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THE RETIREWELL REPORT

A Newsletter for Clients and Friends of Retirewell Financial Planning Vol. 14 No. 1 Summer 2011

Steady As She Goes

This year has been another rollercoaster ride in financial markets, with the Eurozone debt crisis dominating investor sentiment. Share markets have suffered, "safe haven" bonds have been back in demand and currency markets volatile.

Looking ahead, a resolution of the Eurozone problems is difficult to predict and **extensively diversified portfolios** appear to be the best response to a wide range of potential outcomes.

This approach also will allow for the possibility that current market sentiment is overly pessimistic and fails to allow for constructive developments both in Europe and elsewhere.

Australia Looks OK

With all the current uncertainty, it is encouraging to see a range of positive forecasts for Australia's growth over the next couple of years, up from a low 1.7% for 2011:

Source	2012	2013
NAB	3.1%	3.1%
Westpac	2.8%	N/A
RBA	3 - 3.5%	3.5 - 4%
OECD	4%	3.2%

Europe

The outlook for a resolution of the Eurozone's debt problems is opaque. Despite all the market anxiety, "muddling through" is still a real possibility, with a combination of national self-help efforts from Portugal, Ireland, Italy, Greece and Spain, assisted by less than optimal support from the European Central Union, the European Central Bank and the International Monetary Fund.

There is even a chance of a comprehensive policy package to address the Eurozone's issues.

Restructuring the public finances of the Eurozone countries is likely to entail a sustained period of sub-optimal growth in Europe as austerity programs kick in. It should be noted that not restructuring in some way is really not an option.

The Rest of the World

All that said, there are two factors in the background that are getting little or no attention, given the current bear market mentality. One is that even on the latest downbeat assessments, the world as a whole is a long way from a recession. Asia is still in good shape, led by China and India, as is Latin America and most of eastern Europe (Russia and Poland in particular).

The second factor is valuations: "the sky is falling" thinking has meant that the dividend yield on German shares, for example, is now 3.6 percent, substantially in excess of the returns from cash or bonds, while the price/earnings ratio (accepting that this is not a perfect measure of value) is an undemanding 9.2 times profits. The same is broadly true of a number of other share markets, including Australia's.

The sky might yet fall, but this is not the most likely outcome, although share markets are behaving as though it is. Uncertainty and risk are undoubtedly high, but a well-diversified portfolio ought to allow for the possibility that the outlook for world share markets will not turn out to be as dismal as the media headlines might lead you to believe.

What's Inside…

"We can stay home Christmas Eve! This year everyone is getting music, movies, and games they can download from my website!"

Retirewell wishes you and your loved ones a happy Christmas and a prosperous 2012. Our office will close on Friday, December 23 and re-open on Tuesday January 3, 2012.

Australian Shares For Long Term Income

We are living in a time of uncertain and unusually volatile share, property and fixed interest markets. In all this uncertainty and volatility, what is the important anchor of certainty for investors?

We believe the answer lies in ascribing far more importance to the quantum and reliability of the income produced from your investments, rather than focusing on short-term changes in capital values, which can be volatile and worrying.

Over the 5 years to 31 October including the global financial crisis, the total return (growth plus income) from Australian shares was slightly positive but less than cash, even when franking credits are added.

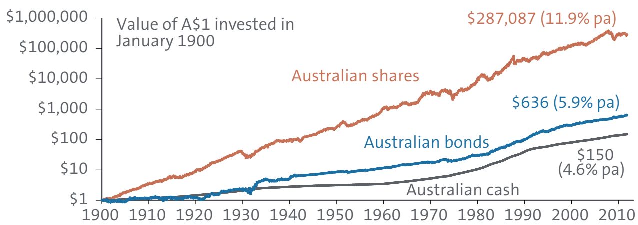
However, over longer periods, local shares produced annual returns that were markedly superior to cash:

- Over the 10 years to 31 October, Australian shares returned 7.3% a year against a 5.3% cash return.
- Over 15 years, shares returned 8.4% a year against a 5.3% cash return.
- Over 20 years, Australian shares returned 9.1% a year against a 5.6% cash return.

