



# Newsletter

## Welcome

Winter is well and truly upon us and with it the chilly commutes to work. Now that we're in June, many of us start to think about the end of the financial year and tax time. Remember not to leave your tax planning to the last minute and that you should act now to ensure that your finances are in order before 30 June. Our financial planning team are happy to help—give us a call on 02 8238 0888.

The biggest news in the financial world over the past few months is the yearly Federal Budget. If you missed our [Federal Budget 2011 Summary](#) email be sure to follow the link to find out how the latest Budget announcements will affect you.

As always, remember that all our team are here to help so please don't hesitate to call us if we can assist.

Kind regards and keep warm!



The Financial Spectrum team

## Winter 2011

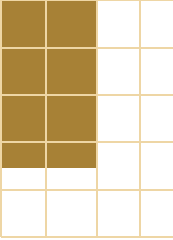
### In this issue...

- > Latest Australian economic update covering capital investment growth, the latest employment figures and interest rates.
- > Escaping credit card debt. Tips to help you get your credit card debt under control.
- > Preparing financially for a Baby. How to navigate the costs of a new addition to your family.
- > Multivitamins. Are they really good for you?



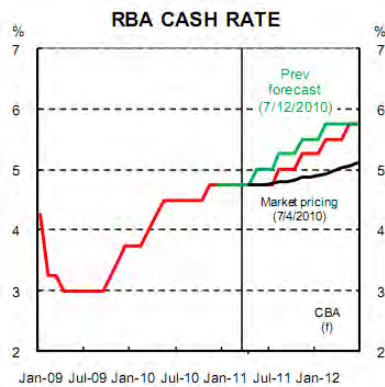


# Economic Update



## Inflation

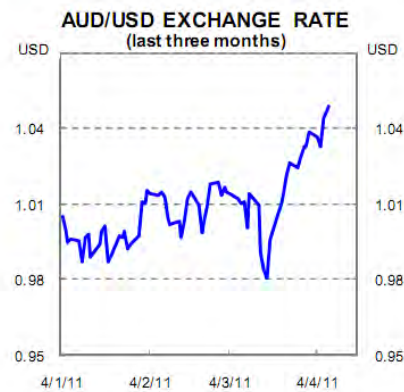
The RBA is forecasting that underlying inflation will be running at 3% by late 2011 and that headline inflation will run well above the RBA's 2—3% target range. The last time that the RBA had forecasts showing inflation running at 3% or more was in February 2008 when the cash rate was lifted by 25 basis points at the time, and a further 25 basis points one month later. Based on this, many economists are forecasting a rate rise to be likely prior to August this year.



## AUD-USD

The Aussie dollar has enjoyed a record-breaking run against the US dollar recently, breaking through parity and beyond. Economists are forecasting ongoing strength against the USD into the end of 2011 with a ceiling of \$1.12 expected in September 2011. There are four main reasons for the ongoing strength of the Aussie dollar against the US dollar:

- i. There has been an extended period of weakness in the US dollar
- ii. A greater volume of international capital looking to invest in the Australian dollar.
- iii. Further increases in Australia's terms of trade.
- iv. A continued low volatility economic environment.



## Employment

Labour figures for March indicate that the unemployment rate has decreased to within the full-employment range of 4.5—5.0%. Full-time employment has grown at approximately 4% pa for the past seven months. These figures may contribute to the likelihood that the RBA will increase rates with the potential for inflation.

In an ever-changing and complex world, seeking professional advice can help guide you through the maze. We invite you to contact us to explore the opportunities available to you.

Call your adviser today on 02 8238 0888

*Source: Commonwealth Research, Australian Economic Perspective.*

# > Escaping Credit Card Debt

Tips to help you get your finances back on track

There's no denying it, we Australians are hooked on credit cards. There are more than 16 million credit card accounts in Australia, each with an average debt of around \$3000—and many of us have more than one credit card. So if you have credit card debt that you just can't seem to shake it's important to take some action to help you get rid of your debt and get your finances back on track.

