How well are you doing?

Use this checklist to obtain a rough idea of how well you are addressing your personal financial planning needs. Any un-ticked boxes need to be addressed as soon as possible.

General

- ☐ Are your goals/plans in writing? Putting your goals in writing greatly increases the likelihood of meeting them
- ☐ Do you know how much you need to retire? As a rough *rule of thumb* you need a net asset base of 20 times required income. For example, if you need $80,000 of pre-tax retirement income, you need net assets (i.e. net of debt) of approximately $1.6 million

Property Investments

- ☐ Have you reviewed the performance (capital growth and rental yield) of your investment properties and compared the return to benchmarks (such as '*rules of thumb*' and median price growth)? Consider disposing of under-performing properties
- ☐ Have you considered the effect of land tax when determining how your property investments are owned? Land tax can become very costly after you have owned property for many years
- ☐ Do you have Landlord insurance? Does it cover you for loss of rent and/or public liability cover (in case someone injures themselves whilst on the property)?
- ☐ Review rents on all investment properties. Speak to an independent real estate agent or investment property advisor to determine if your rents are under fair market value
- ☐ Develop an acquisition plan for any future investment property purchases. The timing and structure of each acquisition will depend on many factors including your budget, ownership structure, level of gearing, where each State is in the property cycle and so on

Share Investments

- ☐ Do you have a share market investment strategy or do you invest in shares and/or managed investment on an ad hoc basis? One of the most costly mistakes many investor's make is the absence of a sound strategy. We suggest you educate yourself about the difference between passive and active investment philosophies – you can start by clicking here and here
- ☐ Review performance and fees with all share market investments. As a general rule, you shouldn't need to pay much more than 1% in overall management and investment fees
- ☐ Do you have any gearing against your share market investments (e.g. margin loan)? If so, is the loan to value ratio safe and manageable?
- ☐ How much better than the index (e.g. ASX 200) has your fund manager/stock broker returned to you after their fees?

Asset Protection

- ☐ Do you or your spouse have a higher risk of being sued (professionally or personally)? Does the 'at risk' person own or control any significant assets such as your home or investments? Assets in companies and trust may be exposed if the 'at risk' person is seen to control these assets
- ☐ How would a marital or de facto relationship breakdown impact on your asset base and/or your financial dependants? It is not nice to think about these things but the divorce rate is high enough to present a risk

Estate Planning

- ☐ Are your Will/s and Power of Attorney/s up-to-date? Generally, they should be reviewed and updated every 3 years
- ☐ Who is your executor/trustee of your Will? Are they still a 'trusted' person?

Estate Planning... continued

- ☐ Have you completed a superannuation death benefit (binding) nomination? These need to be completed every 3 years – contact your super fund
- ☐ Do you have any companies or trusts? If so, have the control of these entities been addressed in your estate plan (e.g. replacement of directors, appointers, trustee and so on)
- ☐ Do you want to provide for certain beneficiaries in a certain way? It might be a good idea to split assets in certain ownership structures to reduce the risk of 'disagreements' after your death

Debt Management

- ☐ When did your mortgage broker or banker last review your loan structure to identify areas for improvement such as excessive security (property), inefficient products, uncompetitive rates or fees, ability to consolidate loan accounts and opportunities to restructure a superior solution

Tax Planning

- ☐ How are taxable income and losses received? Are these elements of income received efficiently to reduce overall tax payable?
- ☐ Do you receive any imputation credits via recept of dividends? If so, are these received efficiently to minimise overall tax payable?
- ☐ Do you have a plan to minimise income tax (and other taxes) over the short and long term?

Risk Management

- ☐ Do you have a plan to manage the effect of future interest rate increases? Maybe there are actions you can take today to prepare yourself for a higher interest rate environment
- ☐ When did you last review your life, disability and income protection insurances? Be careful to check for both under-insurance and over-insurance (i.e. paying too much for unnecessary cover). Note: a commission-free financial planner can save you 20 to 30% off your annual insurance premiums
- ☐ Review home loan and level of repayments to determine if there are any opportunities to repay it quicker. Things like cash flow budgeting, optimising the loan product or 'repayment flexibility' loan structures can be employed
- ☐ Are you under-investing (not investing enough to meet retirement) and/or do you hold poor quality investments? What are you doing to monitor and mitigate these risks?

Implementation of your plan (almost more important than the plan itself)

- ☐ Are there investments that you planned on making last year that you didn't do? If so, set yourself a deadline to make these investments as soon as possible – better still, engage a professional to do it for you such as a financial planner, stockbroker and/or property buyer's agent
- ☐ Are you time-poor? Consider engaging a trusted advisor (such as your accountant or financial planner) to implement or project manage your investment plan. Procrastination often costs far more than advisor fees

Final thought:

People most regret the things that they didn't do, not the things that they have done. It's highly unlikely that you'll regret working on and implementing your financial plan.

Further information:

For further advice or information on any of the abovementioned subjects, please contact Justine Hendry, Senior Wealth Advisor on (03) 8624 4600 or advice@prosolution.com.au. You can find out more information about ProSolution Private Clients services by visiting our website at www.prosolution.com.au.

Warning: This checklist is by no means an exhaustive checklist and hasn't been prepared for your personal circumstances. No information contained herein should be construed as personal financial advice.