It should be noted that franking credits would boost the above share returns even higher.

For a much longer term view, the chart below shows us that in Australian capital markets, shares have substantially outperformed bonds and cash over the long term.

Shares beat cash and bonds over the long term - Australia



The period since 1900 includes numerous disasters such as the Great Depression, World Wars, 1970s stagflation, 1987 and 2000 global share market crashes and other crises including the GFC. Despite this, investors assuming the increased risks of shares have been well rewarded.

However, how does this help us in late 2011? Sure, the picture tells a story of broad market trends over time but what about now? A few further points of analysis can provide context to guide investment decisions.

110 Years of History

On a decade by decade basis, the reality has been that if even marginally, shares (equities) have outperformed all other asset classes most of the time (see below).

Top performing asset classes by decade

	US	World	Australia
1900-09	Equities	Equities	Equities
1910-19	Cash	Cash	Equities
1920-29	Equities	Equities	Equities
1930-39	Bonds	Bonds	Bonds
1940-49	Equities	Equities	Equities
1950-59	Equities	Equities	Equities
1960-69	Equities	Equities	Equities
1970-79	Property	Property	Property
1980-89	Equities	Equities	Equities
1990-99	Equities	Equities	Equities
2000-09	Bonds	Bonds	Equities

Source: Global Financial Data, Dimson et al, AMP Capital Investors

Income from Australian Shares

Understanding that over the long term shares have achieved superior returns to all other asset classes – even with a decade here and there underperforming bonds – is to understand that yield (income from dividends) has provided a major component of returns. Thus, focusing on *investments providing a regular, sustainable yield* gives greater certainty of return and for those in retirement, a regular cash flow as well.

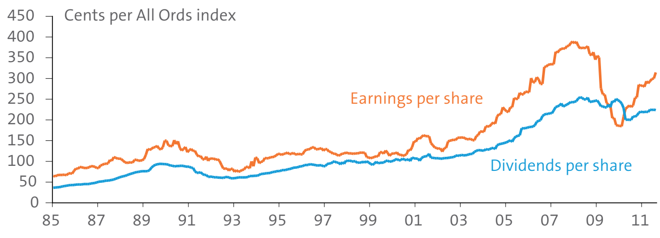
The current annual dividend yield of the ASX200 index is 6.2% pa (including tax credits). This is higher than term deposit rates (5.9% pa and falling), Australian Government bond yields (4.4% pa) and residential property (approximately 3% pa – after expenses).

In volatile markets like the present, capital growth from shares, bonds and property is uncertain. Investors' obsession with capital growth has been tempered and driven a renewed focus on income certainty. While capital stable investments like cash and term deposits provide high certainty, over time these have provided comparatively low returns especially after allowing for the costs of inflation and taxation [e.g. 5.9% pa interest - less 3.25% inflation and 1.85% tax (at 31.5%) equates to net return for depositors of a paltry 0.55% pa].

Share Dividends Reliable, Non-Volatile

Australian shares have continued the tradition of paying high, tax-effective dividends over the long term. Since 1900, more than half of the 11.7% pa total return from Australian shares has come from dividends (6% pa). Consider that if $100 had been invested in Australian shares in 1980 it would have grown to $874 by end of August 2011. If the dividends paid over this time had been reinvested, the initial $100 would now be worth a total of $3,213. The following chart demonstrates the reliability and growth of dividends streaming from Australian companies – note particularly, the steady non-volatile pattern of dividend returns.

Australian dividends are relatively stable compared to earnings



Source: Thomson Financial; AMP Capital Investors

It is interesting to note that even when earnings per share (EPS) dropped dramatically during the GFC, dividends paid reduced only marginally and likewise recovered quickly.

No one can predict the future; however if history is any guide, there is a fair expectation that Australian shares will continue to produce a high, regular and growing income stream.

Warren Buffett Speaks...

"Cash combined with courage in a crisis is priceless."

