Becoming an Investor

An Educational Guide produced by Suncorp

Contents

Disclaimer

1. Introduction to investing

Successful investing over the medium to long term gives us the freedom to make lifestyle choices later on and that is a good position to be in.

For those with little or no experience, the world of investing can be a daunting place. The huge array of investment products and services, combined with an endless supply of information, can make it seem impossible for anyone but seasoned professionals to succeed.

Yet, armed with a little knowledge, discipline and smart financial advice, you can take advantage of the available investment opportunities to build wealth and achieve your financial and lifestyle goals.

An important step before we begin is to make the distinction between saving and investing.

Savings is money that you put aside for short term purposes for things you need or might need in the near future. This includes money for emergencies, for things you have to buy that you hadn't planned for, like a new fridge if the old one packs up, or perhaps for next year's holiday.

This is short term money and the best place for it is usually in a savings account where it will always be available.

Investments are different. This is money you want to work harder for you over a longer period of time. It's money you don't expect to need access to at short notice, because it's designed to help you achieve your longer term goals.

That's where managed investments may be suitable. They can be started with a relatively small investment, can be added to regularly, and you have professional fund managers working for you. We will discuss managed investments in more detail later.

The right type of investment for you depends very much on your personal circumstances. Essentially, the decision you make should be based on your reasons for investing, your tolerance of risk and your investment timeframe.

This booklet will help you better understand investing and how you can realise your goals by implementing some of the proven concepts for successful investing. The booklet covers:

- why you should invest
- where you can invest your money
- things to consider when investing
- concepts to help you achieve your goals.

Of course there is no substitute for professional advice. The information contained in this booklet is of a general nature only. Everyone has different needs, so we highly recommend that you see a Financial Planner for personal advice. You may want to use the issues raised in this booklet as a way to guide you through the discussion with a Suncorp Financial Planner.

2. Why should I invest?

People invest for many reasons as they often have different goals, incomes and timeframes.

To achieve your goals

We can all think of things we would like to achieve in life. Perhaps to live by the beach, travel overseas or simply enjoy a comfortable retirement. You may have young children and would like to give them the best education, or perhaps turn your passion into a business.

The likelihood of achieving these goals increases dramatically if you clarify exactly what they are and establish a financial plan to meet them. With a plan, people tend to have a real sense of purpose and remain focused on achieving their financial goals. They have less of a chance of straying from the proven investment concept we will cover in this booklet.

A good Financial Planner will help you clarify what your goals are and then help you work out ways to achieve them.

One of the problems with some saving plans is that it is too easy to dip into them to fund other things that might crop up along the way.

Invested money is less accessible so there is less temptation to withdraw cash unnecessarily. And the longer you leave your funds, the more chance the money has to grow through the wonder of compound interest.

To stay ahead of inflation

One dollar buys far less today than it did years ago. This is the effect of inflation, which erodes the purchasing power of your money so that, even with a positive return such as interest, its real value falls.

If, over the long term, your investment achieves an after-tax return that is equal to or outstrips the rate of inflation, you are preserving the buying power of your money. On the other hand, if the after-tax return is less than the rate of inflation, your investment is effectively going backwards.

To protect against inflation you need an investment that provides more than just income. You need to achieve growth, which is an increase in the capital value of your investment.

Growth investments include property, Australian shares and international shares. These types of investments can keep pace with inflation and grow in value over time. These types of investments will be discussed later.

Go for growth

Unless you invest to stay ahead of inflation, you could be going backwards. By choosing growth investments you can protect your hard-earned money against inflation and build your wealth over the long term.

3. Where can I invest my money?

Broadly speaking, you can invest your money in one or more of the five main categories listed below. These categories are known as Asset Classes and can be accessed/invested in directly or indirectly.

Australian shares

When you buy shares you are buying part of a company, which means you get to share in any future profits and growth of that company. Shares can provide income from dividends and capital growth to build the value of your investment and help you reach your goals.

Australian shares are listed on the Australian Stock Exchange and are traded by professional and personal investors. Historically, shares have produced higher returns than other asset classes over the long term (5 years plus). Over the shorter term, returns are less predictable and in some years can be negative.

