

Issue 8 – May 2007

MLC Adviser Scholarship Program

Congratulations to Jillian Stothers for having successfully completed the MLC Adviser Scholarship Program (March 2007). The scholarship program is conducted by MLC Limited.



The MLC Adviser Scholarship Program is about providing extra skills to advisers & paraplanners that already have the technical aspects of financial planning but wish to enhance skills such as:

- sales
- interpersonal skilling
- communication
- developing relationships
- business planning and
- marketing



The scholarship program runs over a 2 year period. Jillian started the program in July 2005 and finished March 2007. This was the first intake to the newly introduced program by MLC. Of the 25 participants that started in July 2005, 16 Graduated on the 23rd March 2007.

This is what Jillian had to say: *“My personal growth through this has been amazing and will continue even after the program ends.*

Throughout the program I have had to think outside the square and push myself beyond what I thought were my limits. I do believe that partaking in Success

Coaching and internal leadership programs with Independence Group at the same time I started the Scholarship only enhanced my learning abilities.”

Congratulations once again to Jillian!

The risk of outliving your savings

A century ago, retirement strategies were not an issue for most people... they just didn't live that long. In 1901, the average life expectancy was around 57 years. Thanks to advancements in medical science, life expectancy figures have now jumped to 75.5 years for men and 81.5 years for women and are expected to keep rising.

The problem, however, with these figures is that they are just averages. This means that half of the population will outlive them and half will die earlier.

If you are lucky enough to fall in the half that outlives the average, do you know by how much you'll outlive it? Of course not! They say the only certainties in life are death and taxes, but at least we know when our taxes are due.

These days, one of the biggest risks we face when planning our retirement is that we outlive our retirement savings.

That's okay, you say, you'll just live off the Age Pension when your money runs out. Bear in mind, however, that this pension currently amounts to \$13,314.60 for a single person a year and \$22,240.40 a couple per year, and may not be enough to keep you in the style you might have become accustomed to.

Also take into account the possibility that if a bigger percentage of our population is living longer in retirement, future governments may not be able to sustain this level of Age Pension.

Planning for Financial Independence at retirement can reduce the risks of outliving your savings.

If you need help with any Superannuation or other wealth creating strategies, please call Lee-Anne, Donna or Arthur on 0249 625 814.

Source: Your Financial Future LGSS

Property – Investor Hotspot

Adapted from: “Money Magazine” – May 2007

In hunting out likely future hotspots, investors should look for at least two of the key qualities that make an area stand out from the crowd - says Terry Ryder in his article titled “Top 5 Buys”.

The **West End, QLD** (as featured in the May issue of Money magazine) is one of those hotspots that is blessed with at least four major factors working for it. Lifestyle Features and Urban Renewal - Government decisions are immediate influences on this market; new Transport Infrastructure is in prospect; and once the Brisbane market moves into recovery, the Ripple Effect will also come into play.

West End, an inner-city precinct that sits just beside South Brisbane – home of the South Bank Parklands, is a “peninsula” suburb, with Brisbane River wrapping around it, so it is affected by the greatest wealth creator in real estate – water. Increasingly, riverfront land occupied by industrial uses is being converted to residential.

One sign of West End’s transformation is plans for a \$250 million “urban village” with apartments, shops and offices. There is a \$550 million redevelopment of the South Bank Institute complex and the \$290 million Millennium Arts Project, which includes a new Queensland Gallery of Modern Art and redevelopment of the State Library.

The dangerous divide for our ageing population

Smart Investing by Robin Bowerman, Vanguard Investments Australia

If you want to understand the genesis of the next generational battleground you need read only one paragraph of Federal Treasurer Peter Costello's Intergenerational Report 2007.

This report updates the demographic challenges facing Australian society - and what the government is doing in response. The statistic that is possibly most sobering is that by 2047 there will only be 2.4 people of working age to support every one over the age of 65. Today there are five people of working age to support everyone over the age of 65 and that starts to decline quickly from 2010 onwards - less than three years away.

Looking at those figures another way the aged-to-working-age ratio today is 20% and by 2047 will more than double to 42%. To state the extreme case imagine the conversations between parents and children in later years when young working Australians will be labouring to pay rising tax bills while their parents enjoy their tax-free retirement pensions.

But for younger Australians the biggest issue is not the cost of providing the previous generation's pension or health care but rather the drop off in economic growth that is forecast over the next 40 years.

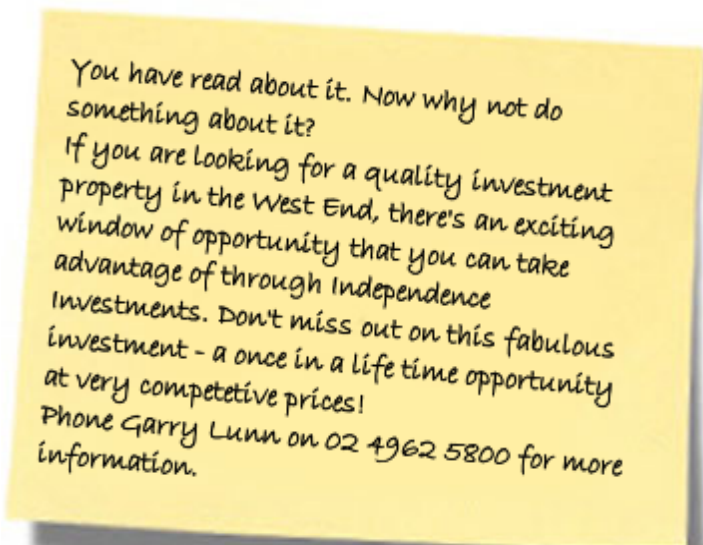
That means some tough decisions ahead for politicians and voters alike. At stake are our standards of living - taxes could be raised to pay the higher bills and the government is predicting large federal budget deficits rather than the annual surplus we expect at the moment.

The message out of the intergenerational report is that significant challenges remain for our standard of living to be sustainable and that at least is something that will hopefully unite rather than divide younger and older Australians.

Source: Vanguard Investments Australia

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Comments and contributions always welcomed.

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