

Autumn 09

Successful People

 AUSTRALIAN FINANCIAL SERVICES



Successful People



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MONEY QUIZ ANSWERS: 1) Bernard Madoff, 2) General Motors, Ford and Chrysler, 3) Diversification, 4) Storm Financial Ltd, 5) 3.25% (as at 3 March 09), 6) A strategy whereby the interest cost of the funds borrowed to invest is higher than the receipts of the assets into which the funds are invested, 7) 25%, 8) 75% of income earned from personal effort (for example income from passive investments would be excluded from the calculation), 9) A credit, 10) OZ Minerals Ltd, 11) Timothy Geithner, 12) Chartered Financial Analyst, 13) 1983, 14) Dominique Strauss-Kahn, 15) Investments are made according to the expected impact that future developments will have on asset values



“If you’re going through hell, keep going.”
– Winston Churchill

Hitting rock bottom

It’s difficult to imagine a more dismal global economic environment than that confronting investors right now. Many economic indicators are at multi-decade or all-time lows and the consensus is that the global economy is in the worst recession since the Second World War. Firms around the world are cancelling investment and hiring plans. Households are scaling back spending, paying down debt and increasing saving. Banks are reluctant to lend and corporate debt markets are virtually frozen. Unemployment is rising around the globe and talk of a new ‘Great Depression’ is common.

Recessions happen when, for whatever reason, firms and households become cautious at the same time. The negative sentiment quickly becomes self-reinforcing with rising unemployment causing additional consumer spending cutbacks, leading firms to reduce employment even further. The result is a spiralling economic downturn. The way out is for monetary and fiscal policy to stimulate spending and help firms and households become less cautious about the future. A massive global policy response is currently underway.

Fed Chairman Bernanke looks set to earn his ‘Helicopter Ben’ nickname – coined in 2002 after referencing Milton Friedman’s famous example of Fed officials dropping money from helicopters to explain how monetary policy could stimulate spending when interest rates were zero.

Chairman Bernanke’s biggest fear is entrenched deflation when prices fall consistently. Deflation is one of the most harmful things that can happen to an economy as it makes consumers delay spending and puts downward pressure on asset prices, making banks reluctant to lend because of declining collateral values. Falling prices imply positive real interest rates even with nominal rates at zero.

US core inflation has slowed sharply over the past three months and deflation seems likely during 2009. The Fed’s agenda for 2009, therefore, is likely to focus on first preventing entrenched deflation, and then stopping inflation when the economy revives.

Closer to home, it looks as though Australia could fall into recession, but the downturn should be milder than in the rest of the world.

The Reserve Bank has conducted its most aggressive easing ever, lowering cash rate by 400bp to 3.25%.

The housing market and high household debt levels remain the factors that could send the economy into a deeper recession. However, record low interest rates and more government spending should see the local economy escape the worst of the global downturn.

Global share markets are undeniably cheap, having fallen around 50% from their peaks. However, market rallies seem fragile given the probability of another round of dismal economic indicators and company profit reports. Disillusioned investors may see periods of market strength as a selling opportunity.

Even so, there is a reasonable chance that we have seen the low-point for global equity markets. Share markets are forward looking and typically bottom three to six months before the end of a recession. The markets have also priced in a lot of bad news. The policy response around the world in terms of liquidity injections, bank bailouts, monetary easing and fiscal expansion has been unprecedented in its size and speed. These should begin to take effect as the year progresses.

The investment outlook favours an exposure to risk assets.

Returns on risk-free investments such as cash and government bonds are historically low while the potential returns from riskier investments such as equities and credit are high. After enduring a painful 2008, investors should find 2009 more rewarding.

Article provided by Russell Investment Management
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Forestry investment as a global safe haven



Annus Horribilis is now the unofficial term on calendars that will be used by international financial districts instead of AD2008. The turbulence of 2008 understandably left investors, large and small, searching for safe haven investment classes. It is very interesting to take note of the 3 asset classes that are being seen by the “big end of town” as providing a safe haven during these turbulent market conditions.