TIP: When returns are negative it may be a good time to top up your shareholding, as you will be able to buy them at a lower price.

International shares

The Australian sharemarket is tiny compared to the major world sharemarkets. In fact, it represents less than 2% of the world's total sharemarket, so investing overseas can bring a world of opportunities to your door.

Including international shares in your investment portfolio can increase diversification and reduce the volatility of investment returns. When you invest overseas you can invest across a range of countries, industries and companies. You can also access industries and opportunities that may not be available, or are under-represented in Australia such as those in the biotechnology, healthcare, pharmaceutical and information technology sectors.

Like Australian shares, international shares can be volatile and are usually more suitable as a long term investment.

Property

Like shares, property is a growth investment. The direct purchase of a property (usually residential but possibly commercial) by an individual is a tangible investment that allows you to compare it to the competition, improve it and control who occupies it.

It is relatively easy to borrow money for residential property investment if you already have equity in your home, and you may be able to access tax benefits through depreciation and negative gearing. However, residential property can be expensive to buy and maintain, and income is determined by rental demand.

Fixed interest

Fixed interest securities are a low to medium volatility investment suitable for investors with a timeframe of three years or more. Fixed interest securities, such as bonds, are also commonly called interest rate securities. This is because they pay a fixed rate of interest at regular intervals.

The Australian government, semi-government authorities and companies may issue fixed interest securities to raise money for different projects. They usually have a maturity term of one year or longer and offer a higher interest rate, or yield, than cash securities.

Cash

Cash has the lowest volatility of all the asset classes. Cash investments (i.e. bank bills and deposits) can be a good parking spot for funds you are going to need in the short-term. It is always a good idea to have some cash put aside for life's little emergencies and indulgences.

Like fixed interest, cash investments pay a fixed rate of interest at regular intervals. They usually have a maturity term of less than one year.

You can usually invest in these asset classes through a number of managed investments.

While "do-it-yourself" may be fine for work around the house, it's a different matter when it comes to something as serious as your financial future.

A managed investment works as the name suggests. Your investments are managed for you. There are fees involved in these services but the benefits can outweigh the costs.

There are a number of benefits that managed investments offer including:

- Your money is pooled with that of thousands of other investors into a single fund, which then invests in assets that might otherwise be out of your reach.
- Your money is looked after by professional and experienced investment managers who will research and select investment opportunities that offer the best potential.
- You are kept up-to-date with regular information on how your investment is performing.

There are different types of managed investments that can help you achieve your financial goals.

Managed funds

A managed fund can also be called an investment fund or an investment trust.

These investments are often used to help people achieve financial goals like children's education funding, saving money to start a business, a deposit for a house or simply to have enough wealth to feel financially secure.

Managed funds provide all the benefits of a managed investment and they usually let you withdraw your money easily by sending a request to the fund manager. This means you can draw funds if required to fund unexpected purchases or take advantage of other investment opportunities.

Superannuation

Superannuation funds that are managed professionally are also considered to be a managed investment.

If one of your financial goals is to fund a comfortable retirement then you may decide to invest additional money in superannuation. Superannuation is usually the most tax effective way to save for your retirement.

Like managed funds, superannuation allows you to invest your money across a wide range of asset classes. You can usually choose a mix of these investments, in line with your feelings about risk and return. Likewise, you can generally choose which professional investment managers will look after your money in the fund.

Investing in superannuation is simple because your employer sends your contributions directly to your superannuation fund. If you want to make additional contributions, you can arrange with your fund to automatically draw a nominated amount from your bank account on a regular basis.

If your employer agrees, you may also be able to set up regular salary sacrifice (pre-tax) or after-tax contributions directly from your pay.

Because the primary objective of superannuation is to build funds for your retirement, the Government generally limits access to your money until you retire.

Regular investment

One of the easiest ways to keep your investment plan on track is to arrange a monthly direct debit from your bank account to your selected managed fund. You can invest in some managed funds with an initial investment of as little as $1,000 and regular monthly contributions of $100.

