



FIDUCIAN FOCUS

Edition 3, 2024



FINANCIAL SECURITY FOR YOUNG FAMILIES

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One of my clients recently asked me “As a parent of two young kids, I'm increasingly worried about our financial security in case something unexpected happens. Can you provide guidance on how to financially protect my family in such events, ensuring we have a safety net?”



Ensuring your family's financial security is paramount, especially with young children depending on you. Having a safety net is always a good idea. This will come in a few different forms and your own personal circumstances will determine the level of safety net(s) you need. Here's a breakdown of the key areas you might consider:

1. General Insurance

Ensure you have adequate coverage for health (hospital and extras), car, home and contents, and any other valuable possessions like pets. These insurances help protect against financial loss due to unexpected events.

2. Life Insurance

Life insurance provides a lump sum payment to your family in the event of your death. This can cover expenses such as debt repayment, funeral costs, income replacement for your spouse or children, and future educational expenses for your children.

3. Total and Permanent Disability (TPD) Insurance

TPD insurance provides a lump sum if you become totally and permanently disabled and are unable to work. It can cover various costs including debt repayment, income replacement, medical expenses, children's education expenses, and ongoing care needs.

4. Income Protection

Income protection provides a monthly benefit if you are unable to work due to illness or injury (usually between 60% - 75% of your current salary). This ensures a continuation of income during your recovery period.

5. Trauma Cover

Trauma cover pays a lump sum if you are diagnosed with a serious medical condition listed in your policy, such as heart attack, cancer, or stroke. This lump sum can be used to cover medical expenses, lifestyle adjustments, or any other financial needs.

You may already have some cover in your super, but it is important to review this and ensure you cover everything that is required. There are a number of ways to pay for this cover. Your financial adviser can provide you with a full review and to discuss the costs and your options available.

6. Emergency funds

It's essential to have liquid savings set aside for emergencies. This can be in the form of cash savings, a separate savings account, or a readily accessible line of credit. Aim to build up an amount that covers several months' worth of essential expenses.

7. Savings for Education

With young children, planning for their future education expenses is crucial. Consider setting up a savings plan or investment specifically earmarked for their education costs. There are dedicated education savings plans that offer tax benefits and other advantages.

8. Estate Planning

Prepare a comprehensive estate plan with a solicitor or estate planning specialist that includes a will, powers of attorney, and guardianship arrangements. This ensures that your wishes are carried out in terms of asset distribution and guardianship of your children in case something happens to you and your partner.

Seeking the advice of a qualified financial adviser is highly recommended. They can assess your specific needs, review your current coverage, and help you choose the right mix of insurance policies and savings strategies to build a robust financial safety net for your family. They can also assist with estate planning to ensure your family's future is secure regardless of unforeseen circumstances.

To find an adviser in your local area, visit www.fiducian.com.au today.



NAVIGATE YOUR FINANCIAL JOURNEY: ESSENTIAL GOALS FOR EVERY LIFE STAGE

Embarking on a financial journey is a lifelong adventure, filled with milestones, challenges, and opportunities. Each stage of life presents unique financial goals, from building a solid foundation in your early years to securing a comfortable retirement. Understanding and setting these goals is crucial to achieving financial stability and peace of mind. Whether you are just starting your career, growing a family, or planning for retirement, this guide will help you navigate the essential financial goals for every life stage, ensuring you stay on track to achieve your dreams and secure your future.

Financial Goals for your 20s

Your 20s are a transformative decade, laying the groundwork for your financial future. This is the time to focus on education, career-building, and establishing sound financial habits. Setting clear financial goals during this stage can pave the way for long-term success and stability. Here are some of the key financial priorities you might focus on during these early adulthood years:

- Education & Skill Building:** Save for higher education or vocational training.
- Starting a Career:** Focus on building a career and increasing income.
- Emergency Fund:** Save 3-6 months' worth of expenses.
- Debt Management:** Pay off student and/or credit card debt.
- Investing Early:** Start contributing to superannuation and investments.



Financial goals for young adults in a relationship

Navigating financial goals as a young adult in a relationship can be both exciting and challenging. As you build a life together, setting clear financial priorities is essential for achieving long-term stability and success. Now's the time you might consider investing, if you're not already. Even a small amount of money invested each month has the potential to grow into a sizable sum over time. While there are risks, it's important to consider investment fundamentals (such as diversification, risk tolerance, and time horizon). By prioritising these financial goals, you and your partner can build a solid foundation for a prosperous future together. Consider:

- Home Ownership** Save for a deposit or pay off mortgage.
- Family Planning:** Budget for children's education and family needs.
- Career Growth:** Increase earnings and job stability.
- Retirement Savings:** Optimise superannuation contributions.
- Insurance:** Ensure adequate life, health, and disability insurance.

Financial goals for young families

As a young family, establishing a solid financial foundation is crucial to securing a stable and prosperous future. With various priorities to balance, setting clear financial goals will help you navigate this exciting and challenging phase of life. Here are the some of the key financial priorities for young families:

Building an Emergency Fund: Save 3-6 months' expenses to cover unexpected events.

Debt Management: Focus on paying off high-interest debt.

Home Ownership: Save for a deposit and buying a home that fits your family's needs.

Family Planning: Budget for children's education and family activities.

Career Growth: Increase earnings and job stability.

Retirement Savings: Start or continue to optimise superannuation contributions.

Insurance: Ensure adequate life, health, and disability insurance to protect your family.

Estate Planning: Create or update wills and set up guardianship plans for your children.

Mid-Life Financial goals

Reaching mid-life often brings a renewed focus on financial stability and future planning. Retirement planning becomes more pressing as children may begin to leave home. However, this is not the case for everyone. Some will be sandwiched between meeting the needs of their adult children (who might still be living at home) and their ageing parents. This prolonged caring role can affect both mental health and retirement savings.