Precious Metals - Gold

Gold is the single most recognisable element on earth and its very association is one of wealth. Humans have valued and treasured this commodity for thousands of years. We have fought wars, colonised nations and travelled to the ends of earth in search of it. Gold is traditionally seen as a safe haven asset due to its durability, demand for it – and the lack of supply of it. It is the ultimate inflation hedge – and with all the current money printing going on – the smart money is buying gold – hence its recent price rise.

Government Bonds

US Government Bonds have traditionally been a safe haven asset due to the US being the largest economy in the world (yes it still is despite its current problems). Traditionally the downside has been a low yield in relation to other asset classes, currently US 10yr Bonds have yield of around only 3% whilst a 2yr US Govt Bond is around 1%. The US government’s borrowings are estimated at US\$2.5 trillion this fiscal year and there are real concerns that the US may monetize this debt which could create major inflationary pressure.

Timberland Investments - Forestry

Forestry investments are experiencing a large uplift in interest from institutional funds around the world as they seek out an asset class with 3 qualities: (a) low volatility (b) non correlation with other asset classes such as equities, property and cash and (c) correlation with inflation – it’s an inflation hedge. Since the Mid 1980’s, investments in forestry have grown increasingly attractive to public and private pension funds, foundations, high network individuals and superannuation funds.

Historical returns of forestry reveal a positive asymmetrical skew: meaning negative returns seldom occur. As such forestry investments offer favourable returns, but it must be noted that returns are generally of a single digit nature not the 20% plus annual growth the Australian share market has provided in recent years. Forestry returns are consistent year in year out which is distinct to the world stock markets that are historically cyclical with booms and bust.

Worldwide timber prices do fluctuate, but the real prices for timber (that is, after taking into account inflation) have risen steadily for more than 100 years, which is better performance than any other commodity. The reason is that unlike oil, gas, coal, copper or iron ore - there are no hidden deposits of timber waiting to be discovered to expand supply.

It is often quoted in the forestry industry that timber provides a favourable return because “trees don’t read The Financial Times” i.e. they grow independently of the developments in other asset classes. Biological growth forms an essential part of the increased value of a forestry investment on an annual basis. The total return of a pure forest investment consists of 3 main income components as shown in chart below.



Australia is interestingly at the forefront of world forestry investment with new legislation that makes forestry investment 100% tax deductible in the year of investment. This legislation was passed for the Managed Investments Scheme Industry in 2008 with the government indicating it is committed to support retail investors in greening the nation, stocking our timber supplies to become a net timber exporter and generating more jobs in the bush.

In 2009 forestry investments are available to mums and dads as well to the “big end of town”.

Article provided by Rewards Group

Diversifying your investment for a smoother ride

Diversifying your portfolio to mitigate risk is one of the key tenets of investing. Here, we show you how diversification across three levels can help you achieve more consistent returns, particularly in volatile times.

Achieve your optimal asset mix

Different asset classes – like shares, bonds, property and cash – carry different levels of risk and return. Investing in a single asset class can be risky when you consider that no one asset class has consistently outperformed another on a regular basis. The most widely accepted way to help reduce the risks of investing is through diversification – spreading your money across a variety of investments, as opposed to just one. That's why it's important to include multiple asset classes in your portfolio.

Combine styles in complementary ways

Once you've achieved diversification across different asset classes, you can then add another layer of diversification across investment styles. Investment styles, such as growth, value and large cap, continually move in and out of favour with the market. Investing with one style alone can be risky, however blending styles can help manage risk and work towards more consistent returns. This way, your investment is always working for you, no matter which style is in favour at any given time.

Select the 'best of breed' money managers

Finally, by investing with a range of fund managers, your risk may be also reduced.

