

Hello everyone, today we have Jeremy from Stone Group Financials here to talk about financial advice.

Welcome Jeremy, and thank you for joining us.

"Thank you for having me, Kingsley, I appreciate it."

Jeremy, could you tell us about your work?

"Absolutely. I'm a partner and financial advisor at Stonehouse Group. I began my journey at Stonehouse about 12 years ago, initially in the paraplanning section of the business. This experience offered me valuable insights into the various aspects of financial planning and how it all comes together.

Now, I have a dual focus at Stonehouse. Part of my role involves running the business itself, managing our different offices in various states and our credit license and mortgage brokering. The other aspect of my role is providing assistance to my clients, the majority of whom are in the pre-retirement and retirement phase of their life. I help them with planning, giving them clarity, but ultimately, my goal is to provide peace of mind regarding their financial situation."

That's quite an interesting setup, combining advice and mortgage brokering. When did this start?

"It started about two or three years ago. The reason we set it up was to add value for our clients. We were previously working with external mortgage brokers, which often delayed the advice process due to external factors. Now, having a mortgage broker on hand to assist during client meetings is beneficial to our clients, as they can be confident that we are collectively looking after them."

Could you share what makes you excited to engage in this business?

"Growing up, I witnessed the financial highs and lows my single mother experienced running a small business. This sparked my curiosity about why some people are financially successful while others aren't and why some are more organized. My passion is helping people who don't fully understand their finances, not just the monetary aspects, but also how it fits into their overall life and contributes to their quality of life.

Every morning, I wake up knowing I'm positively impacting clients. Having been with the same business for some time, I've had the opportunity to see long-term plans come to fruition and enjoy

those moments with clients. It makes my work feel worthwhile, and I appreciate the direct impact I can have on someone."

Given the increase in regulations and continuous changes, what advice would you give students about what they should learn beyond textbooks?

"The only constant in this industry is change, but it ultimately results in better outcomes for the industry. So, understanding the legislation is crucial. But aside from that, students should realize that there's much more to financial planning than just textbook strategies. It's crucial to understand the entire financial planning process and how different teams within a financial planning business work together, from administration to paraplanning, advice, and compliance.

The ability to actively listen to clients is also vital. Sometimes, clients' needs go beyond the numbers or strategies. For instance, I often find that retiree clients are hesitant to spend their money, so I emphasize the importance of enjoying their money.

Regarding clients who are not forthcoming with information, it's important to make them feel comfortable. I usually explain that we need the full picture of their finances to help them as much as possible, which often leads them to open up.

Trust is paramount in financial planning. To build trust, demonstrate that you are acting in the clients' best interest. Be patient with them and don't rush the process. Show flexibility and readiness to accommodate their needs, which will make them feel that you are genuinely there to help."

Thank you for those insights, Jeremy.

"My pleasure, Kingsley. Thanks for having me."

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Hello, Fiona, it's a pleasure to meet you. I heard you had a birthday over the weekend.

"Hi Jeremy, nice to meet you too. Yes, I had a great time with my sisters."

That sounds wonderful. Today, we'll be discussing your financial situation and possible options. Before we dive in, I want to make sure you had a chance to look through the financial services guide and the privacy policy we emailed to you a week ago.

"I did receive it, but I've been quite busy and haven't had a chance to look through it."

That's understandable. I'll provide a printed version for you today. It's an important document, so please take the time to read it

Okay, regarding finances, could you elaborate on your past experiences in managing your own financial matters? For instance, purchasing various investments, examining your own budget, and managing expenditures.

Well, I've been relatively involved in my own financial matters. For instance, we own an investment property which was a decision we carefully considered. Since our separation, I've actually taken ownership of that property myself. I must admit, when it comes to my superannuation, I've been rather hands-off, essentially allowing it to manage itself. Thus, while I have a reasonable understanding of my financial situation, I think I'm going to need your help.

