill
- Bank accounts can help you to track and keep your money.
- Doing a budget helps you work out how you should spend your money
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Practical ways to raise money smart kids

When children get to an age where they are earning pocket money or working a part-time job, they will start to spend their own money.

Here are some things you may want to do with your children or grandchildren to help develop their financial savvy and independence:

- **Shopping lists** - Ask your kids to help you compile a shopping list of needed items for home.
- **Research purchases** - Work with your children to research online or shop around to find the best price for an item they want.
- **Set goals** - Help your kids to set a goal and track their savings through a chart (for example, they could colour in coins on a chart to show their progress). For older children and teenagers set up a bank account and help track saving and spending.
- **Plan an event** - Involve your children in planning and budgeting for special occasions such as outings or birthdays. If you are going on an outing work through all the costs including transport and food as well as any admission prices.
- **Shop safe online** - Make sure your kids are safe when online shopping and know how to spot an online scam. If it sounds too good to be true, it probably is.
- **Needs vs wants** - Help your kids avoid spontaneous purchases and set goals to think about whether they want an item before parting with their money. Discuss the difference between needs and wants and encourage your children to think about this before spending.
- **Check mobile use** - When your child receives their first mobile phone, show them how to check and minimise data usage, set boundaries on use and involve them in selecting pre-paid or a plan.
- **Criticise ads** - Get your children to review advertising on TV and in catalogues with you. Ask them what the ads are trying to sell, how they try to sell it to you and if they need the product they are advertising.

Teaching kids about money is an important skill. Money skills should be developed from an early age and fostered into young adulthood. The more financially savvy your children are the better spending decisions they will make throughout their lives

Source: ASIC MoneySmart: www moneysmart.com.au

Berry Financial Services welcomes Lucas Garside back to the Team

Lucas has been a financial adviser for seven years. He was originally with Berry Financial Services from 2011 to 2013.

In his professional life, Lucas' success is built on long term relationships with his clients and providing them with quality advice and personal service.

Lucas specialises in:

- Pre-retirement Planning
- Superannuation and Rollovers
- Wealth Accumulation
- Cash Flow Management
- Retirement Planning
- Centrelink Entitlements
- Tax Effective Investment Strategies
- Risk Protection

Lucas has a Diploma in Financial Services and an Advanced Diploma of Financial Services. He is also a member of the Financial Planning Association AFP.

Lucas and the rest of the Berry Financial Services team look forward to meeting with you to discuss your financial needs.