Looking at historical performance of investment managers, we see that no one manager – no matter their skill – has stayed on top consistently. So why would you invest with only one potential winner?

Although diversification cannot guarantee profit in a declining market, it can help prepare you for every season of the market by managing risk.

What's a style?

Fund managers use particular methodologies to determine which assets they buy. These styles can generally be categorised under the following definitions:

- 1 Growth** – these managers buy shares based on a company's potential for profitability and earnings.
- 2 Value** – value managers look to buy company shares that represent a good price. The company may be out of favour with the market, so shares are bought with the belief that the stock is of good value.
- 3 Large capitalisation** – such managers seek to buy shares in companies with high market cap, or value.
- 4 Small capitalisation** – conversely, these managers focus on smaller companies, some of which are new and are growing rapidly.
- 5 Market-oriented** – managers select stocks that are generally representative of the broader market. These managers show no bias to either value or growth companies.



Tax effective re-entry

It's no secret the past 12 months have been particularly tough for anyone with an exposure to the sharemarket, including financial advisers. With Australian shares providing an annual return of -38.92% to December 2008, it has certainly been a year to forget.

So what does 2009 have in store for investors? While it's impossible to predict where the market and economy is headed, after considering some historical facts and figures, many market participants are now allowing themselves to become more optimistic about the future. For example, the average P/E ratio of the All Ordinaries index is currently sitting at 9.02, the lowest reading since February 1981 when data collection began. Interest rates are also at their lowest levels in almost half a century, meaning the gap between the dividend yield on Australian shares and the cash rate stands at a record high of 3.62%. It is hoped these historically cheap valuations and high dividend yields will entice more investors back to the sharemarket over 2009.

Taking the first step to re-enter the market is often the most difficult one, and after such a tumultuous 12 months, advisers and investors can be forgiven for being a little wary. However, for those long term investors who see a recovery taking place in 2009, whether it be rapid or drawn out, a geared investment strategy may present the best vehicle for entering the market and amplifying future returns. Additionally, gearing can also present a tax effective means of building wealth. While gearing as an investment strategy is relatively straightforward, its related tax advantages are often overlooked. It is these tax benefits that often add significant value to the investor's overall position.

One of the key benefits of gearing is the ability to submit borrowing costs as a tax deduction, reducing the tax payable by an investor. In addition, investors can also fix their rate and pre-pay interest up to 12 months in advance, maximising tax deductions for the current financial year. An investor could potentially claim up to 24 months of interest in a single financial year.

Gearing also allows investors to increase the size of their portfolio. Not only can this maximise long term capital gains, but it can also increase regular distribution payments, many of which incorporate franking credits. To illustrate how franking credits can reduce an investor's tax burden, consider an investor on a 31.5% marginal tax rate who receives a distribution that is 70% franked. After taking into account their franking credits, the investor will only pay an effective income tax rate of 11% on the distribution. Combined with the current gross dividend yield of 8.8% and historically low interest rates, investing for income may be an investment strategy worth considering. With the right investments, an investor could achieve a positively geared investment strategy relatively easily.

So despite the recent volatility, gearing continues to complement and enhance long term investment strategies. Gearing's combination of tax benefits, flexibility and its ability to increase an investors exposure to growth assets means it can play an integral part in achieving an investor's wealth accumulation goals.

Article provided by Commonwealth Bank of Australia

Will your retirement savings last the distance?

How much you need to enjoy a comfortable lifestyle in retirement will depend on several factors such as the length of your retirement, your accumulated assets and liabilities, and your expectations.

Making extra super contributions and selecting the right investments can have a significant impact on your retirement savings.

Ensuring adequate income in retirement requires careful forward planning

Your retirement lifestyle will depend on:

- how much you have saved, particularly through superannuation
- your personal circumstances, including unexpected events in your life that may impact your savings capacity, and
- unpredictable external factors you can't control, such as investment market volatility, tax and inflation.