Absolutely, we will delve into all those areas. Fiona, I remember you mentioning your desire to retire. Could you describe the key elements that are significant to you regarding retirement, from both a monetary and lifestyle perspective?

From a financial perspective, my primary desire is to be comfortable. I want to be able to partake in activities I've been postponing for a while, like traveling, theater-going, and dining out. I'd like to know that all this is attainable.

That sounds excellent. Later in the meeting, we'll delve into all those key areas. To kick things off, over the past few years, have you ever calculated your annual living costs and how much money you might need for these aspirations?

I have no idea.

That's alright. It will form part of our initial discussions, to define, for instance, if your goal is to have a regular income, what does that entail? We will then reverse engineer a plan to arrange your assets in order to provide that income sustainably. How does that sound?

That sounds exactly like what I need.

Excellent. Now, one topic I'm particularly interested in is your superannuation. It will play a critical role in your retirement, along with other assets. When you receive your annual superannuation statement, how much attention do you pay to it? Do you understand the various items on the statement?

I've made efforts to monitor my superannuation and adjust my investment strategy accordingly. I think I've done fairly well. I've managed to accumulate about eight hundred thousand dollars. I'm curious about whether you think that's a sufficient amount. I also wouldn't mind some advice on whether I should stick with the fund I'm currently in or if you could recommend an alternative.

Sure, I can definitely help with that. I would only recommend a change if it were in your best interest. We'll begin by outlining the strategy. If your current superannuation fund can help you achieve your goals, that's great. If there's a need to make a change, we can recommend that as well. By the end of this meeting, you'll have a clearer picture of what it means to engage a financial advisor, what the various options are, and what the fees might be for the advice. We will only proceed with the advice if we can clearly demonstrate that the value you receive from the advice far exceeds the cost. Does that sound alright to you?

It sounds good.

Perfect. Thanks, Fiona.

[Music]

[Music]

Hi Fiona, I'm Jeremy. It's nice to meet you. From our brief phone call a few weeks ago, I understand that you'd like to discuss retirement planning. Is that correct?

Yes, that's correct. I'm considering retiring within the next few years, though I haven't made a definitive decision yet.

No problem. Prior to this meeting, our team emailed you our financial services guide and privacy policy. Did you manage to review them?

No, I haven't had the chance to do that yet.

That's alright. Those documents are in your inbox whenever you're ready to look at them. They provide some details about who we are and what financial advice entails. Now, let's discuss your retirement. How do you envision it?

I have mixed feelings about retirement. On one hand, I look forward to a more relaxed lifestyle where I can enjoy the things I've been wanting to do for a while. On the flip side, I'm concerned about how I'll fund my retirement and whether I can maintain my investment property.

I understand. Don't worry, we'll come up with a plan to make it work. Now, do you have an estimate of how much money you'll need for retirement?

I have no idea, I'm afraid.

No worries, most people need about fifty thousand dollars annually. If we can arrange your finances to generate that amount, you should be able to retire comfortably. Does that include enough for travel and dining out? Are those things you're interested in?

Yes, absolutely. I'd like to go on at least one trip a year.

That sounds manageable. Let's move forward, and we can revisit this later. Now, what's your understanding of your superannuation?

I've tried to manage it well, but I'd like to hear your opinion on whether it's a good fund and whether my investment choices are optimal.

What we aim for with a superannuation fund is one that will yield the highest return, as this will earn you more money and contribute more to your retirement. Does that sound good?

Well, is the return the most crucial? Okay, concerning finances, could you tell me a little bit about your past involvement with managing your own finances, such as purchasing different investments or monitoring your budget and expenditures?

Well, I've been relatively involved. For instance, we have an investment property, which was a decision I considered heavily. Since we've separated, I've taken over that property. However, when it comes to superannuation, I've mostly let it take care of itself, I admit I've been somewhat lazy with it. So, I have a reasonable grasp on things, but I believe I'm going to need your help.