## Steps to Credit Card Debt Recovery

### 1 Stop Spending!

This may not be rocket science but this can be a difficult step for many people. Credit cards are designed to get you hooked on the idea of having something now and worrying about paying for it later. It's all too easy to swipe that card and those purchases can add up to a huge bill at the end of the month. To stop getting yourself in any more debt it is very important that you stop using your credit cards until you can get your debts under control. Take your credit cards out of your wallet and put them in a place where you can't easily access them, or better still cut them up! Using EFTPOS and cash is the best way to control your future spending as you'll be using your own funds and not relying on credit. You're more likely to ask yourself whether you can really afford those shoes if you see that you've only got \$35 in your bank account to last you the rest of the week. Remember that if you use your credit cards to pay bills via direct debit that you'll need to call providers to make other arrangements. Consider using facilities such as BPay instead.

### 2 Face the Music

As difficult (and depressing!) as it may be, you need to get a clear picture of just how much debt you're in to allow you to take action. Sit down and make a list of all your debts. Make sure you include ALL your credit cards and store cards, as well as any other personal loans. List the current outstanding balances and the interest rate being charged on that amount. Sort your list in order from the ones with the highest interest rate to the ones with the lowest interest rate.

### 3 Which Debt Do I Pay Off First?

When you have multiple debts it can be really difficult trying to juggle them all and making payments. Take note of the debt #1 on your list (the debt with the highest interest rate). This is your highest priority debt as this is costing you the most in interest. Where you have spare cash you should focus on paying down this debt. Once you

have paid off this debt, then move on to focusing on debt #2 in the list and so on. This method helps you to save the most money in interest by reducing the amount you owe on the highest interest earning debt.

### 4 Balance Transfers for Breathing Space

If you have a problem with credit card debt, one option is to transfer your debt from one credit card provider to another institution. Most credit card companies offer a special introductory interest rate (examples may be 0% for 6 months, or a cheap interest rate for a longer period such as 2% for 12 months). It pays to do some hunting around for the best deal. If you have debts with multiple credit card companies, you should consider consolidating all your debts onto the one card to minimise your interest. Remember that cheap or no interest on your new card is a temporary window of opportunity for you to pay your debt down. After the honeymoon period of the introductory offer your new card WILL revert back to a high interest rate. Restrict your spending habits and put every spare cent you can in to paying off your debt during this time.

### 5 Redemption, Now What?

If you're strict with your spending and focus on paying your debts down, eventually you'll reduce them down and hopefully have them paid off in the near future. Now that you've redeemed yourself you need to make sure that your debt doesn't get out of control in the future:

- don't spend more than you can afford to (no impulse buying!)
- always pay your debts off in full each month by the due date. Set aside money through the month to ensure you have enough when the bill arrives.
- if you're easily tempted, reduce your credit limit to reduce the potential damage

A financial planner can help you take steps to get your credit card debt and your finances back under control.

Call a financial adviser today on 02 8238 0888





## > Preparing Financially for Baby

How to navigate the costs of preparing for a new addition

Preparing for a baby is one of the biggest events of your life bringing with it a lot of expense. When you combine the extra costs with the likelihood that your income is likely to drop from two incomes to one, having a baby can put a large strain on the household budget. Here are some tips to help you prepare for your new addition.

### Tips for Preparing Financially for Baby

> **Second Hand Baby Items:** As much as it's tempting to buy all new furniture and supplies for your baby, there are many items that you can buy second hand or borrow from friends. Essential items like car seats, prams, baby monitors and cots can add up to thousands so you can save a lot of money by not buying these brand new.

> **Private vs Public:** The big decision about whether to have your baby in a private or public hospital can make a huge difference to your expenses. If you choose the public system most of the costs associated with the birth will be covered by Medicare. But if you choose a private obstetrician in a private hospital, you should expect this to cost you around \$5000, even if you have private health insurance. Remember that changes to the Medicare Safety Net in January 2010 have drastically reduced the amount that Medicare will contribute to obstetric costs so this means up to 80% of these costs will be out-of-pocket expenses.

> **Mortgage Repayments:** Keeping up with your mortgage repayments can be challenging after having a baby. Many lenders offer a payment variation where you can reduce your repayment amount temporarily whilst on parental leave. Remember though that this will extend the length of your mortgage and other fees and charges may apply.

> **Baby Bonus & Paid Parental Leave:** Some people are eligible for financial assistance from the Australian Government. This includes the Baby Bonus and Paid Parental Leave. New parents who are eligible for these payments can only choose one of these per child (you cannot receive Parental Leave and the Baby Bonus for the same child).