According to a Senate Select Committee report¹ on superannuation and standards of living in retirement, the consensus is that for a person on average earnings, the desirable target for retirement income is 60-65 per cent of gross pre-retirement income.

However not everyone is on average earnings, nor do we all have the same lifestyle expectations. Therefore we all need to carefully consider our personal circumstances and plan ahead.

How much retirement income is enough?

Although our personal circumstances all differ, a recent study² shows that a single person who owns their own home will need at least \$36,319 per year to have a comfortable standard of living (to enjoy leisure and recreational activities and occasional international travel, to maintain a reasonable car, clothes and electronic equipment). If you were to spend 20 years in retirement, then this means you will need \$726,380 in super, and that's before considering inflation.

For couples wanting a 'comfortable' retirement lifestyle, the study showed that the cost of living increased to \$48,648 per annum.

The income level required for singles and couples unfortunately greatly exceeds the government age pension which at 1 July 2008 was \$14,368 per annum for singles and \$23,904 per annum (combined) for couples.

The simple message is that to achieve a comfortable level of income in retirement you will need a nest egg to provide additional income.

Have you planned for the retirement that you have dreamed about?

¹ 'Superannuation and standards of living in retirement – Report on the adequacy of the tax arrangements for superannuation and related policy' – Senate Select Committee on Superannuation, December 2002

² 'Retirement living costs up in September quarter: report' – ASFA, September 2007.

Aviva Australia is a group of two specialist financial services companies: Navigator and Norwich Union Life Australia Ltd. Portfolio Partners is the Australian funds management arm of Aviva plc. Through these companies we provide products and services in the areas of wealth creation and wealth protection for more than 300,000 customers throughout Australia.



Is your business or practice at risk?



Recent developments within the life insurance environment, specifically relating to Self-Managed Superannuation Funds (SMSFs), have brought about some changes that can be adopted by people who are primarily self-employed, including those that own their own practice or business.

In addition to placing your life cover within your superannuation fund, these changes now allow for disability income protection and trauma cover policies to be held within your self-managed superannuation fund (SMSF). The premiums for the life cover and income protection are deductible in the hands of the superannuation fund. This essentially means that the premiums for your benefits (excluding trauma products) **are paid with pre-tax dollars.**

While this may sound very attractive to have your premiums paid on a pre-tax basis, a health warning must be issued with regard to the structuring of these benefits within a superannuation fund. If, for example, a trauma claim is paid on the diagnosis of a trauma event, this payment will be paid by the insurance company to the trustee of the superannuation fund. If the 'Conditions of Release' are not met, the trustee will not be empowered to pay these funds through to the life insured. The life insured may only gain access to these funds after the age of 60 as a member of the fund.

As a note of caution, we strongly advise anybody who intends to avail themselves of these opportunities to seek professional advice from a qualified financial adviser and/or tax professional who will be in a position to provide the appropriate advice and applicability of these products in relation to the life insured's own unique set of circumstances.

How do the changes benefit you?

One of the main attractions that these changes now offer is the ability to place large sums of life cover within a superannuation fund and take advantage of **tax free lump sum pay-outs**, in the event of retirement or

death. Previously a 'Reasonable Benefit Limit' (RBL) was set on the payment of any lump sums or death benefits from a superannuation fund. This meant that any money paid out up to a certain level, the RBL, may have been tax-free or concessional-tax and all amounts paid out over this RBL level would attract the highest rate of tax. As the RBL's provision was abolished on 1st July 2007, lump sum death cover that is paid to a dependant from a complying superannuation fund can now be made without any tax implications. This means a taxation dependant will now receive these benefits **free of tax.**

A taxation dependant includes the spouse or former spouse of the deceased, children under the age of 18, or any other person who has an interdependency relationship with the deceased. Children over the age of 18 are not classed as dependants unless they can prove financial dependency.