Certainly, we will delve into all those areas. Fiona, you mentioned that you'd like to retire. What are the key aspects important to you for your retirement, whether they're monetary or lifestyle-related?

Financially, I really want to feel comfortable and have the ability to do things that I've put off for a long time. For instance, I'd like to travel, go to the theater, and go out, among other things. I want to know that all of this is possible.

Absolutely. Later in the meeting, we'll explore all of those key areas. But as a starting point, I'm curious if you've sat down in the past few years and looked at what it costs you to live per year, and how much money you might need for some of these areas?

I have no idea, honestly.

No problem, that will be part of our starting point. We'll define if we're talking about your aim is to receive ongoing income, what does that look like. Then we'll work backwards to figure out how you can arrange your assets to achieve that income sustainably. Does that sound good?

Yes, I believe that's what I need.

Excellent. One question I'm curious about is how much attention do you give your superannuation statement when it arrives each year? Do you understand the different items on the statement?

I've really tried to monitor my super and change the investment strategy, and I think I've done quite well. I've got about eight hundred thousand. I'm curious whether you think that's a good amount or whether that will be enough for me.

Absolutely, we can certainly give advice on whether you should stay with the fund you're with or if an alternative could be recommended. However, any change would only be recommended if it were in your best interest. By the end of this meeting, you'll have a much clearer picture as to what it means to engage a financial advisor, the different options available, and what the fees would look like for the advice. We only proceed with advice if we can clearly demonstrate that the value you

receive from the advice is well above the associated fees. After that, we'll discuss the process and the next steps. Does that sound good?

It sounds good.

Perfect. Thanks, Fiona.

[Music]

[Music]

Hi, Fiona. I'm Jeremy. Nice to meet you. So, Fiona, we had a brief phone call a few weeks ago. I believe it was retirement planning you wanted to discuss today, correct?

Yes.

When are you looking to retire?

I'm thinking in the next couple of years, perhaps, though I haven't really decided.

Our team sent you our Financial Services Guide and Privacy Policy prior to this meeting. Did you get a chance to read through them?

No, I didn't.

Don't worry about it. You can review those documents in your email when you get a chance. They contain some details about who we are and what financial advice entails. In terms of your situation, what does retirement look like for you?

I have mixed feelings. I'm looking forward to a more relaxed lifestyle and the opportunity to do the things I've wanted to do for a while. That's really appealing. On the other hand, I'm a bit concerned about how I'm going to fund my retirement and whether I can keep my investment property.

I'm sure we'll be able to come up with a strategy to make it work. Do you have an idea of how much money you'll need for retirement?

I have no idea, sorry.

That's quite common. Most people need about fifty thousand dollars, so if we can organize your finances to generate that much, you should be able to retire comfortably. Does that sound sufficient for things like travel and eating out, which you mentioned you're interested in?

Definitely, I'd like to have at least one trip a year.

Well, it should be feasible, but we'll revisit this topic later. As for your superannuation, what's your understanding of it?

I've managed it to some extent, but I wouldn't mind hearing your opinion on whether it's a good fund or whether the options I've invested in are advantageous.

What we aim for with a superannuation fund is the one that will give you the highest return because, obviously, if you get a higher return, it'll earn you more money and give you more for retirement. Does that sound good?

Is that the most important thing? We need to ensure that I can achieve my goal of a \$50,000 income in retirement. As for my understanding of the different types Okay, regarding finances, could you tell me a bit about your past involvement with managing your own finances? This includes purchasing various investments, as well as planning your own budget and expenditure.

"Well, I've been relatively involved. We own an investment property, which was a decision we made together and required a great deal of thought. However, since we've separated, I've taken over the property. On the other hand, I must admit, I've been somewhat negligent with my superannuation; I've let it manage itself. So, while I have a fair understanding of things, I believe I'll need your help."

Sure, we can definitely delve into all those areas. Fiona, you mentioned to me that you aspire to retire. Could you tell me what are the crucial aspects that matter to you for your retirement, be it from a financial or lifestyle perspective?

