

A NEW "ACTIVE" STYLE OF LIFE INSURANCE

by Paula Eggers paula@dp.net.au



Whilst Life Insurance companies have always tried to regularly provide "tweaks" to improve the cover in their Life, Terminal Illness, Total & Permanent Disability (TPD) and Trauma (or Critical Illness) products, Macquarie have released a truly unique and innovative policy that offers more comprehensive cover than ever seen before in a lump sum product - **Macquarie Active**.

We have been recommending Macquarie Active cover because it is a new style of life insurance with the following benefits:

- ✓ allows you to hold several types of cover in one comprehensive policy (covers all traditional **lump sum policies in one**);
- ✓ you can split the policy between **Self-Managed Super Funds** and **personal ownership** to maximise the affordability, tax benefit and accessibility of benefits;
- ✓ provides cover for a **wide range of health events** with payments based on the severity of the medical condition;
- ✓ you can make **multiple claims** over the life of the policy (and the insurer cannot cancel the policy regardless of how many claims you have) whereas traditional policies can only be used once (twice max, but not for a similar condition);
- ✓ Guarantees that **25% of the original sum insured** will be available for future claims until you are 65;
- ✓ cover may start to apply for health conditions in earlier stages **increasing your chance of receiving a payment** and potentially providing access to funds earlier than other insurance products;
- ✓ claims can be paid in stages if a health condition deteriorates (**progressive condition claims**);
- ✓ premiums have often proven to be cheaper than many alternative policies;
- ✓ **Tax free**, lump sum benefit payments;
- ✓ you can also choose to add **child trauma cover** which provides you financial support if one of your children become ill – often recommended so you can choose to take time away from work and be with your child when they need you, without jeopardising your income.

It is also important to note that Macquarie's underwriting process has been streamlined making the whole application process so much easier for you, the client. There is less (or no) paperwork (other than the standard medical questions, which we can do over the phone), underwriting responses and decisions are coming through within 48 hours and they have demonstrated their willingness to work with us (both the adviser and the client) to negotiate on terms on difficult cases where other insurers are loading premiums or excluding conditions all together.

For personal wealth protection, I would implore you to at least explore this option – for me to run a comparison costs you nothing and you may find you can afford to better protect you and your family from unexpected illness, injury or death. Please contact Paula Eggers to make an appointment.

Staff Profile



Jason Ward

Formally a client of Dornbusch Partners, Jason joined the team in July last year as a Paraplanner after selling his Toowoomba bus and coach business in 2009. He has recently become an adviser and will be working alongside Andrew assisting new and existing clients achieve their financial goals. Jason is married to Liddy and has 2 children, Harrison – 5, and Chelsea – 2 with baby 3 due in July.

IS IT TIME TO BUY BANKS?

by Jason Ward jason@dp.net.au



The sectors that we believe will outperform the market over the next 1-3 years are banks, bulk commodity producers, mining services and for the contrarian players out there – retail.

The banks have outperformed the broader market this year to date with analysts forecasting a total sector return of around 8% over the next 12 months. In addition, the major banks are paying fully franked dividends of between 5% and 6%.

Bad and doubtful doubts have declined and are expected to continue to decline in the periods ahead. With the exception of CBA, the major banks will be reporting their profits in May and paying their interim dividend in July.

Commonwealth Bank reported its half yearly results in February and announced a cash net profit after tax of \$3.335m, up 13% on previous comparative period and an Interim dividend of \$1.32 per share, increased by 10%. This puts CBA's dividend to greater than pre GFC levels. ANZ, NAB and WBC all report their half year results in May.

The banking sector is trading at a one year forecast earnings multiple of 11.8x with CBA at 12.6x and NAB the cheapest at 10.9x. This compares to the total market trading at 15.9x one year forecast earnings.

We don't believe that it will be just the major banks that will outperform the market over the short term. Wide Bay Australia Limited (WBB) is a regional bank based in Queensland with 43 branches from Robina on the Gold Coast to Cairns in North Queensland. They are well placed to benefit from the booming resource sector in Queensland with a concentration of branches in Central Queensland.

They source their funding predominately from retail deposits making up 60% of their funding with the remainder coming from wholesale markets.

The company recently announced that their bad debts for the first half of this year was \$29,000. Their share price has been under some pressure recently with concern over whether or not the recent weather disruptions will see much of an increase in these bad debts. The company has indicated that there has been a slight increase in 30 and 60 day arrears as a result of the flooding, however have seen no significant increase in requests for hardship consideration.

Contact your adviser to see if you are sufficiently weighted towards the banking sector and which bank (no pun intended) suits your goals and objectives.



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Staff Profile



Melissa Szepanowski

Melissa is a Client Service Manager and has been on the DP team for 5 years. She primarily works alongside John Gouldson and Bob Kratzmann assisting them in achieving their clients' financial goals. Melissa is getting married in May this year to her partner Paul of 7 years. They are honeymooning in America and the Bahamas for 5 weeks. Congratulations Mel and Paul!

END OF FINANCIAL YEAR DOCUMENTS

by *Melissa Szepanowski* melissa@dpnet.au

30 June is fast approaching and once again we will be posting the 30 June 2011 statements in mid to late July for all Super Funds and portfolios whose value is over \$100,000. If you have a portfolio that is under this value and require a statement, please contact our office at advice@dp.net.au or call us on 07 4639 2588.

We have also recently being inundated with calls and emails from clients Accountants requesting copies of 30 June statements, dividend statements and cost bases. We would like to remind clients it is their responsibility to keep all statements posted to you from us and the share registries. For our ladies in administration it is not simply 'pressing a button' and the information appears. On the contrary we may have to go to third party sources to obtain the information and this can be a time intensive process. As such, DP will be charging an administration fee for such requests with a minimum fee of \$110 (inc GST) per hour. This fee also applies to queries concerning cost bases. We encourage clients to retain all share information for as long as they own the investment, and then an addition five years as per the ATO guidelines if the investment

is sold. If your Accountant comes straight through us for any information we will advise them of these costs first before proceeding.



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WIN AN IPOD!

CLIENT DATA

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