4. Things to consider when investing

There are some important issues to keep in mind when you invest.

Your experience and desire to manage your investments

Investing successfully usually takes a good level of financial knowledge, keeping up-to-date with the investment markets and taxation legislation, and also having sufficient time to research your investments.

When you are new to investing, you may find it easier and more enjoyable to start with a managed investment. Managed investments, as discussed earlier, also allow you to invest small amounts until you become more confident, and offer a number of benefits like diversification.

And even when you become more confident, you may still find managed investments very suitable for you as you may not have enough time to manage your investments well.

Taxation

Choosing investments based solely on the tax you pay can be self-defeating. After all, paying tax on high returns is often much better than paying little or no tax on poor returns. However, it's wise to take tax into account when making investment decisions because, like inflation, tax can eat into the gains you make from investing.

Investment income (such as interest and dividends from shares) is generally taxable at your marginal tax rate. You can think of it simply as extra income earned – it is taxed in the same way. If you're already in a high tax bracket you will pay a high proportion of your investment income in tax.

A capital gain (growth) is subject to tax when the investment is sold. An individual selling an asset purchased after 21 September 1999 receives a 50% discount on the capital gain on that investment if it has been held for more than twelve months.

Asset classes such as cash and fixed-interest only pay income so any earnings are taxed at your marginal tax rate. Growth investments such as shares and property provide both income and capital growth so you will be subject to tax in both areas.

It is worth noting that superannuation is probably the most tax-effective investment because the Government provides tax and other incentives to encourage retirement savings. To help your money grow faster, there are tax concessions for contributions to superannuation, investment earnings within the fund and on benefits when you leave the fund and retire.

Risk and return

The different asset classes of cash, fixed interest, shares and property all carry some form of investment risk.

When we talk about investment risk, we usually mean volatility. Volatility is the extent to which the value of an investment fluctuates over time.

Understanding the risk and return nature of the different asset classes will help you choose the right investments for you.

It is not as simple as saying "I want high returns with low risk". There is always a trade off. Low risk generally means low returns and higher returns generally involve higher risk.

Growth assets such as shares and property feature higher volatility than cash and fixed interest investments.

The relative risk and return of these different types of assets is illustrated in the panel below.

What is important is to determine the trade-off between volatility and performance that suits you. An ideal balance is having not so much volatility that you lose sleep, but not such low returns that you fall short of your goals.

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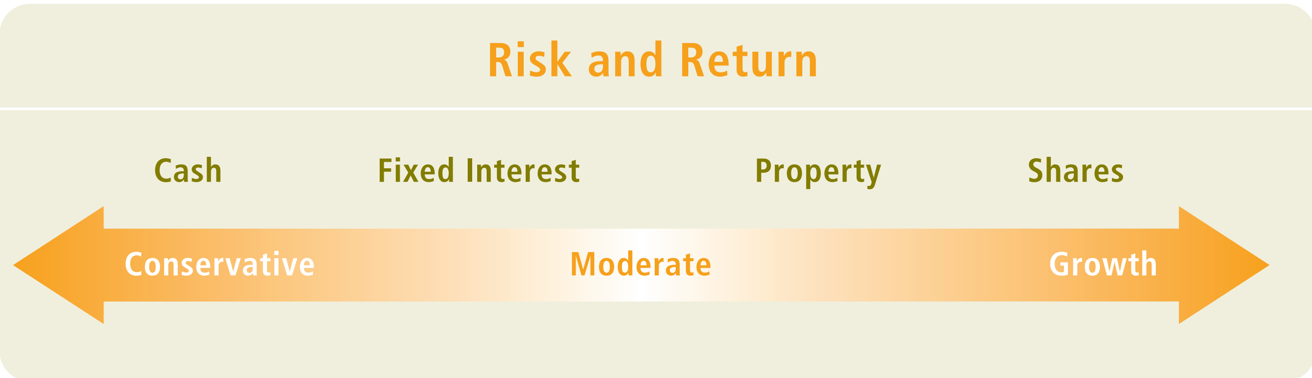


Insurance

While you may give considerable thought to setting financial goals and implement appropriate investment strategies to achieve them, things don't always work out the way you want them to. That's why any financial plan should be complemented by adequate risk protection.