"Financially, I really desire comfort and the ability to do things that I've deferred for a long time. For example, I'd like to travel, attend theater performances, dine out, and such. It's important to me to know that all these things are achievable."

Of course, we'll delve into all those critical areas later in our conversation. But as a starting point, have you previously sat down to figure out your annual living costs and how much money you'll need for these activities?

"I have no idea."

Alright, we will start there, defining what your aim of receiving ongoing income actually looks like. Then we'll work backwards to strategize how you can arrange your assets to achieve that income sustainably. How does that sound to you?

"I believe that's what I need."

One question I'm curious about is superannuation. It will undeniably play a key role in your retirement, along with other assets. However, when you receive your annual statement, how much attention do you give to it? And do you understand the various items on the statement?

"I've really tried to monitor my super and alter the investment strategy. I think I've done quite well. I've managed to accumulate about eight hundred thousand. But I'm curious to know whether you think that's a substantial amount or whether it'll be sufficient for me."

Certainly, I can provide some advice regarding whether you should stay with your current fund or if I could recommend an alternative. The only time I'd suggest a change is if it were in your best interest. By the end of this meeting, we'll outline the initial strategy. If you can accomplish that with your current superannuation fund, then that's great. However, if there's a need for a change, we can discuss that too. We'll provide you with a much clearer picture of what engaging a financial advisor entails, what the various options are, and what the advice fees would look like. The only way we move forward with the advice is if we can convincingly show that the value you receive from the advice significantly outweighs the fees to engage your financial advisors. Following that, we'll discuss the process and the next steps. Does that sound okay?

"That sounds good. Thank you."

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[Music]

"Hi Fiona, I'm Jeremy. Nice to meet you. We had a brief phone call a few weeks ago. You mentioned that you wanted to discuss retirement planning today, correct?"

"Yes."

"And when are you planning to retire?"

"I'm contemplating retirement within the next couple of years, though I haven't firmly decided."

"That's perfectly fine. Our team sent you our Financial Services Guide and Privacy Policy via email prior to the meeting. Did you get a chance to read through those?"

"No."

"That's alright. You can review those documents when you get the chance. They contain details about us and the financial advice we provide. But for now, could you describe what retirement looks like for you?"

"I have mixed feelings about it. On the one hand, I'm excited about having a more relaxed lifestyle and being able to do things that I've been wanting to do for a while. That seems very appealing to me. On the flip side, I'm somewhat worried about how I'm going to fund my retirement and whether I can maintain my investment property."

"I understand your concerns, but I'm confident that we'll find a way to make it work. Do you know how much money you need for retirement?"

"I have no idea."

"Most people need approximately fifty thousand dollars. If we can arrange your finances to provide that, you should be able to retire. That should also be enough for you to enjoy traveling and dining out, among other things. Is that something you're interested in?"

"Yes, definitely. I'd like to travel at least once a year."

"Great! You should be able to do that, but we can revisit the topic later if you'd like. Now, regarding your current situation, how much do you understand about your superannuation?"

"I've managed it, but I'd appreciate hearing your opinion about whether it's a good fund and whether the investment options I've chosen are optimal."

"Sure, we generally look for a superannuation fund that will give you the highest return because that will earn you more money and provide more
Okay, concerning finances, could you tell me a little bit about your past involvement with managing your own finances, such as purchasing different investments or monitoring your budget and expenditures?

Well, I've been relatively involved. For instance, we have an investment property, which was a decision I considered heavily. Since we've separated, I've taken over that property. However, when it comes to superannuation, I've mostly let it take care of itself, I admit I've been somewhat lazy with it. So, I have a reasonable grasp on things, but I believe I'm going to need your help.

Certainly, we will delve into all those areas. Fiona, you mentioned that you'd like to retire. What are the key aspects important to you for your retirement, whether they're monetary or lifestyle-related?