More Changes To Super

Government introduces legislation to increase compulsory super to 12%

The Assistant Treasurer and Minister for Superannuation Bill Shorten has introduced legislation to raise the Super Guarantee Contribution from 9% to 12% on an incremental basis, starting from July 2013 and finishing in July 2019 – see table below:

1 July 2013	9.25%
1 July 2014	9.5%
1 July 2015	10%
1 July 2016	10.5%
1 July 2017	11%
1 July 2018	11.5%
1 July 2019	12%

A number of other changes to Superannuation were announced recently as part of the Government's Mid-Year Economic and Fiscal Outlook. The most noteworthy changes are detailed below:

Minimum Pension Factors

The current 25% reduction in minimum account-based pension (and allocated pension) factors will be extended for the 2012/2013 financial year. Minimum payments were halved for the 2008-09, 2009-10 and 2010-11 financial years and reduced by 25% during 2011-12.

Age at start of financial year	Minimum payment percentage for 2012-2013 financial year	Minimum payment percentage for 2013-2014 and future financial years
Under 65	3%	4%
65 to 74	3.75%	5%
75 to 79	4.5%	6%
80 to 84	5.25%	7%
85 to 89	6.75%	9%
90 to 94	8.25%	11%
95 or over	10.5%	14%

This reflects the Government's intention to assist in preserving members' pension account balances during these difficult economic times.

Concessional Contribution Cap Freeze

The standard concessional contributions cap of $25,000 is generally indexed to average weekly ordinary time earnings (AWOTE) and is increased in increments of $5,000. There will be no increase for the year 2013/2014. It is expected to increase to $30,000 in 2014-2015.

This is not the first time that the caps have not been increased as scheduled and is a worrying trend particularly considering the proposed reduction in the $50,000 cap for the over 50s from 1 July 2012, for those with balances of over $500,000.

Additionally there will be a pause in the indexation of the non-concessional contributions cap (i.e. $150,000 pa, or $450,000 over three income years).

Low Income Superannuation Contribution (LISC)

From 1 July 2012, the 15% contributions tax for employees earning up to $37,000 pa will be refunded into their superannuation accounts if the payment is more than $20 and the employee receives at least 10% of his or her income from employment or a business.

Taxpayers in this bracket pay personal tax at the rate of 15% so do not gain any benefit in making tax deductible contributions to superannuation given that these are also taxed at 15%. This is welcome and removes the disincentive that these members have to contribute to superannuation.

The Super Co-contribution Takes Another Hit

It is proposed that from 1 July 2012 the Co-Contribution matching rate will be reduced from 100% to 50% with a maximum of a co-contribution of $500, for people with incomes up to $31,920 in 2012-13. Eligibility will cut out when adjusted taxable income reaches $46,920.

This move strikes another blow to reduce the effectiveness of the superannuation co-contribution scheme.

Superannuation Guarantee

The age limit of 70 for superannuation guarantee contributions will be abolished from 1 July 2013, subject to passage through the Senate of the Minerals Resources Tax package.

This is a well overdue reform that supports the retention of older employees in the workforce.

Overall, these changes will help strengthen the superannuation system though the low level of allowable deductible contributions remains a major concern.

For Income, Go For Growth

In order to generate a rising income stream over the medium to long term, Australian share investors would be well advised to select good quality growth rather than income stocks.

To illustrate this point, let's compare an investment in BHP (currently on a fully franked yield of 2.67%) with Telstra (now on a fully franked yield of 8.72%) over the last 10 financial years.

As at 1 July, 2001, BHP shares were priced at $9.71 on a fully franked dividend yield of 1.15%. Telstra shares were $5.38 on a fully franked dividend yield of 3.53%.

An investor with $10,000 could have bought either 1,026 BHP shares or 1,853 Telstra shares, after allowing for brokerage.

Contrary to the expectations of most investors, over the 10 years the $10,000 investment would have produced total grossed-up income including franking credits of $8,960 from BHP, significantly greater than the $7,094 from Telstra.