It is also during this time that individuals tend to focus on establishing a comprehensive estate plan, including drafting a will to ensure their assets are distributed according to their wishes. If you share finances with a spouse or have a complex estate, it may be necessary to engage in detailed discussions with your solicitor to address any legal and financial complexities.

Here are some of the key financial priorities you might want to focus on during these years:

Retirement Planning: Finalise retirement savings goals.

Investment Strategy: Adjustments to investment strategies to align with your goals.

Debt Reduction: Paying off any remaining debt.

Health Care Planning: Plan for healthcare costs in retirement.

Estate Planning: Create or update wills and estate plans.

Financial Goals in retirement

Now that you're retired, it's essential to focus on careful financial management. Reviewing your estate plans with your children can help ensure that everyone understands their roles and responsibilities, especially if a family member is your executor. Additionally, you might want to consider discussing aged care options and exploring services like the Commonwealth Home Support Programme (CHSP), which can provide support to help you live safely and independently at home.

Financial goals in your retirement might include:

- Reviewing and adjusting retirement plans as needed.
- Consider your superannuation paid as a lump sum, an account-based pension, or a combination of both.
- Finalising estate plans, including what you intend to do with your home and discussing them with family members.
- Exploring pension options and government benefits eligibility.



Regardless of age, certain habits can support financial well-being. It's worthwhile to regularly review your financial health and adjust plans accordingly. Also, seeking professional advice for major financial decisions and optimising your financial strategy might provide peace of mind too.

By aligning your financial goals with your life stage, you can build a secure financial future and achieve peace of mind at every age.



THE FIDUCIAN GLOBAL SMALLER COMPANIES STRATEGY & THE FIDUCIAN EMERGING MARKETS STRATEGY

The Fiducian Global Smaller Companies and Emerging Markets Fund has been an excellent way of gaining exposure to two important international shares sectors. These sectors are smaller companies that are listed on recognised stock exchanges in the developed markets and companies that are listed on stock exchanges in so-called 'emerging markets' (in developing countries).

Why should we invest in these sectors?

Smaller companies in developed and better regulated markets have shown superior growth over the longer-term when compared with their larger peers, as they are generally more flexible and operate in market niches that give them greater opportunity to increase profits.

Emerging markets funds invest in developing countries and offer investors the opportunity to benefit from the significant growth potential inherent in many of these economies as the living standards of their people rise.

What has changed?

From 27 June this year, investors are now able to access these sectors separately by investing directly into them rather than having to combine exposure as determined by Fiducian.

These two new strategies enable investors to continue to maintain exposure to global smaller companies in the developed markets and to emerging markets but with the ability to finesse exposure to each of these two international market segments to suit their personal circumstances.

What to do?

We recommend that investors continue to hold exposure to these two sectors and encourage investors to engage with their financial adviser to ensure that they are comfortable with the new arrangements being put in place.

Remember that your financial adviser can provide all necessary personal advice after taking into account your personal circumstances, objectives and needs.

START THE NEW FINANCIAL YEAR STRONG



As we begin the new financial year, many Australians are finding they have plenty of financial upkeep to do.

Here we share some changes you should be aware of, as well as a few tips for staying on top of your finances at this time of year.

The super contribution caps have increased

The super contribution caps have increased on 1 July this year, meaning that Australians will have more scope to boost their retirement savings by making extra contributions. The annual cap for concessional contributions will go up from \$27,500 to \$30,000, while the cap for making non-concessional contributions will increase from \$110,000 to \$120,000.

Concessional contributions include the compulsory super payments made by employers, contributions made as part of salary sacrifice arrangements, and voluntary contributions that are claimed as tax deductions. They are generally taxed at 15%, which is lower than the marginal tax rates that apply on most incomes.

If you're thinking about putting some of your take-home pay or savings into your super and claiming this as a tax deduction, just remember to submit a Notice of Intent form to your super fund. This should be done before you complete your tax return, before 30 June of the following financial year, or before you move money out of the super fund (whichever comes first).

In addition, if you haven't maxed out your [concessional contribution caps](#) over the previous five years, you might be able to carry them forward to increase your cap this year. To be eligible to do this, your total super balance will need to be less than \$500,000 at 30 June of the previous financial year.

Other super news

Also on 1 July, the minimum amount of super that employers have to pay their workers (known as the Superannuation Guarantee rate) increased from 11% of employees' ordinary time earnings to 11.5%. These increases are scheduled to continue until the Superannuation Guarantee rate reaches 12% on 1 July 2025.

As for the general transfer balance cap, which is the total amount of super you can transfer to a tax-free retirement phase account, this will remain unchanged at \$1.9 million. This figure is periodically indexed in line with inflation, and the December quarter didn't return a CPI high enough to justify raising it by the usual \$100,000 increment.

Keep in mind that your personal transfer balance cap may be less than the general transfer balance cap. You can find out your personal cap through the ATO portal within myGov.

Super to be paid on government-funded paid parental leave

Superannuation will be paid on [government-funded paid parental leave \(PPL\)](#) for parents of babies born or adopted on or after 1 July 2025. Eligible parents will receive an additional payment based on the superannuation guarantee (12% of their PPL payments), as a contribution to their superannuation fund.

Payments will be made annually to individuals' superannuation funds from 1 July 2026.

PROFESSIONAL DEVELOPMENT DAYS

Coming together as a group strengthens our Fiducian community. We recently hosted our second Professional Development (PD) Days for 2024, in Sydney. Over 140 Financial Advisers, staff and management came together from around the country to share and learn from various areas of the business, building on our professional abilities, knowledge, and skills so we can continue to provide the highest quality of financial advice to our clients.



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