Financially, I really want to feel comfortable and have the ability to do things that I've put off for a long time. For instance, I'd like to travel, go to the theater, and go out, among other things. I want to know that all of this is possible.

Absolutely. Later in the meeting, we'll explore all of those key areas. But as a starting point, I'm curious if you've sat down in the past few years and looked at what it costs you to live per year, and how much money you might need for some of these areas?

I have no idea, honestly.

No problem, that will be part of our starting point. We'll define if we're talking about your aim is to receive ongoing income, what does that look like. Then we'll work backwards to figure out how you can arrange your assets to achieve that income sustainably. Does that sound good?

Yes, I believe that's what I need.

Excellent. One question I'm curious about is how much attention do you give your superannuation statement when it arrives each year? Do you understand the different items on the statement?

I've really tried to monitor my super and change the investment strategy, and I think I've done quite well. I've got about eight hundred thousand. I'm curious whether you think that's a good amount or whether that will be enough for me.

Absolutely, we can certainly give advice on whether you should stay with the fund you're with or if an alternative could be recommended. However, any change would only be recommended if it were in your best interest. By the end of this meeting, you'll have a much clearer picture as to what it means to engage a financial advisor, the different options available, and what the fees would look like for the advice. We only proceed with advice if we can clearly demonstrate that the value you receive from the advice is well above the associated fees. After that, we'll discuss the process and the next steps. Does that sound good?

It sounds good.

Perfect. Thanks, Fiona.

[Music]

[Music]

Hi, Fiona. I'm Jeremy. Nice to meet you. So, Fiona, we had a brief phone call a few weeks ago. I believe it was retirement planning you wanted to discuss today, correct?

Yes.

When are you looking to retire?

I'm thinking in the next couple of years, perhaps, though I haven't really decided.

Our team sent you our Financial Services Guide and Privacy Policy prior to this meeting. Did you get a chance to read through them?

No, I didn't.

Don't worry about it. You can review those documents in your email when you get a chance. They contain some details about who we are and what financial advice entails. In terms of your situation, what does retirement look like for you?

I have mixed feelings. I'm looking forward to a more relaxed lifestyle and the opportunity to do the things I've wanted to do for a while. That's really appealing. On the other hand, I'm a bit concerned about how I'm going to fund my retirement and whether I can keep my investment property.

I'm sure we'll be able to come up with a strategy to make it work. Do you have an idea of how much money you'll need for retirement?

I have no idea, sorry.

That's quite common. Most people need about fifty thousand dollars, so if we can organize your finances to generate that much, you should be able to retire comfortably. Does that sound sufficient for things like travel and eating out, which you mentioned you're interested in?

Definitely, I'd like to have at least one trip a year.

Well, it should be feasible, but we'll revisit this topic later. As for your superannuation, what's your understanding of it?

I've managed it to some extent, but I wouldn't mind hearing your opinion on whether it's a good fund or whether the options I've invested in are advantageous.

What we aim for with a superannuation fund is the one that will give you the highest return because, obviously, if you get a higher return, it'll earn you more money and give you more for retirement. Does that sound good?

Is that the most important thing? We need to ensure that I can achieve my goal of a \$50,000 income in retirement. As for my understanding of the different types

So, Fiona, let's discuss your situation regarding retirement. One important aspect is to determine how much income you will need during retirement and whether your assets can support that income. Do you have an estimate of how much money you will need in retirement?

I would like to live comfortably, so around \$100,000 per year.

Okay, that's achievable. We can work towards that goal. Apart from your home, do you have any other properties or assets?

Yes, I have a small house in Saint Mary's that I rent out for \$300 per week.

I remember you mentioning that you find the maintenance of the property costly and time-consuming. It might be worth considering increasing the rent, but we can discuss that later. Now, let's talk about your cash reserves. Do you have any emergency funds saved up?

No, I don't have much cash in my bank account. Maybe around \$30,000.