More benefits

Another vital point of interest that goes hand in hand with disability income cover is ensuring that your business expenses are still paid in the event of you becoming disabled and therefore being unable to earn an income due to injury or sickness. In this situation, your loss of earnings may result in you and your practice/business being placed under considerable financial strain while you take the time that is necessary to recuperate from the injury or sickness.

In some cases, this could possibly rob you of your livelihood altogether. In addition to not being able to earn an income, there are still the overheads and expenses of your business practice that need to be paid in order to sustain the continuity and mere existence of your practice.

By securing a **Business Expenses Insurance** product, outside of your SMSF, you can overcome the hardships of a loss of income due to injury or sickness. Self-employed individuals should consider supplementing any income protection cover within their SMSF with a policy that will pay the expenses of their business which are over and above any benefits payable through a disability income protection policy.

Business expenses that are usually covered include, but are not limited to:

- Accounting and auditing fees.
- Regular advertising costs, postage, printing and stationery.
- Electricity, heating, gas, water, telephone and cleaning costs.
- Security costs.
- Rent, property rates and taxes.
- Membership fees, publications and subscriptions to professional bodies.
- Leasing costs of plant and equipment.
- Bank charges, interest on business loans.
- Salary and other related costs for non-income generating employees of your business.
- Net costs associated with employing a locum.

So, in summary

Contact your financial adviser as soon as you can to review your self-managed superannuation fund with specific regard to:

- Nomination of taxation dependents for lump sum payments.
- Structuring of trauma and disability income protection products within your superannuation fund.
- Maximising tax efficiency on the payment of premiums from within your superannuation fund.
- Cover to pay for the business expenses of your practice during a period of disablement to reduce the strain on your cash flow.

Case study*

Bill is a successful dentist and has been running his practice from a suite in Templestowe for the past four years. Unfortunately for Bill, he wrenched his shoulder from its socket while trying to replace roof tiles on his home at the weekend. Fortunately for Bill, his financial adviser had recommended he secure a disability income protection policy as well as a business expenses insurance policy when he started his practice four years ago. Bill's injury is such that he is unable to perform the duties of a dentist that are important in producing income and, following the advice of his medical practitioner, is unable to work. Bill contacted his financial adviser who submitted a claim to the insurance company and after the claim had been assessed, Bill received a benefit which equalled 75% of his normal income and had the expenses of his practice paid by the insurance company. In addition, the insurance company also helped to pay for a locum to take Bill's place in the practice, while Bill recuperated at home.

*This is an example only to illustrate the potential benefit of taking out Business Expenses Insurance, and should not be relied upon as indicative of benefits payable under any Business Expenses Insurance product

AIG Life is the trading name of American International Assurance Company (Australia) Ltd. Member of American International Group, Inc.



Life insurance cover among Australian families



In May 2005, a study conducted on behalf of the Investment and Financial Services Association (IFSA) by Rice Walker Actuaries estimated that as many as 60% of all Australians are underinsured. Today, the problem is still of major concern. The harsh reality is that in the event of an accident or illness leading to death or permanent disablement, many Australian families would not receive a large enough payout to cover even a year's income and an estimated 80% of people would only have enough cover to last up to 5 years.

For couples in their mid-thirties with young children, it has been estimated that their life insurance needs would range from around 10 to 13 times their taxable earnings – depending on the level of their partner's earnings. Australian Bureau of Statistics (ABS) figures show that around 4,400 parents with dependent children die each year.

With so many families with nowhere near the level of cover required, it is not surprising that the underinsurance problem is of growing concern. When considering Australia as a whole, it is estimated that the level of underinsurance for parents with dependant children is of the order of \$1,300 billion.

It is not a nice thought, but imagine how difficult it would be for these families to deal with this unexpected financial pressure at an already emotionally challenging time?

Expenditure needs

Today it is more important than ever for families to take steps to protect themselves financially. With increasing levels of mortgage, credit card and other debt, it is critical for Australian families to protect themselves in the unfortunate event of an accident or illness.