This is because after rising only marginally in the first three years, the Telstra dividend stayed flat for the next seven years. It of interest to note that Telstra's profit in 2010-11 was actually lower than its profit 10 years earlier.

Not only would the BHP shares have produced a higher income, but the $10,000 investment in BHP as at 30 June, 2011 would have grown 349% to $44,938; whereas $10,000 invested in Telstra would have fallen 46.5% in value to just $5,355.

Home Truths

The future of the Australian housing market has been the subject of much debate lately. Is it overvalued and if so, are we likely to experience the same house price deflation observed in the US since 2007? And how much wealth should Australian households devote to housing versus other investments? Michael Karagianis, Investment Strategist at MLC, looks at the foundations of the Australian domestic property market:

An overvalued market?

Looking at historical and international comparisons, the Australian residential property market does appear to be fundamentally overvalued at the moment.

Rising debt

Housing affordability is likely the most significant factor affecting the housing market. The dramatic increase in mortgage debt has seen housing affordability deteriorate to a point comparable with the poorest levels of the past 20 years. This is despite a decline in interest rates since the late 80s and steadily rising household incomes.

What next for Australia's housing sector?

If the Australian housing market is fundamentally overvalued, does this mean local house prices are destined to experience the same savage price corrections we've witnessed in the US, Ireland, Spain, Japan and, Greece? A moderate decline of around 10-15% in prices on average is certainly quite possible in the current environment.

The outlook for mortgage interest rates is key to the outlook for Australian house prices. Current levels of mortgage rates are causing distress but given the backdrop of an ongoing mining boom, significant falls in interest rates seem unlikely. The impact of high housing prices and high mortgage debt on affordability levels in Australia has the potential to undermine house prices for the next one to two years.

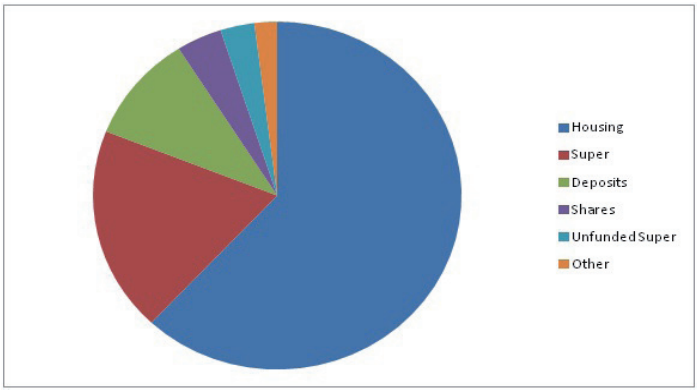
The longer term view

There's a widely held belief the Australian housing market always appreciates in the long term. Because we haven't seen significant price deflation or even stagnation across the entire housing market since the early to mid 1990s, our memories of more difficult housing markets have faded with time. There are also a large number of home owners who have either not lived through, or are too young to recall, anything other than rising housing prices.

However, looking back over the past 60 years, periods of price deflation and stagnation have been as much a part of the longer term Australian housing story as has been price inflation. Given the overvaluation evident in the housing market today and the existing poor levels of affordability, Australian house prices are unlikely to experience continued strong appreciation over the next few years. It's quite possible we'll see a period of anaemic house price performance, lasting five years or more.

Unbalanced equity

A large portion of household wealth has been devoted to housing at the expense of other forms of investment.



Source: RBA

Aggregate Household Gross Assets
September 2010 = $6.5 trillion

Housing	62%
Deposits	10%
Superannuation	19%
Shares	4%
Unfunded Super	3%
Other	2%

Despite having delivered strong returns over the past 20 years we expect returns from Australian housing are likely to be much less attractive on average looking forward. Other, less overvalued, investments are more likely to deliver superior returns over the next five years or longer. Given this more cautious view of housing returns, the current high level of Australian wealth tied up in housing (around 62% at present) seems too high.

Households should look to reassess exposure to housing in favor of a range of other investments. These might include increased exposure to income-producing investments, shares, international and alternative asset classes. A greater diversification of Australian household wealth and a greater focus on delivered income on their wealth may be beneficial as individuals look to securely fund their lifestyles ahead of and in retirement.

