

Women deciding for themselves



I'm in control. The first time in my life.
Jane- Roseville



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1. Executive summary: Who can help me?

There are many women today who have led full and eventful lives, have raised families and enjoyed long-lasting marriages. Sometimes, at a mature age, these women find themselves independent again. Their husbands have passed on and their children are grown up. So these women are now making financial decisions for themselves.

If you are in this position, the prospect of being on your own and having to make your own financial decisions could trigger some fear. Questions like this might be at the forefront of your mind:

- How will I survive?
- Where will the money come from?
- How long will it last?

At this emotional stage in your life, you need to turn to someone for help – someone who can deal with the practical aspects of the situation.

Often family members step in to help. However, this does not always work out and sometimes can cause more trouble than it is worth. Finding someone independent to help you with your situation is usually a better option.

VERVE financial partners have extensive expertise and experience in working with women deciding for themselves. This paper explores some of the common needs and issues faced by mature independent women such as yourself.



2. Appointing a personal PRIVATE WEALTH ADVISER

With this major life change to being independent again, you have some big decisions to make. You may be worried about how you will manage. Perhaps you struggle with factors such as the high cost of living and whether or not to enter a retirement home. You may need some help to find an adviser whom you can trust, who communicates effectively with you and with whom you can build a strong personal relationship.

Working for professional fees their interest is in building long, mutually rewarding relationships with clients whose wealth expands over time.

This is where appointing a personal Private Wealth Adviser is crucial. Your Private Wealth Adviser is the one person who can help you with your investments, taxation, risk and goals - and give you good advice specially tailored for you. Appointing your personal Private Wealth Adviser will take the worry out of managing your money, and replace it with security, freedom and control over your own life.



2.1 A Central point of Call

Our research showed that independent women spread their financial affairs across a number of different and often uncoordinated providers, such as accountants, lawyers, investment advisers, stock brokers and insurance agents.

"The trouble with using for different issues, such as tax, legal investments etc, is that they aren't working together to get you the best overall outcome"

Jane-Roseville

Many independent women commented that it would be far easier (and more effective) to have one central point of contact to handle all financial management issues.

2.2 Behavioral Biases

There is a whole branch of science known as behavioral finance which has evolved to study interaction between human behavior and economics. According to this theory, many human behaviors are hard wired and we often act in ways which are not in our best financial interest. Often, motivated by fear and greed, we respond erratically and irrationally, reducing our investment returns.

Some of the common investor behavioral biases include:



"I think my life's getting easier...now in my life is the first time that I don't worry about money ... "

Jane - Roseville

2.2A Overconfidence

Many professionals think that because they are good at what they do, they will also excel in managing their investments. Independent women have a tendency to overspend to fund for family member's needs, as the role of decision maker in money matters had been assumed by their late husband.

2.2B Risk Aversion

Academic research has shown that investors are more troubled by a loss than pleased by an equivalent gain. However, by being so afraid of losing money, investors can often reduce their opportunity for gain. In other words, sometimes not taking risk can be risky itself. Often these women are confused and frustrated by the responsibility of wealth. There is often a dislike in managing finances and avoiding making what they feel are technical decisions.

2.2C Regret

We tend to judge ourselves quickly if our actions do not immediately generate a positive response. Fear of regret can lead investors to hold on to losing investments for too long in the hope they will 'come good'. Alternatively, if you have invested for sound reasons, as part of a long term asset allocation strategy for example, it pays to stick to your investment objectives rather than engage in costly, knee jerk reactions.



3. Common needs and issues

In 2008, **VERVE** financial partners interviewed several mature, independent women to explore the factors affecting them.

3.1 The initial worry

When mature independent women first find themselves making their own financial decisions, they are often quite worried about how they will cope.

"When the money first came through, I was with Michael [my solicitor]. I said to Michael, "I've got no idea what to do with this money, I don't even know how to go about it" and that's when he suggested coming here."