That should be sufficient as a starting point for most people. Now, let's move on to your superannuation fund. How much do you currently have in your super?

I have \$800,000 in my super fund.

Ah, my apologies for the confusion earlier. So, you need an annual income of \$100,000, and with the rental income of \$15,600 per year, you would require around \$84,400 per year from your super fund. This amounts to approximately 10.55% of your super balance. How is your super fund performing?

I believe it's performing well. I have it invested in the Asian share market, and the returns have been around 10%.

That's great to hear. With such returns, it would be beneficial to keep your investments in shares, as it can provide you with a higher income. However, it's important to consider the associated risks as well. Now, let's discuss your rental income. You mentioned that you have \$90,000 per year coming in from your investment property. Have you considered what to do with that income and how to manage the associated taxes?

Yes, that's something I need advice on. I have around \$350,000 sitting in my bank account, and I'm not sure what to do with it. I also want to minimize my tax obligations.

Understood. We can explore different options for your cash reserves and tax optimization strategies. Additionally, it's crucial to determine the appropriate buffer for your emergency funds. Let's consider the benefits of retaining access to some of your cash for unforeseen circumstances.

Yes, having quick access to some funds makes sense to me. I don't want all my assets tied up in investments.

Absolutely. It's important to strike a balance between investments and readily available funds. Now, let's discuss a potential strategy for your super fund. Before you retire, you can contribute funds to your super and take advantage of the tax benefits. The "bring forward" rule allows you to contribute up to three years' worth of contributions in one lump sum. This means you could potentially contribute \$300,000 to your super fund now, but no additional contributions for the next three years.

That's interesting. I wasn't aware of that option. It sounds like a good way to maximize the tax benefits before retirement.

Indeed. By utilizing this strategy, your funds in the superannuation will be tax-free, and you'll have full access to them. However, we'll need to carefully consider your investment options within the super fund to manage risks and align with your risk profile.

That makes sense. I don't want to take on too much risk, but I also want to maximize the benefits of my investments.

Understood. We'll work together to find an appropriate investment strategy for your super fund. Additionally, we'll explore options for the funds in your bank account to ensure tax efficiency. Does this strategy align with your goals?

Yes, it definitely seems like it would meet my needs. I appreciate the tax benefits and retaining access to my funds.

Great. We'll dive deeper into these strategies in our subsequent meetings and provide you with a comprehensive plan. Is there anything else you'd like to discuss regarding your financial situation?

No, I think we've covered everything for now. Thank you for your guidance and advice.