Source: Edited extract from a paper from Michael Karagianis (MLC) entitled, 'Stairway to Heaven, or close to the precipice?'

Thoughts To Ponder

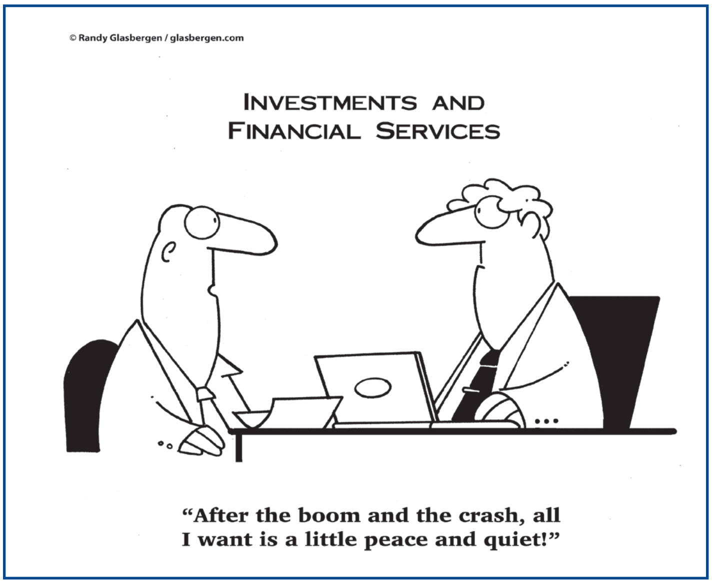
If I agreed with you, we'd both be wrong.

The early bird might get the worm, but the second mouse gets the cheese.

A clear conscience is usually the sign of a bad memory.

I used to be indecisive. Now I'm not sure.

Change is inevitable, except from a vending machine.



Retirement Costs Of Living

Every quarter the Association of Superannuation funds (ASFA) in conjunction with Westpac, publishes a set of budget figures designed to reflect the actual weekly costs incurred by both single and married couple retirees, in living a "modest" and a "comfortable" lifestyle. The figures assume the retiree(s) own their own home, with no children at home and no debt. Income may be supplemented by drawdown on capital during retirement.

Modest retirement lifestyle – Better than the Age Pension, but still only able to afford fairly basic activities.

Comfortable retirement lifestyle – Enabling an older, healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as; household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment, and domestic and occasionally international holiday travel.

Budgets for various households and living standards – September Quarter 2011

	Modest lifestyle - single	Modest lifestyle - couple	Comfortable lifestyle - single	Comfortable lifestyle - couple
Housing - ongoing only	$57.96	$55.64	$67.18	$77.88
Energy	$34.16	$45.37	$34.66	$47.01
Food	$75.74	$156.89	$108.20	$194.76
Clothing	$18.18	$29.52	$39.36	$59.04
Household goods and services	$26.06	$35.33	$73.30	$85.87
Health	$34.75	$67.07	$68.94	$121.68
Transport	$92.21	$94.82	$137.41	$140.02
Leisure	$72.82	$108.48	$220.66	$302.39
Communications	$9.21	$16.12	$25.30	$32.21
Total per week	$421.09	$609.24	$775.03	$1,060.86
Total per year	**$21,957**	**$31,767**	**$40,412**	**$55,316**

Source: The Association of Superannuation Funds of Australia Limited *http://www.superannuation.asn.au/resources/retirement-standard/*

Age Pension Increases

Indexation increases to Centrelink Aged Pension and other income support payments were announced on 20 September. This means 3.4 million pensioners have received an increase in their payments to help them meet rises in household costs. Single pensioners received an extra $19.50 per fortnight and pensioner couples combined on the maximum rate received an extra $29.60 per fortnight.

