

How much of my investment portfolio should I invest in growth assets?

Growth assets are more volatile than the defensive cash and fixed interest asset classes as valuations can fluctuate and income can be irregular. Although growth assets are more volatile they generally provide higher returns over the long term.

The amount of exposure to growth assets is dependent upon your tolerance to investment risk. Those who have a long term investment time frame and who are comfortable with some investment volatility should have a higher percentage of their asset base invested in growth assets compared to someone who is less tolerant to investment volatility.

Your Lifespan Financial Adviser will be able to help you determine your attitude to investing and your tolerance to investment risk. This will enable them to tailor an investment plan suited to your needs taking into account your personal needs and objectives.

Disclaimer: The material provided in this document is provided for information only and constitutes general financial product advice. It does not take into account your personal financial situation, objectives and needs. Consequently before acting upon the information in this brochure you should consider its appropriateness to your financial situation, objectives and needs.



Australian Financial
Services Licence No. 229892
Telephone 02 9252 2000



www.lifespanfp.com.au



Investing for life

How to secure your financial future



Investing for Life

Whether you are young and single, have a family, empty nesters or retirees it is imperative that you seek financial advice tailored to your individual needs and objectives to assist in securing your financial future.

The sooner you start planning for your financial future the better off you will be.

We probably all know people who have been on low to medium incomes but amassed considerable wealth and have become financially independent. Conversely, many of us are probably aware of high income earners who mismanage their money which highlights the need for sound financial advice.



Your financial objectives will differ throughout your life:

- If you are young, it is important that you commence a savings investment plan at the earliest opportunity to assist you to meet your financial goals. This may include saving for a deposit for your first home or simply investing for a rainy day.
- Those with families are generally looking to reduce their mortgage and fund their children's education needs. At this stage in your life your most valuable asset is your capacity to earn income – most people wouldn't dream of leaving their home, contents and motor vehicle uninsured so it is imperative that you have adequate personal insurance to provide financial protection for your family in the event of death, disability or serious illness.
- Empty Nesters should focus on paying off their mortgage and investing for their retirement. This should include building up assets within the tax effective superannuation environment.
- Retirees have different needs and objectives, some like to continue working part time whilst others prefer to catch up on the things they couldn't do while working full time such as traveling or spending more time with family and friends. For retirees it is essential that their asset base maintain purchasing power for as long as possible to avoid being reliant on Age Pension benefits.

Throughout your financial life you must ensure that your asset base is not eroded by the long term effects of inflation.

Your investment portfolio should include an exposure to some assets which provide scope for some long term capital growth. Capital growth is the increase in market value of an investment over time i.e. the difference between the current value and the original purchase price. Property and shares are examples of growth assets.

Quality shares held direct or through managed funds should form part of your investment portfolio.

The income generated from Australian shares is also very tax effective as you may receive a cash dividend with franking credits attached (franking credits are equal to the amount of tax paid by the company on its profit) which are then used to offset your personal tax payable or the taxation liability of your superannuation investments.