

# David: Previously a Big Bank Adviser Client

**With our advice** David saw an increased return of \$35,059 in the first year, and saved over \$200,000 in potential estate tax.

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## BACKGROUND

David (72) approached us for advice after CBI Financial Planning was recommended to him by his brother-in-law. David had an existing pension account which had been established by a Bank Adviser when his farm had been sold eight years ago. The Adviser left the Bank and the industry in early 2018.

David has a de-facto partner Sally; however, they keep their finances separate.



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# David wanted to:

- Consider alternative investments which might achieve a higher rate of return
- Understand and action an estate plan to ensure that Sally was taken care of, while also passing a legacy onto his children
- Increase his Pension income in order to meet his living expenses
- Maintain a relationship with an adviser, rather than meeting a different person each year.



## FINANCIAL POSITION

### Pension

- ▶ Allocated pension balance: \$1,441,520
- ▶ Annual pension income: \$72,076

### Assets

David owns a rural property which he uses as a weekender while his main home is in central Toowoomba.

- ▶ Lifestyle assets: \$2,262,300
- ▶ Term deposit: \$664,000 (currently earning 0.60%)

### Financial planning fees

David met with his bank annually to review his portfolio, although at each review he met with a different adviser.

- ▶ \$4,400 annually for portfolio review



## VALUE OF ADVICE

Understanding David's goals allowed us to build strategies which:

- ▶ Generated an after-tax income of \$85,000 p.a. in retirement to meet his living expenses while also maintaining the ability to access lump sums when and if required.
- ▶ Allowed David to obtain a Commonwealth Senior Health Care Card.
- ▶ Increased the potential return on his cash funds by an estimated \$35,059 p.a.
- ▶ Saved \$6,487 in product fees in the first 12 months by restructuring his retirement fund.
- ▶ Saved the estate an estimated \$216,228 in tax by rearranging estate planning matters to protect Sally's interests and enable her to live the same lifestyle in the event that David dies. David has also provided for the passing of a legacy onto his children.

David now has Lisa as a dedicated financial adviser who looks after his needs on an ongoing basis.



## OUTCOMES

YEAR ONE  
INCREASED RETURN

**\$35,059**

REDUCTION IN  
POTENTIAL ESTATE TAX

**\$216, 228**

YEAR ONE SAVINGS ON  
SUPERANNUATION FEES

**\$6,487**

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**This case study is based on real clients. Names have been changed to protect privacy.** This article contains general advice only. You need to consider with your financial planner (or adviser), your objectives, financial situation and your particular needs prior to making an investment decision. Insight Investment Services Pty Ltd and its authorised representatives do not accept liability for any errors or omissions of information supplied in this article.

**Assumptions:** 1. Increased return based on investment of term funds currently earning 0.60% into a managed fund (moderate asset allocation) with an assumed rate of 5.88% (which is the 7-year average for a CFS Moderate fund) 2. Reduction of estate tax assumes a reversionary pension put into place for super funds, with all other assets left to David's children to achieve estate equalisation. 3. Savings on super fund fees assumes a change in fund. Fees reduced from 0.88% MER to 0.43% MER.



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