Total pension payments at maximum rate, including base rate and pension supplement are:

Singles	$748.80 pf	$19,468.80 pa
Couples	$1,129 pf	$29,354 pa

Assets Test Limit	Full Pension	Cut Out
Single		
Homeowner	$186,750	$686,000
Non Homeowner	$321,750	$821,000
Couples (combined)		
Homeowner	$265,000	$1,015,000
Non Homeowner	$400,000	$1,153,000
Income Test Limit		
Single	$150 pf ($3,900 pa)	$1,647.60 pf ($42,837 pa)
Couple	$264 pf ($6,864 pa)	$2,522 pf ($65,572 pa)

Tax Rates

2011/2012

Taxable Income	Tax on this income
$0 - $6,000	Nil
$6,001 - $37,000	15c for each $1 over $6,000
$37,001 - $80,000	$4,650 plus 30c for each $1 over $37,000
$80,001 - $180,000	$17,550 plus 37c for each $1 over $80,000
Over $180,000	$54,550 plus 45c for each $1 over $180,000

The above rates **do not** include:
- the Medicare Levy or
- the Flood Levy (2011/2012) or
- the effect of Income Tax Offsets

New Tax Rates from 2012/2013 when Carbon Tax is introduced

Taxable Income	Tax on this income
$0 - $18,200	Nil
$18,201 - $37,000	19c for each $1 over $18,200
$37,001 - $80,000	$3,572 plus 32.5c for each $1 over $37,000
$80,001 - $180,000	$17,547 plus 37c for each $1 over $80,000
Over $180,000	$54,547 plus 45c for each $1 over $180,000

The above rates **do not** include:
- the Medicare Levy or
- the effect of Income Tax Offsets

Family Discussion Needed On Insurance

Australia is one of the most underinsured nations in the developed world. Personal insurance is designed to protect individuals and families against loss due to death, illness or injury. Protecting your financial wellbeing should be an important factor for everyone, yet many don't and the effects can have devastating consequences.

Imagine a couple who has recently retired, and are reasonably confident they have enough savings to fund the comfortable lifestyle they always hoped for. Then they receive a phone call with some bad news – their daughter has been badly injured in a car accident while travelling overseas. The doctors are saying she's unlikely to walk again. The daughter always intended to get disability insurance – but just didn't get around to it.

With the bills piling up, and the realisation the daughter is set to be out of the workforce for an indefinite period, she moves back into the family home. Needless to say, the couple's retirement plans and retirement income will be affected.

It's a natural instinct for parents to do whatever it takes to help their children. Luckily for the Baby Boomer generation and their children, many have the financial resources to help out. But what if "helping out" means staying in the workforce longer, or cutting back on the retirement lifestyle dream to help fund a child's mortgage, medical expenses or living costs?

What would that mean for your own financial situation – both now and in the future? The underinsurance issue should be discussed with your wider family and the following questions considered if you are a parent or Generation X or Y.

Parents - could you:

- Care and provide for grandchildren (including education costs)?
- Afford your adult children's mortgage repayments?
- Provide full time care and support for your adult children?
- Cover all your dependents' debts and still have adequate income for yourself?

Gen X and Y (adult children) - would you:

- Be able to afford your mortgage repayments if you became ill or suffered a serious injury?
- Have sufficient savings to meet required living expenses over an extended period?
- Survive on the disability support pension available from Centrelink (maximum payment is currently $689 per fortnight).
- Be able to afford large medical bills from a major illness or accident?
- Still be able to meet financial obligations on a sole income (if you or your spouse could no longer work)?

These questions may sound extreme, but consider the following statistics:

- One in five families will be impacted by the death of a parent or a serious accident or illness that renders a parent unable to work.
- Two-thirds of families with kids at home couldn't meet their expenses beyond 12 months from the main breadwinner passing away.
- 95% of families do not have adequate levels of insurance.

Protection is important

When the unexpected happens, personal insurance can provide some financial relief in a time of hardship. The best approach for your well-being and health is to see your Retirewell financial adviser who can ensure appropriate protection for all your family – whatever the circumstance. Could you maintain your current lifestyle and financial obligations in the event of a life-changing incident for you or your family?