Yes, actually, Jeremy, I need some advice about this because I've got about 300,000 just sitting in the bank, and I'm curious what you think about that, whether I could be doing something better with it. Okay, okay. At the same time, I'm a little bit worried about the tax implications. Okay, sure, sure. And how do you feel about the fact that the funds are very stable versus if you were to invest those funds, they could fluctuate both up and down? Um, well, I just get the sense that interest rates are so low at the moment. It seems like a lot of money just to be sitting in the bank. It's a bit of a wasted opportunity. Yeah, don't you think that there's something I could be doing with it? Look, there's something that I've got in mind. It worked well for one of the clients I saw last week, and it could probably work well for you too. We'll come back to that in a minute, but how much do you have in your superannuation fund? Uh, about 800,000. Okay, but the main thing that you'd like to do is make use of the funds that you have in cash. Uh, well, I know it's important to have some money that's accessible, but I do really want to explore ways of making that amount work. Okay, so what we'll do is we've got a really great share portfolio that we can actually invest those funds in for you. And the reason why it's really good is over the past five years or so, it's been achieving a return of about 17% per annum, which is much higher than your cash and term deposits. Would you like that type of return? Well, I guess it sounds good, but um... I'm so... You're saying I should invest in shares? Yeah, so if you put the money in shares because it's had good returns for the past five years, it'll probably have good returns for the next five years. And 17% is obviously a lot higher than 1.5% in your bank account or 1%. That sounds a little bit risky to me. Well, they're high-quality shares, so it means that we'll probably select about five shares or so. So it's really well-diversified in Australian shares. And you know, if you need the money, you can always just sell the shares. Does that sound okay? I'm really unsure about it. I don't know. I mean, you're the financial advisor. I guess you think it's a good idea? Well, I think it's a good idea, and my clients last week really liked it, and I've had some good feedback from other clients too. So we'll organize a proposal based on that. But actually, do you need to keep any money in cash for emergencies, or is that not really important for you? I think I should. I think I need some money that's accessible and secure. I'm just a little bit... You've thrown something at me with the share option. I need to think about that. Okay, just keep in mind, you know, I wouldn't worry about having too much money in cash because with the shares, you can sell them either up or down. You can sell them at any point in time, and you can always just get the money back. But I know... I don't... The share market's volatile, you know. Maybe I'll lose. Look, you could, but the past five years has been good. But in any case, what we'll do is I'll put the advice in writing for the portfolio, and we can obviously discuss it in more detail in the next meeting. So that will be... Yeah, I think you'll see how much of a great idea it is at that point in time. Okay. Hey, Fiona, good to see you. Have you been? Oh, look, I'm so happy. I'm retired. It's really made a difference. So much more energy, and life's good. Fantastic. Now, I know you told me you wanted to do these piano lessons for a long time, but you never had a chance. Have you been doing them? They're not going that well. My fingers are just so stiff. I don't know, but I guess I'm enjoying it. Good. I'm glad to hear. And you'll have all the time to work out how to do more or find something you like doing. Yeah, but today, um, I've got a bit of an agenda in terms of what we'll discuss in today's meeting, right? But before I start that, I'm just wondering if there's anything in particular that you'd like to add to that. There is, Jeremy, actually. Look, I'm really worried about this trade war. I mean, it might sound a little bit crazy, but this U.S.-China trade war, because my friends are telling me that the share market is about to crash, and it does concern me because, as you know, my super is really important. So I need some help with that. I don't know what to do. Definitely, definitely. So, Fiona, before we go into the specifics of the stock market, do you remember how your funds are actually invested with your

