

AVENUES

WHAT'S YOUR
IDEA OF
FINANCIAL
FREEDOM?

As we enjoy another season of sun and festivities, it's a great time to reflect on what was achieved in 2014 and what you want to focus on in 2015.

At the 2015 Advice Summit our Principal Adviser, Mark Heanly, was recognised for his 9.5 years of service to Scone Grammar School as its Chairman and also for his fund raising efforts for the McGrath Foundation, through his Cooktown to Kokoda Challenge. Mark was awarded the Service to the Community Award.

Your goals for a new year might be big, bold and challenging, or they may be incremental steps towards a longer term ambition. Whatever you focus on, it's important to be confident that you have the financial support in place to make your goals a reality.

Taking stock of your finances, savings and estate planning is beneficial at the start of a new year. And continuing to help those you care about with their own financial literacy will go a long way to making 2015 a year of success for everyone.

A new year – like a new season – has all the promise of a fresh start. We hope you enjoy 2015!

Hillross Consilium

92 Darby Street Newcastle NSW 2300
122 Kelly Street Scone NSW 2337

P 02 4926 2133

E mark.heanly@hillross-consilium.com.au

W www.hillross.com.au/consilium/

Facebook [Consiliumhillrossadviser](https://www.facebook.com/Consiliumhillrossadviser)

Twitter [markheanly](https://twitter.com/markheanly)

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VOLUNTEERING ABROAD!

Ever wondered what it would be like to uproot your life and do something completely different?

People of all ages do just that by volunteering abroad. In places like Mongolia, Thailand, Romania, Mexico or Fiji, volunteers are needed every day. You could use your skills and experience on projects from archaeology, journalism, environment, to human rights, teaching, sports and healthcare. Whatever your specialisation, if you have the desire to enrich a community, there is a project for you.

Some people volunteer as a 'gap year' before they get on with career or study, and more people are viewing the opportunity as a way to broaden their career experience or as a personal test for themselves while they do something worthwhile.

And the good news is that many groups place great value on older volunteers. They recognise that with age, comes experience, skills and patience that younger volunteers can't offer. Recent years have witnessed a massive growth in the amount of retired volunteers, with teaching and care being very popular areas¹.

Volunteering is an exciting way to experience a place differently – building a bridge so a community can safely cross a river during high tide is something you won't forget in a hurry!

Getting started

Numerous groups organise volunteer opportunities overseas. Some, like Projects Abroad, actively seek professionals who can make a difference in some of the world's poorest communities.

Your professional association might also organise volunteering trips, including law societies, medical or engineering associations. Use your professional association as a starting point or try some internet research. Check the volunteer group you choose with the Australian government to make sure they're legitimate.

Things to consider

Before deciding to volunteer abroad:

- **Be clear on your reasons.** Know why you want to do it as you'll be putting your life on hold in an unfamiliar place with a complete change in lifestyle and living conditions. Be clear with your organisers why you're doing it – you'll get more from the experience and so will the community you work with. If you're volunteering with another person, be sure your ambitions are well aligned.
- **Research.** Don't leave it up to others to decide where you'll go. Investigate your preferred places, including the political and cultural environment. Will you easily adapt to the culture and living conditions? What are the social norms?
- **Choose carefully.** Look into the group you want to go with. Are they reputable and acknowledged by Australia? Register your travel plans with the Australian government in case you need support. The organisation you choose will have a big impact on your experience so ask for references from past volunteers like you.

- **Organise things at home.** Organise your life at home before leaving. Do you have a power of attorney? Consider how your financial affairs will be dealt with while you're gone. If you've got investments, who will make decisions in your absence? Don't hijack your financial future by ignoring your responsibilities while away, and don't forget to organise your estate plan, including a current and legal will.
- **Safety.** Ultimately your personal safety is your utmost concern. Ask as many questions as you need to be satisfied that the project is safe for you.
- **Follow the advice provided.** Your volunteer group will provide preparation advice and what to do while away. Follow this advice. It could make the difference between enjoying your time and being too ill to perform.
- **Know the costs.** Be clear on your budget. Consider reserving cash for emergencies. And some projects can drain your health so set money and time aside to recover.

Lastly, have fun! Volunteering abroad is one of the most amazing experiences you're ever likely to have so make the most of it. You could really make a difference to a community by being part of their life for a short time. Be open to the experience, give generously of your time and knowledge, and reap the rewards for a lifetime.

¹ <http://www.projects-abroad.com.au/why-projects-abroad/older-volunteers/>



DO YOU HAVE A KEY PERSON IN YOUR BUSINESS?

If your business is like millions of other small or medium businesses in Australia, it's likely that you'll have one or more individuals whose involvement is critical to its success.

This 'key person' might be important because of their investment or experience, their technical expertise or their business connections. And while we don't like to think about it, no longer having this key person involved could put undue pressure on you and the business, affecting your health and wellbeing, and potentially the long term financial viability of the business.

But there's a few ways business owners can minimise the impact of this risk, and using a mix of options is usually the best approach.