Families with dependant children are likely to be the most significantly impacted when considering the financial consequences of the death or permanent disablement of an individual. According to Rice Walker Actuaries, these are basic requirements for an Australian family:

Single with no dependants:

- Needs ranges from 2 times taxable earnings at younger ages to 6 times taxable earnings at older ages

Parents with younger children:

- Needs estimated to be 10 –13 times taxable earnings (full-time)
- \$500,000 – \$650,000

Parents with older children:

- Needs estimated to be 6 – 9 times taxable earnings (full-time)
- \$300,000 – \$450,000

Minimum insurance required

There will be different views as to the level of life insurance protection required. Rice Walker's view is that a reasonable objective could be defined as:

‘The maintenance of the current living standard of any partner together with any dependants for as long as they may be expected to remain dependants.’

Life insurance is clearly not just an issue for the elderly. Life insurance in fact should be an essential component of every family's financial plan.

Except where otherwise indicated, all references to statistics and tables in this article are sourced from the study titled Cost of Underinsurance Project – Analysis of Life Insurance Needs, by Rice Walker Actuaries on behalf of the Investment and Financial Services Association (IFSA), May 2005.

AIG Life is the trading name of American International Assurance Company (Australia) Ltd. Member of American International Group, Inc.

Estate planning – don't leave it until it's too late

Nobody likes to think about death but a few moments spent thinking about it now, could mean your family members aren't left struggling financially, should the unthinkable happen.

Estate planning is simple way of ensuring that your estate is passed onto your beneficiaries in the most financially efficient and tax effective way.

Estate planning has two main aims:

- to avoid the likelihood of any dependants suffering financially in the event of your death; and
- to minimise the risk of family disputes over your estate.

The most commonly used estate planning tool is a Will. A Will outlines how you want your assets distributed after your death and provides a simple way to ensure your family members are looked after financially in the event of your death.

How does a Will work?

A Will can include assets, such as houses, cars, money, shares, cash, and specific belongings such as books, photos, antiques etc. If you are listing specific items make sure that they are easily identified.

Superannuation and life insurance cannot be distributed in a Will (unless the proceeds can be and are paid into your estate).

Unfortunately, some people leave making a Will to a time when they are facing uncertain circumstances, such as divorce or change in financial circumstances. However, if you consider estate planning in a practical sense, there should never be a time when you don't have a Will, particularly if you have people who are financially dependent on you.

It's important to note that if you have debts when you die, they must be paid from your estate before it is distributed according to your Will.

What happens if I die without a Will?

If you die without a Will, you leave what is called 'intestacy'. This means that you have not validly disposed of some or all of your assets. Some people think that if you die without a Will, the Government takes all your assets, however this isn't true. This could only happen if you have no living next of kin.

If you die without a Will, your assets will be distributed according to a legal formula. This might mean that your assets do not end up with the person you would have chosen and you have no control over who distributes your assets.

It's therefore best to keep your Will in a safe place and make sure someone you trust knows where it is.

How can a financial adviser help?

A financial adviser can help ensure you have a solid estate plan in place – one that includes a relevant Will, adequate life insurance and instructions as to how all other assets are dealt with in the event of your death.

For more information about the most financially efficient and tax effective way to distribute your assets, speak with your financial adviser today.

Article provided by IOOF.

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Small baby steps



“Anything is possible if you break it down into enough small pieces and just consistently keep doing them, with persistence, one small step at a time.”

It is easy to keep putting off a large task. When you don't know where to start, there is a tendency to put the large task into the “too hard” basket, in favour of smaller tasks that can be achieved with little effort.

The trick is to break down important large tasks into a series of these smaller steps. Just as you would cut a steak into small pieces rather than trying to eat it with one mouthful, it is easier to break your game plan down into small baby steps.