superannuation? What's your recollection like? Well, I've really just followed your advice, I think, and, um, as far as I know, it's relatively well-balanced in the sense that it's not all in one option. But maybe you could remind me what's-- Definitely, definitely. So, every type of investment can go up or go down by a certain amount, and some investments are a lot safer than others. So, what you mentioned to me in the first meeting was that it's really important for you to make sure that you can receive your income, you're reaching about \$4,000 per month from your portfolio, that you can continue that income and you can also preserve your capital over time because you mentioned wanting to pass it down to your two children. Do you remember those conversations? Yes, yeah. Fantastic. So, what we actually discussed was if you're looking to do that, you only need to achieve a return of about 4.5% per annum to recoup those pension payments. Now, because of that, we didn't need to take a high-risk approach to your portfolio because your personal goal is about 4.5%. Now, if you told me you needed to take out 10% per annum, we'd be having a very different conversation right now because obviously the investments would need to earn you 10% and take on a lot more risk. But because you didn't need to take a lot of risk in the portfolio and only achieve about a 4.5% return, what we've actually done is we've structured your portfolio so about 50% of the fund is in cash and fixed interest and term deposits, and 50% of the funds would be in Australian shares and international shares. So, the first thing to keep in mind is of your portfolio, not all of it is actually invested in the stock market. So, there's about 50% where the rate of return will be low, but that will help to keep you very steady. Now, the other thing to keep in mind is the \$4,000 a month that you're taking out, we've actually instructed the superannuation fund to initially only take it from that very conservative area of the cash and fixed interest. So, when you see the stock market moving up and down, just keep in mind that you're not selling those assets every single month to fund your income payments. Okay, so does that give you any comfort just to start off with? I think so. I'm just wondering if I wanted to increase the return, for example, if I wanted to get more from the super, what would I have to do? Okay, so in order to achieve a higher return, that 50% in the cash and fixed interest, we need to move some of that to the share options. Okay, but what we need to do before making that type of change is to ensure you're comfortable with both the ups and downs of the stock market. What's your advice? I mean, I think given your needs, the advice should be tailored to what your needs are. You're not worried about the stock market, no. And the reason why is, Fiona, if you needed to start selling those assets, you lock in a loss the moment you sell. Okay? If you actually have a longer-term time frame, it gives those assets a chance to recover back over time because you don't need to sell them. But how can you be sure? How can I be sure? So, what we can do is, if we look back historically, the stock market or the property market, it always follows a cycle of a really good time and a really bad time and a really good time. No one has a crystal ball to be able to tell you when those exact times are, but those cycles do repeat themselves. Now, I can be 100% confident if we know that you actually have the time frame to ride out the storm, and I'm confident of that because you've actually got half of the portfolio in conservative assets where you're taking your income from, so you're not selling assets on a regular basis. Okay, I feel better now. Hey, Fiona, nice to see you again. How have you been? Hi, Jeremy. I'm good. I'm great, actually. I know you've been retired for about six or seven months now. Yeah, that's right. What's it actually been like for you? It's been an adjustment. I've found it a little bit of a struggle to find things to do, but people tell me that it takes a while, so it's not... Okay, a new phase of life, new journey. Now, what we're going to talk about today will be around your income you're receiving. Or did you want to talk about anything? Yeah, I do, actually. Oh, um... I am a little bit worried about the stock market. I've been watching the news. I think things seem to be very unstable at the moment. People are saying that it's about to crash, and I worry about my super. So, the thing is, Fiona, if we look at your super fund, I'm really confident it should be okay for the next two years or so. The good returns will keep going. How do you know, Jeremy? So, all we'll do is we'll look back at history in terms of how long these returns will

last for, and we'll do some analysis, and there's a good chance it'll last for two years. But that's not what I'm hearing. It's actually quite different to what I'm hearing. Well, I'd probably just switch off from it. You know, the best thing is don't worry too much about it. It doesn't even matter that much if your fund goes down by 20%. You know, you've got an investment property, and you've got some cash outside of super, so you'll be okay, don't you think? Well, I've got a friend who is much more careful with her super. She monitors what it's invested in, and wouldn't it be more sensible to shift the options? Well, I think what we should do is, I know you're telling me these concerns, but maybe if we just wait another year or so, I know we only speak every year or so anyway, but if we just wait 'til next time and maybe let's just see how it's doing, but Jeremy, what am I paying you for? Yeah, so we're obviously doing ongoing investment management for your fund as well, so we'll take care of it. But what you'll make decisions... Well, I would need to contact you first, so maybe if there's something that comes up, I can just let you know. Would that be good? Oh, my goodness, it's leaving me insecure, to be honest. Is that how things work? Well, look, what I'll do is I'll take a look at it when you leave, and I'll come up with a plan. But one thing I just wanted to flag for you is, obviously, within your fund, you've got some cash and term deposits and fixed interest. Now, if the market goes down a lot, it might be a really good idea just to move that cash and fixed interest and just buy some more shares, and it would mean your fund is 100% shares, but there could be some good opportunities. How do you feel about it? So, you mean, like, if there's a crash and shares go down in price, that's a good time to buy them? Is that what you're saying? Yeah, and it would mean that your fund is a lot more risky for the long term, but I think you'd get some good performance if you do that. Based on what? So, the shares have been good in the past, and you seem to be, I know you're a little bit concerned, but you seem to be okay if it moves up and down a little bit. So, if you're moving into more shares, in the long run, you could probably do better. How about we do that? Well, I'm really dependent on you because I don't know much about this. Okay, so I'm not quite sure if I'm thinking we should go this way or maybe there's another way we could go, but just leave it with me. I'll get back to you maybe in a few weeks or so, and we'll go from there. Okay.