Amanda - Strathfield

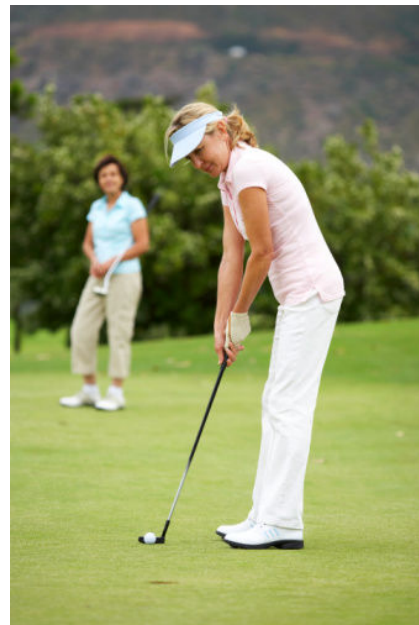
They may lack experience in making financial decisions, or lack continuity or direction in the financial advice they have previously received.

"We were brought up to keep everything under the collar and not to discuss things in the open ... All your husband said this will be done or that."

Pat – Hurstville

"I haven't had a financial adviser as such I've had different ones along the way ... with a hodgepodge of investments."

Merle – Croydon



3.2 Struggling with the cost of living and self-sufficiency

On the one hand, mature independent women may have to decide about selling their home and considering retirement accommodation. On the other hand, they must also face the rising cost of living.

"Things are getting more expensive and the cost of living is definitely getting more expensive. And living on your own, you still have to pay the things like council rates with one income rather than two."

Pat – Hurstville

"... you put the radio on, the TV on, it's all you hear – money, money, money."

Amanda - Strathfield

3.3 Looking for a personal, trustworthy Private Wealth Adviser

Often, the first financial advice that mature independent women receive comes from a bank, relative or neighbour. However, it is more beneficial to go to an expert adviser who has effectively advised other clients in similar situations. This adviser is a Private Wealth Adviser, offering a personal relationship with tailored solutions.

"Where would I be without you? When you have money you must go and get help ... I would recommend you to anyone. If anyone came looking for a financial adviser, I'll send them off to you."

Amanda - Strathfield

Working for professional fees their interest is in building long, mutually-rewarding relationships with clients whose wealth expands over time.

It is important for these women to have supportive people who help them choose a good financial adviser. The support could come from family, friends or other trusted professional advisers such as their solicitor or accountant. Word of mouth is the most valuable recommendation.

"When you invest money and you start talking about things you don't understand ... that's why I had to bring my daughter with me because it all went over my head. Initially, it was a big decision as well, obviously. So it was good to have her around ...having family around is very important."

Amanda - Strathfield

3.4 The importance of financial planning

Many mature independent women realize that a pension will not provide sufficient funds for them to live as comfortably as they would like and deserve. Even the Federal Treasurer, Mr Wayne Swan, has admitted that he could not survive on the pension: "...the single rate pension is totally inadequate," Mr Swan told the Nine Network in September 2008.

Mature independent women understand how much their Private Wealth Adviser can help in their lives.

"A lot of people get money and they just go out and spend it. Spend it now and not worry about the next day. "I'll spend it and go on the pension." A lot of people do that. They live on the pension and think it is not enough."

Amanda - Strathfield

"I think it's probably vital for women of my years ... all need to learn how much a financial planner can help you."

Pat – Hurstville

3.5 Good communication in everyday language

Women deciding for themselves do not want to be swamped with financial jargon that they cannot understand. They want a financial adviser who communicates well with them in everyday language. This involves face-to-face, personal interaction which further develops their trust in their financial adviser.

"You have always been easy to talk to, especially when I first came to you."

Amanda - Strathfield

"Plain English - that is the bottom line."

Pat – Hurstville

3.6 Taking the worry out and replacing it with security

Once a mature independent woman has found and established a good relationship with her financial adviser, it takes the worry out of managing her money. She can relax with the security of knowing that her financial future is planned.

"... help you plan for your future in a safe way, something that you could understand clearly, that everything that you thought about could be considered ...invested for your financial betterment and satisfaction in knowing that [your] money is safe."