Recently I reviewed my work life balance objectives and found that I needed to break them down into even smaller steps. They can never be small enough – perhaps each step will only take a couple of minutes to complete, for example making a phone call to the local travel agent to get some brochures sent out. It is great seeing your work life objectives arrive in the mail and your priorities manifest themselves.

The smaller the steps the more likely you are to succeed, and the more success the more confidence you will gain to achieve more.

Actions

Write down your work life balance priorities, and then break each one into three strategies, and each strategy into three small baby steps. Each step should not take more than 15 minutes to complete for example:

Priority: To do the Inca trail in Peru.

Strategies:

1. Save \$5,000.
2. Get fit.
3. Learn about the place.

Small baby steps to save \$5,000:

- Prepare lunch to take to work three times a week.
- Cancel subscription for car magazine.
- Advertise old boat for sale.

Small baby steps to get fit:

- Walk to the bus stop in the mornings.
- Call to see if Chris wants to come to gym.
- Call the two local gyms to get some information.

Small baby steps to learn about Peru:

- Get some books from the library.
- Surf the internet.
- Call John who went there last year.

Once you have done these small baby steps, you can make some more. Before you know it you will be ready to tackle the Incas!

Ian Hutchinson is Chief Engagement Officer of Life by Design, specialists in self-driven employee engagement and self-leadership. For more information go to www.LifebyDesign.com.au or call (02)9979 4949

Excuse me!

According to Collins Dictionary an excuse is 'a reason or justification' or 'to make allowance for'. Perfect. We are so good at avoiding what needs to be done or allowing ourselves to accept less than we deserve that we even have a word for the act of doing so.

'Yeah but'...famous words! If you hear 'yeah but' train yourself to understand that an excuse is on its way. The excuse is coming any second now. Align the phrase 'yeah but' to a mental image of a large bright red flag furiously blowing in the wind.

Because a life of 'yeah but' is simply not good enough for you. A life of 'yeah but' means accepting an inferior path or a lesser quality of life. Free yourself today from 'yeah but' and notice how your life takes off around you.

Digging deeper, even worse than allowing 'yeah but' to enter the vocabulary is the curious amount of energy some people will use up in thinking up good excuses. We know that excuses lead to less than we deserve and yet some people will spend vital energy creating excuses.

'I haven't completed the project, what shall I tell my boss?'

'I forgot our anniversary is tomorrow, what can I say?'

I realise that sometimes there is a need to bend truths. I realise that sometimes it is appropriate to change the story a little in order to not hurt other's feelings. What I am getting at here is our internal truth. Our authenticity. Our core being.

Are you someone who operates using excuses? Do you allow yourself to miss deadlines and not achieve your best, knowing that you can offer up some deep seated well argued justification, as opposed to just being your best?

Given the choice of putting the energy into the doing or putting the energy into the justification and rationalising, doing the doing wins hands down every time.

Think about that 'thing' that is on your mind that you haven't done. How much time have you spent avoiding, justifying, excusing and minimalising the issue? How far towards completion would you be if you had directed

the energy towards the doing instead? Would it still be on your plate right now?

We even go to the lengths of judging and awarding merit points for excuses. Hence the phrases 'good excuse' and 'poor excuse'. How come it matters whether an excuse is good or bad? An excuse is an excuse. If we are not living to our best - does it matter whether our rationalisation is good or poor?

The challenge today is to free yourself from a life of excuses. Step up if you have to. Hold yourself accountable to a higher standard if you need to. Do whatever it takes to eliminate 'yeah but' from your vocabulary.

Once we stop making our own excuses we also stop making excuses for others. It is inevitable. A good example is a relationship. We all know someone who tolerates more than their fair share in a relationship. Some of us are guilty of doing this ourselves;

He doesn't ring when he said he would. She says 'he's probably busy'

She comes home in an angry mood and takes it out on him. He says 'her work is very demanding'.

He is physically violent. She stays because 'I know he loves me'.

Having mastered the art of not making excuses for ourselves or for others, the next level is to not accept excuses from anyone else. The challenge tomorrow is to free yourself from the excuses of others.

