

WHY WE ASK; "WHAT'S YOUR IDEA OF FINANCIAL FREEDOM?"

a chat with a Guru

Pete and I 'longlunched' with a couple of mates in the City recently. It was a fun afternoon and on the way home in the car, the discussion got on to ageing.

"I get heaps of clients commenting how they love 'In Macarthur' magazine and enjoy reading our chat." *Thanks mate... are you drunk?*

"Don't go getting all humble on us Dave." *Too obvious?* "Just a tad." *Yeah, OK I am pretty good at this stuff.* "Now you need to settle down a bit."

"But I must admit, you do have a bit of a fan club." *Cool.* "One lady in particular, Vi Tibbles." *Yeah?* "Vi is Mrs Guru's Nan, she is 98." *And Vi reads my magazine?* "Loves it! She reads every article in every edition." *Really?* "Yep, afterwards she comments about you as if you are talking just to her." *Maaw, that's lovely. Vi is obviously a very stylish and intelligent lady.* "You're not getting carried a way again Dave are you?" *Maybe.*

I hope I live a long, healthy life like Vi. "Living to 98 and beyond is awesome, but it also has its own problems." *Yeah, so many candles - imagine the size of the birthday cakes!* "I'm sure that's not the biggest problem Dave - put simply, you can out live your money! People like Vi might have limited expenses, but they still have needs, be it more medical costs or simply being able to enjoy whatever their sense of financial freedom might be, they need money to live."

So this is where your expertise kicks in. "Correct. Today we discuss Annuities vs Account Based Pensions (allocated pensions). Annuities, in particular lifetime annuities, have a certain appeal for people with a genetic tendency for longevity and who are relatively healthy. They take away the risk and volatility of growth investments such as shares and property. They also take away the risk of volatility in interest rates as you start with a certain amount and each year it can go up with inflation. Previously you would

have a downside that you lost access to your capital. This also has been addressed with modern product design. Some annuities provide access to capital, you simply get a lower interest rate from the outset for that particular option. If you did not need access to capital you would get a higher return initially."

Sounds good. "In addition to a Lifetime Annuity, people entering aged care facilities can in some cases lower their daily income tested fees and improve their Centrelink payments by the use of certain types of annuities." *You are the Guru!* "Hillross Macarthur are the aged care experts in the region and we encourage any offspring assisting their parents into aged care or people considering the move maybe by necessity through poor health, or just by choice - we can help."

For a free "Understanding Aged Care" booklet produced by Hillross Macarthur please email info@macarthurfp.com.au or call free-call 1800 444 501 or 46275200



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MY IDEA OF FINANCIAL FREEDOM



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