Pat – Hurstville

3.7 Freedom, exercising choices and a new lease of life

Not having to worry about finances any more empowers a mature independent woman with a new perspective on life. Finally she can enjoy herself freely with her friends, and make her own decisions on how she spends her money on herself.

"If I go shopping and think I like that outfit – I'm in control. The first time in my life ... I'm always on the go – I never stop ... We go to a lot of shows, musicals ... We're off to see the circus that starts this week. A lot of things like that."

Amanda - Strathfield

"The money is there and that is what I like about my life ... Yes, it's a great feeling ... If I want to do things I can do it. That's the best part ... What I can do I do."

Jane - Roseville

CASE STUDY

Mary was working part time and working towards a well deserved retirement with her husband Bob in a few years time. The plans included travel to Europe and spending more time with grandchildren.

In the past Mary had found financial matters complicated with responsibilities and decision making in this area taken over by Bob for as long as she can remember. Mary also found it difficult to work with Bob's financial Adviser.

Life was going along smoothly until Bob passed away from a motor vehicle accident on his way to work. Needless to say nothing could have prepared Mary for this. On top of her emotional trauma of loss and heartbreak she had to take on new responsibilities in the financial decision making.

Some questions raised by Mary were:

- Who do I turn to?
- What should I do with our superannuation funds?
- What funds do I use to pay off the mortgage?
- What should I do from the funds from the life insurance?
- Will I have enough money to retire?
- How much do I want to leave for future estate beneficiaries?
- What happens if I lack the physical or mental capacity to act for myself?



Taking a family member's advice, Mary set up a meeting with a Private Wealth Adviser to find answers and solutions to his questions.

To help her, the Private Wealth Adviser:

1. Undertook a discovery process to find out Mary's attitude to money.
2. Confirmed her financial goals which included being financially independent by age 60
3. Undertook an analysis to confirm that with some direction setting and discipline Mary would be in a position to consider retirement
4. Recommended some changes to her strategy that will result in over \$16,000 per annum of benefits.
5. Advised Mary to update her will, and binding death nominations for their superannuation funds. This will ensure her assets are protected for her family in the event of death or impairment.
6. A power of attorney was structured to ensure her daughter can act on behalf if her health suffers.

It does not end there.

Mary's Private Wealth Adviser will continue to monitor her progress towards her objectives.

Mary has laid the foundation for a successful financial future. She has answers to her questions, but more importantly, she has a Private Wealth Adviser she can turn to and who will work with her through whatever financial issues life throws at her.

Personal Private Wealth Adviser

A Private Wealth Adviser will offer a variety of benefits, including:

1. Project management – managing a team of experts while remaining focused on what is in your long term interests.
2. Discipline – helping you avoid wealth damaging biases and behavioral traits.
3. Longevity – they will be there for the long haul. The relationship between you and your personal Private Wealth Adviser is ongoing and built on trust.
4. A deep understanding of your core values, goals and objectives

Choosing *VERVE* as your Private Wealth Adviser

Your choice of Private Wealth Adviser is critical. You need to be comfortable delegating to them wealth management issues that directly affect your personal security and that of your family.

At *VERVE*, we will provide:

1. Strong relationships with other professionals such as accountants, insurance experts and estate planning lawyers.
2. A comprehensive understanding of the specific needs of private sector academics.
3. Client focus by limiting client numbers. This allows time to build a sound relationship, understand what is important to you and add significant value.
4. An alignment of interests by charging a fee for service rather than being commission based.



About The Author

Gary Ho is a director of **VERVE** financial partners. His goal is to help clients use their wealth to achieve their most important life goals. He specializes in advising and guiding women to decide on their financial futures.

Gary's approach to financial advice is one with a holistic view. Emphasis is placed on the early identification of financial needs and implementing strategies to achieve objectives and life goals. He is a skilled and experienced strategist with the ability to provide concise options.

He is a Certified Financial Planner and a member of the Financial Planning Association. His formal education includes a BA with Majors in Economics and Geography and a Diploma in Financial Planning.

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VERVE financial partners would be happy to discuss your specific situation with you and help you work towards true financial independence.

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