Sources: 'The Lifewise/NATSEM Underinsurance Report' – February 2010; 'Analysis of Insurance Needs', Rice Warner Actuaries – May 2005

Independent Planners' Numbers Decreasing

Over the past 20 years, we have watched and been a part of the evolution of financial planning from predominantly a commission–based sales occupation to today, when it is emerging as a genuine profession. Financial Planning is being offered as a degree course in its own right in many Australian universities and from 2013 new members of the FPA must hold a degree as a pre-requisite to commencing the Certified Financial Planner course.

However, the path towards professionalism has been accompanied by the imposition of much burdensome red tape, regulation and compliance as Government has reacted to various events. The current FOFA (Future of Financial Advice) "reforms" which are supposed to make advice simpler, cheaper and more widely available, will end up (in our view) doing the exactly the opposite and will impact heavily on the independent advice sector.

To the cynic, this drawn-out three year FOFA exercise has been designed to favor the union-run Industry Super Funds network and the big product-manufacturer institutions against the independent financial advice sector.

It will lead to a lack of diversity in advice and conflicts of interest will remain and increase – which will be detrimental to consumers. Disappointingly, the FOFA reforms will result in a return to the 1970s/1980s, when advice was mainly provided by vertically-integrated product manufacturers (banks and insurance companies.)

The number of independently-owned financial advisory firms is diminishing due to the continued domination of institutionally-owned adviser groups (where the cost of advice is cross-subsidised by profit on product placement) along with multiple mergers and acquisitions (eg Count, by Commonwealth Bank, and DKN, by IOOF) in 2011.

In future, a Big Four bank or institution (or one of the many advisory firms they own) will licence most advisers. Even now, at least 85% of advisers are licensed to or now aligned with a product manufacturer of some kind. Advisers of firms owned by product manufacturers usually need to meet product-based volume or performance targets. This is clearly a systemic conflict of interest between product and advice, which results in less choice and less genuinely independent advice for the consumer.

However, investors have clearly shown they prefer to receive independent and non-conflicted advice. There will always be strong demand and a bright future for independent, client-centric advice, which can be best provided by niche, independently-owned specialist firms such as Retirewell Financial Planning.

New Work Bonus Scheme For Age Pensioners

On 20 September 2009 the Work Bonus Scheme was introduced to encourage workforce participation for pensioners over Age Pension age. It established a new pension Income Test concession for employment income. This replaced the Pension Bonus Scheme for new pension applicants.

Under the 2009 Work Bonus Scheme, half of the first $500 of fortnightly employment income was disregarded for the Income Test for pensioners over Age Pension age. This meant the maximum that could be disregarded was $250 per fortnight. Unused entitlements were forfeited.

From 1 July 2011 a more generous Employment Income Concession arrangement was introduced.

A single income tested pensioner can earn up to:

Per Fortnight		Per Annum
$250	From Employment Income	$6,500
$150	From Any Income	$3,900
$400	Total Income	$10,400

before having the maximum Age Pension reduced under the Income Test.

A pensioner couple that both earn employment income can earn up to the following before having their pension cut:

Per Fortnight		Per Annum
$500	From Employment Income	$13,000
$264	From Any Income	$6,864
$764	Total Income	$19,864

However, the employment income of each member of a couple is assessed separately. Therefore, if one member of a couple earns $500 a fortnight and the other earns nothing, the employed member cannot use the unemployed member's unused Work Bonus allowance.

Unused fortnightly entitlements of $250 can be accumulated until they reach the cap of $6,500. Therefore by July 2012 each Income Tested pensioner could have accumulated $6,500 of Work Bonus entitlements that can be set off against income earned in 2012/2013.

The new Work Bonus Scheme is an innovative and quite generous concession which should encourage healthy retirees to earn some extra income after retirement.