Who is a key person?

A key person is anyone whose continued association with your business provides a significant economic gain. This can mean any of the following:

- increased sales and revenue
- cost savings
- increased profit
- increased goodwill
- ability to access finance, and
- ability to access or retain customers.

A key person can include employees, owners of the business, managing directors, even suppliers— generally those persons whose loss would have a significant impact on the financial viability of the business.

A non-working shareholder, such as a silent partner, who puts up their personal assets as security for business loans may also be a key person if the business relies on these guarantees.

Plan ahead

Like most risks, planning ahead can significantly impact how well you deal with the risk if it does occur.

Business owners can address key person risk in a number of ways. For example, owners might have a succession plan in place where the next generation of leadership is being primed, or a staff training program where knowledge is regularly shared and documented.

Or, they may have alternative investment options in mind, and a business which relies on key supplier relationships may have already investigated alternatives should something happen in the supply chain. Whether formal or informal – business planning is always a good idea.

Adding insurance to the mix is a financial option to help businesses through the difficulty of replacing a key person. Most businesses take out insurance cover against damage from fire or public liability or professional indemnity. But for many businesses their most important assets - their key people - are left unprotected.

Should you include insurance?

Key person insurance is usually life, total and permanent disability (TPD) or trauma cover taken out on the life of a key person.

The idea is that a business can use the insurance proceeds to replace lost revenue, repay debt, cover expense items or inject required capital into the business.

As the purpose of insurance is to ensure the ongoing viability of a business, policies taken out to protect the business are typically owned by the business. With premiums typically paid by the business.

Preparing your plan

Your adviser can help you work out a plan that suits your needs with the right mix of options for your business. Key things to consider include:

- which activities and inputs are key to your business and why
- estimating the loss of revenue or profits
- whether any clients would be lost and the impact
- how you would find a suitable replacement and the costs involved, and
- what it will take for the replacement to be fully functioning and the cost.

Including key person considerations in your business planning can help clarify what's needed to suit your circumstances, giving you peace of mind so you can confidently make your business flourish.





LIVE HAPPIER LIVE LONGER

– POSITIVE AGEING TIPS FROM AROUND THE WORLD BY DR. TIMOTHY SHARP

Dr. Timothy Sharp is an academic, clinician, coach and founder of the 'Happiness Institute'. He is an Adjunct Professor at the University of Technology Sydney and at Melbourne's RMIT University.

Did you know, you are more likely to live an extra twenty to thirty years more – another adult lifetime – than your predecessors did, only two or three generations ago? This evolutionary improvement is the gift of a 'third age' – and properly enjoyed, it need not be one of illness or decline, but one of growth, wisdom, maturity and more.

Positive Ageing

Why does positive ageing seem radical? Why does it seem at odds with our view of ageing? Because many of us base our understanding on the universal concept of entropy – the natural tendency for the universe and everything it contains to fall apart, to decline into chaos.

There's an argument to be made that this concept definitely doesn't apply (or at least, doesn't have to apply) to many aspects of ageing – notably, those parts of our lives and physical beings that grow and improve over time, rather than decline and diminish.

So, what are these areas? The gaining of wisdom, maturity, sophistication and the enduring strength of the human spirit. These attributes, can contribute to positive ageing in our gift of a 'third age'. The benefits of

these we may only enjoy once we have acknowledged their existence and actively taken responsibility for them.

Taking positive action and making plans to unwrap the gift we've been lucky enough to be given all feature in my latest book. As the old saying goes, 'If you fail to plan, you're planning to fail', and failing in this scenario has some pretty serious consequences.

Blue Zones

Much of what we know about positive ageing comes from research into the "Blue Zones"; these are towns or regions with significantly higher proportions of healthier older people; relatively more centenarians and less age related illness.

Researchers have studied these Blue Zones, including Okinawa in Japan and Sardinia off the coast of Italy, and they've found a number of common themes for living longer and healthier lives, including:

- A life purpose, a reason for living and for getting up each and every day
- Respect others and value close familial and community ties
- Optimism, a positive attitude for life, laughing often and using perspective to manage stress
- Avoid overeating, consuming a diet high in natural produce with small amounts of protein and 'good fats'

- Keep active in the normal course of daily living
- Live a relatively simple life, with health, wellbeing and relationships taking precedence over possessions
- Adequate sleep and rest, typically benefiting from at least eight or nine hours of sleep nightly, and for some enjoying naps during the day
- Know that happiness isn't just about feeling good but also doing good
- Practice gratitude and appreciation, focusing more on what they have and less on what they don't
- Respect the older generation. Older people are not considered frail, weak or incompetent. Quite the opposite was observed - elders were given greater respect because of their experience and wisdom.

These are things each and every one of us can do too. You don't have to move to Okinawa, Sardinia or anywhere else, because the things that the Blue Zone residents do are not dependent on where they live, but on how they live.

This is an edited extract from Dr. Sharp's latest book ("Live Happier Live Longer – your guide to positive ageing and making the most of life")