Behaviour creates behaviour. If you 'make allowances' for others, they learn that allowances are made. If you hold others accountable, they learn to be accountable. If you do not accept excuses - others around you will stop offering them.

As I type this I can hear my ex boss saying 'don't tell me why you haven't done it, tell me when it will be done!'

There's no excuse for excuses!

Sally Parrish, Australian and New Zealand Institute of Coaching,
www.anzicoaching.com



What is missing in your life?



Do you feel as if there is something missing in your life? Are you wondering or questioning whether there is more to life? Would you like to have far greater motivation, energy, fulfilment and happiness in your life?

The people who are happiest and most fulfilled in life are those who have balance across the different areas of their life. In contrast, people who focus their effort and energy in only one or a few areas of life, after a while start to feel unfulfilled, wonder and question if there is more to life, and can feel as if there is something missing.

Here are two effective strategies to assist you with creating greater fulfilment in your life:

Identify what is missing

Before you can address what is missing in your life, first you need to ask yourself and identify what is missing. Start by writing down all the different areas in your life eg. career/business, relationship, family, friends, health, finances, personal growth, etc. Next to each of these areas give yourself a score out of 10 (with 10 being the top score), as to how happy and fulfilled you feel with that area of your life right now.

Look at each of the areas in which you scored less than 10. Think about and write down what specifically you need to change or improve in each of those areas so that you can increase your score to a 10, and fill the gap. The things you wrote down are the things that are missing in those areas of your life and that you will need to address in order to be more fulfilled.

Fill the gap

The best way to fill the gap is to take action towards making the improvements and changes you identified above. If you have a number of areas of life with gaps, it is useful to prioritise these in the order in which you would like to improve these. Then for each area you wish to improve, ask yourself "What is the one thing that you need to improve in that area of life that will have the biggest impact on improving your fulfilment?"

Next, set a goal for each of the areas of your life that you wish to improve. Make sure that your goals are specific, realistic, measurable and have a specific date by which you would like to achieve them. If you have more than two goals, you may wish to stagger the dates so that you can focus on two goals at a time and achieve them faster. Then for each of your goals, put together a simple action plan of the key steps you need to take to achieve each goal. Taking baby steps each day or week will reduce overwhelm and will have you achieving your goals before you know it!

Imagine how much more fulfilled and happy you could be once you identify what is missing in your life and proactively take action towards filling those gaps!

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For more strategies on how to live a happier and more fulfilled life visit www.qttransformation.com.

The Money Quiz!

How good is your knowledge on money, markets and finance?

Take the Money Quiz and find out!

Novice

1. Which (in)famous hedge fund manager was recently exposed for running the world's biggest Ponzi scheme?
2. Name the Big 3 US automobile manufacturers who are on the verge of bankruptcy.
3. What is the investment strategy whereby an investor spreads their risk by buying different assets in different asset classes?
4. Which financial services group recently collapsed after recommending a particularly aggressive investment strategy to their clients?
5. What is the RBA's current cash rate?

Player

6. What is negative gearing?
7. If an investment portfolio loses 20% of its value, by what percentage must it recover to break even?
8. What is the maximum amount of a person's income that can be insured under an Income Protection policy?
9. In double-entry book keeping, is an increase in a liability recorded as a credit or a debit?
10. Which major Australian mining company on the brink of collapse is the target of a Chinese buy-out?

Expert

11. Who is the US Treasury Secretary responsible for the American economy in the Obama administration?
12. Some investment specialists undertake an advanced qualification to obtain the designation CFA. What do the letters CFA stand for?
13. In what year was the Australian dollar floated to trade freely in the world's currency market?
14. Who is the current head of the International Monetary Fund?
15. What is meant by a "thematic style" when applied by a fund manager?

Answers on Page 2!





AUSTRALIAN FINANCIAL SERVICES

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