MARKET INDICES TO 30 NOVEMBER 2011

MARKET	INDEX	1 Mth %	6 Mths %	1 Yr % pa	2 Yrs % pa	3 Yrs % pa	5 Yrs % pa
Cash	UBS Warburg Bank Bill Index	0.39	2.47	5.02	4.79	4.39	5.51
Australian Sharemarket	S&P/ASX All Ordinaries Accumulation	-3.43	-10.37	-6.59	-1.82	9.04	-1.12
	S&P/ASX 20 Leaders Accumulation	-3.76	-9.99	-5.21	-2.66	7.87	1.37
	S&P/ASX100 Accumulation	-3.41	-10.03	-5.64	-2.36	7.63	-1.09
	S&P/ASX300 Accumulation	-3.44	-10.33	-6.27	-2.31	8.14	-1.40
	S&P/ASX Small Ords Accumulation	-3.71	-13.04	-12.09	-1.61	15.03	-3.57
Property	S&P/ASX300 A-REIT Accumulation Index	2.65	-2.89	2.23	1.85	-0.51	-13.57
Aust Fixed Interest	Aust Comm Bank All Series/All Maturities Accumulation	-0.81	6.59	8.59	7.68	5.78	6.77
International Sharemarkets	MSCI World Accumulation Index ($A) (MSCI - Morgan Stanley Capital International)	0.81	-8.15	-4.76	-1.60	-2.97	-6.47
USA	MSCI USA Accumulation Index ($A)	2.99	-2.98	0.63	2.99	-1.62	-5.12
UK	MSCI UK Accumulation Index ($A)	0.49	-7.07	-2.43	-1.55	-2.20	-7.68
Europe	MSCI Europe Accumulation Index ($A)	-1.35	-15.60	-8.02	-7.31	-4.65	-8.66
Japan	MSCI Japan Accumulation Index ($A)	-1.28	-6.04	-14.50	-6.02	-10.48	-10.95
Asia Ex Japan	MSCI Far East ex Japan Accumulation ($A)	-4.43	-16.91	-17.02	-2.98	6.14	-1.36
International Fixed Interest	Citigroup World Govt Bond Unhedged Accumulation ($A)	1.72	5.38	0.17	-3.13	-8.26	1.08
Inflation	CPI – Weighted Capital Cities (@ 30/9/2011)	N/A	1.52	3.52	3.15	2.52	N/A

Retirewell News

Retirewell becomes an FPA Professional Practice

The body which represents professional Financial Planners in Australia is the Financial Planning Association of Australia – FPA for short. Membership is currently around 8,500. In the most major change since its inception in 1992, the FPA has moved to become the professional body for financial planners (setting professional standards of conduct, code of ethics, minimum educational standards etc) rather than an industry association.

This is significant because as a professional body, its primary purpose is to represent the best interests of consumers of financial advice, rather than to represent its members, which is the role of an industry association. Retirewell has had a long and supportive association with the FPA and its predecessor bodies, with Tony Gillett having served in many capacities on FPA bodies and committees, including as a Director on the inaugural FPA Board.

We are proud that Retirewell has joined a relatively small number of financial planning practices in Australia, which have been granted "FPA Professional Practice" status, which distinguishes Retirewell as "a Financial Planning Practice of the highest calibre". We will continue to serve our clients' needs in the best way we can in these uncertain financial times.

The more the merrier

We are delighted to announce that Mark Holzworth's eldest daughter Tahlia has recently brought a beautiful little girl into the world. Tahlia, husband Marshall and baby Gemma (left) are all well. Tahlia is on maternity leave though working part-time in her portfolio administrator capacity. Her sister Ebony (right) recently joined Mark as his client service officer. Mark thinks he's still too young to be a grandfather!

We now have a Kristal ball!

Towards the end of each year, the Retirewell office is decorated with a small Christmas tree (right) adorned with balls inscribed with the names of each staff member.

During 2011, Kristal Eade (above) joined Tony Gillett as his new personal assistant.

So Retirewell finally has a Kristal ball!

One of the pleasures of our business is that many of our new clients come to us because our existing clients suggest that they do. If you like what we've done for you, please tell your family, friends and colleagues about us. We promise to give them the same high quality of advice and service you have come to expect.

RETIREWELL

WEALTH MANAGEMENT SOLUTIONS

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