> **Toy Swap or Hire:** Small children can get bored of their toys very quickly. To save money on buying lots of new toys it can be cheaper to hire them or swap toys with other new parents. Check your local paper or parent group for information on toy swaps.

> **Cheap and Cheerful:** With so many beautiful designer baby clothes it's easy to understand many new parents wanting to splurge on cute outfits for their baby. Remember though that babies grow so fast and may only fit in those outfits for a short time. Try to stick to cheaper basics instead of the latest designer labels. Your baby won't notice the difference but your wallet will!

> **Protect Your Family:** Though this isn't a money-saving tip, a very important part of preparing for your new baby is to ensure that you review your life insurances and update your will. Don't put it off. By making sure that your child will be protected could the unexpected happen, you can feel happy knowing that they will be taken care of.

### More Tips on Budgeting for Baby

For more information and tips on how to prepare financially for your new arrival including the Budget Planner Worksheet, download our free Ebook [Financial Planning for Baby](#) available on our website.



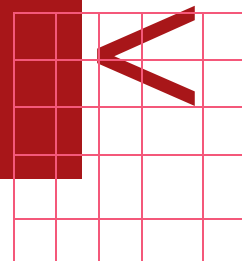
Preparing financially for a baby is one of life's major events. Our financial planners can help you map out your financial future as a family.

Call a financial adviser today on 02 8238 0888



# Pill Popping

Do Multivitamins really ensure health and vitality?



As the months get chillier and the cold and flu season sets in, many people reach for vitamins to help our bodies combat illness. It's estimated that around 10 million Australians take dietary supplements such as vitamins and minerals on a regular basis. But do supplements provide any real benefits, or are they just a waste of money or worse still actually doing you harm?

## Do Dietary Supplements Actually Work?

Our bodies need a range nutrients in small quantities to maintain normal growth and health. The amount of each nutrient we need each day is known as the Recommended Daily Intake or RDI. The intake of nutrients in the food that we eat has been well established as extremely important in the prevention of many diseases. What has not been as well established however, is whether taking nutrients in another form such as in a pill is as effective.

Professional nutritionists point out that for the majority of people who eat a balanced diet do not require vitamin supplements.

## When Supplements Can Help

Supplements can be beneficial for some groups of people including people on low-calorie diets, athletes, the elderly and pregnant women.

- > Folate and iodine supplements are recommended for women in the months prior to conception and during pregnancy to decrease the risk of neural tube defects such as spina bifida and for normal brain development.
- > Older people can benefit from supplements. As we age the body becomes less efficient at absorbing nutrients. Also, people who are housebound may not get sufficient amounts of Vitamin D from sunlight. Nutritionists recommend Vitamin D, B12 and calcium supplements for people aged over 70.

Suggested Supplements	
Pre-conception & Pregnancy	Folate & Iodine
People > 70	Vitamin D, B12, Calcium
Vegans	Vitamin B12
Osteoporosis	Calcium
Heart disease, high cholesterol/ blood pressure	Fish Oil (Omega 3)

## Too Much of a Good Thing

Like most things in life, there is such a thing as too much of a good thing when it comes to vitamins and minerals. Some vitamins are fat-soluble (examples include vitamins A, D, E and K) and stay in the body either in the liver or in body fat longer than water-soluble vitamins such as B-complex and C vitamins. However, water-soluble vitamins can also cause damage such as kidney stones and damage to nerve endings in fingers and toes.

## Choosing a Multivitamin

If you believe that your dietary intake of nutrients may be inadequate or you're in a group for which supplements are suggested, you should be careful when choosing a multivitamin,

The number and levels of nutrients vary widely across different brands of multivitamins. Some brands only offer a fraction of the range of nutrients required and at levels significantly lower than the recommended amounts. When shopping around for multivitamins, remember to compare the ingredients with other brands and as a proportion of the RDI.

**Important Information:** This document has been prepared by Financial Spectrum Pty Ltd (ABN: 30 149 141 971) as is current as of May 2011 but may change without notice.

The information contained in this newsletter is of a general nature and does not take into account your personal needs and financial circumstances. Before making any decisions based on the advice contained in this booklet you should consider whether it is appropriate for your circumstances.

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