Risk protection means ensuring that, should you die or be unable to work for a period of time, your loved ones will not have to cope with the additional stress of financial hardship.

Depending on your needs, you may consider:

- Life insurance – which provides a lump sum of money in the event of your death.
- Total & Permanent Disablement insurance – which pays a lump sum of money if you are not able to work again due to sickness or injury.
- Income Protection insurance – which provides an income if you are unable to work for a period of time due to sickness or injury.
- Trauma insurance – which provides a lump sum if you were to suffer a critical illness such as cancer, heart attack or stroke.

Before selecting your insurance cover, it pays to assess what level of cover is best for you. Often people will choose a modest amount, without taking the time to verify that the cover will meet their needs.

A Suncorp Financial Planner can help you work out the most appropriate types and levels of insurance cover you and your family need.

Regular review

As your personal circumstances change, perhaps a result of marriage, children, divorce or redundancy, so will your goals and expectations. It is essential that you review your financial and lifestyle goals regularly to ensure they are still appropriate and achievable.

If you need to adjust your goals, this may also necessitate changes to your investment strategies to complement the new objectives.

Of course, you also cannot afford to neglect your risk protection. You should review your insurance regularly to ensure it continues to provide an adequate level of protection.

5. Important Investment Concepts

Whether you are new to investing or have many years of experience, the rules of investing remain the same. Essentially, your chances of success improve dramatically if you start immediately and are disciplined enough to follow these simple but effective investment concepts.

Concept 1: Compound your returns

One of the most powerful concepts for building wealth and working toward your goals is compounding. You need no special knowledge or skill, but there's one thing you simply must have and the more the better. You must have **time.**

Compounding works by accelerating your investment growth. As you reinvest your income, whether from interest or dividends, you effectively earn interest on your interest.

For example, if you start with an investment of $10,000 paying 7% per annum, you will earn $700 interest in the first year. The following year your interest will be calculated on the balance of $10,700.

You don't need large amounts to build a sizeable investment.

The enemy of compounding: procrastination

Okay, so you may be convinced that compounding is a smart concept for building wealth, but surely you can start later?

Well, no, not really. Compounding is so powerful precisely because of the time factor. The longer you compound, the greater the effect. To see for yourself, let's meet Tammy and Harriet.

The key to success is to start now

The longer you delay investing, the less time and money you will have to work with, making it more difficult to achieve your goals.

	If you invest $100 per month			If you invest $300 per month			If you invest $500 per month		
	5 years	10 years	15 years	5 years	10 years	15 years	5 years	10 years	15 years
2.5% pa	6,421	13,572	21,663	19,262	40,716	64,989	32,104	67,860	108,316
5.0% pa	6,758	15,256	26,102	20,275	45,769	78,307	33,792	76,282	130,511
7.5% pa	7,113	17,183	31,638	21,344	51,548	94,914	35,568	85,913	158,190
10.0% pa	7,487	19,384	38,545	22,462	58,153	115,634	37,436	96,921	192,724
12.5% pa	7,890	21,899	47,162	23,639	65,697	141,487	49,399	109,495	235,811

For example:

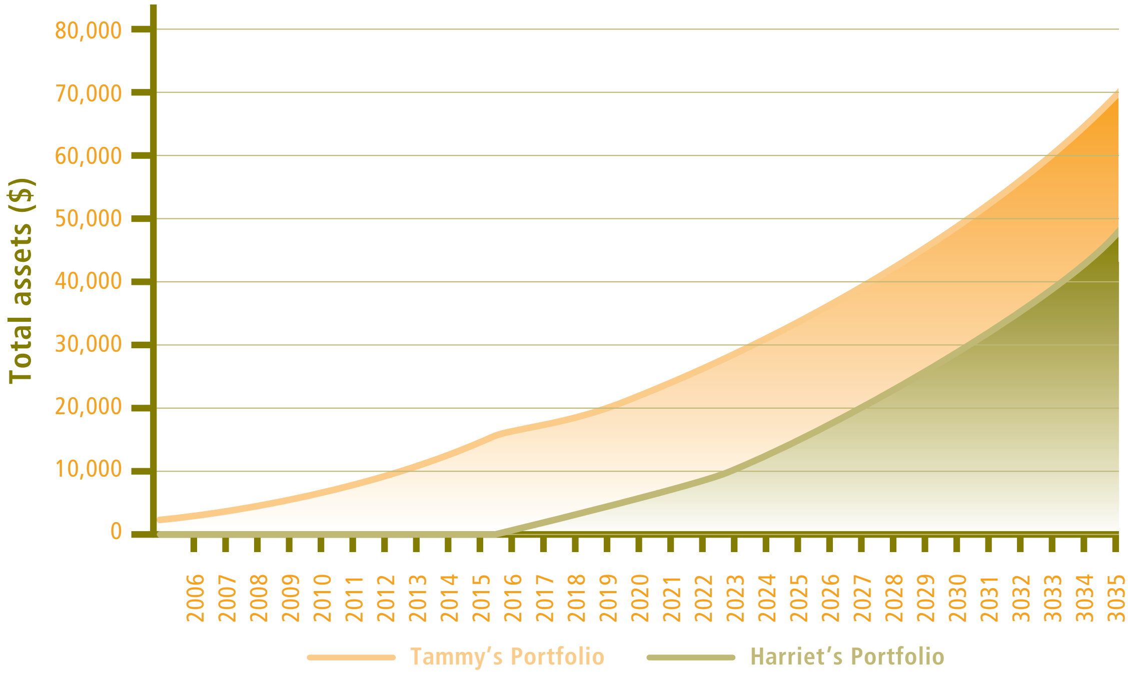
Tammy and Harriet are twins. At age 20, Tammy decides to start saving and invests $1,000 per year for the next 10 years. Harriet procrastinates.

At age 30, Harriet decides she'd better start saving now and invests $1,000 per year for the next 20 years. Tammy decides she has a nice little portfolio and stops her yearly investment.

By age 50, who will be ahead?

Procrastination undermines compounding

Comparison of total assets



Source: Suncorp Financial Services Pty Ltd

The above graph shows the value of the girls' respective investments over the 30 years.
The above graph's calculations assume a total return of 8% per annum, compounded annually.
For simplicity, this example excludes the effect of taxation.

It's worth noting that:

- After the first ten years, Harriet has nothing, while Tammy has already accumulated $15,109.
- Although Harriet makes her yearly investment for twice as long as Tammy (20 years compared to 10), she cannot catch up – the power of the early start is too strong.
- After 30 years, when the twins are 50, Harriet's investment is worth $47,722, while Tammy's is considerably more than this amount at $70,413.

Realising the income your investment earns each year may seem like a good idea at the time, but the benefit of leaving it to compound is well worth the sacrifice.

Time is truly the friend of the successful investor and it plays a part in many other strategies for successful investing.

Concept 2: Match investments to your timeframe

As an investor it is also important to think about your investment time horizon – the length of time you expect to hold onto an investment. Failing to match the investment to the time horizon is one of the most common, and most costly, mistakes made by less successful investors.

Here's why. Investment markets go through cycles. They have ups and downs. The period of time over which these cycles play out varies for the different asset sectors. For instance:

- Fixed interest (income) investments generally have cycles of three or more years, making them a good **medium term investment**.
- Shares and property (growth) investments tend to have cycles of 5 to 7 years or more, making them good **long term investments**.

To make sure you get the full benefit of rises in the market, you need to hold your investment at least long enough to go through a full cycle.

For example:

Tom and Mark each buy units in a managed Australian share fund. After a couple of years there's market volatility and the unit price falls significantly.

Tom hasn't thought about his time horizon and he gets nervous. He figures he should 'cut his losses' so he redeems his units, which are now at a lower unit price than when he bought them. He is very disappointed with his investment.

Mark, on the other hand, has a long term time horizon and knows that short term volatility is to be expected when investing in shares. He sits tight.

Some months later the market turns upward and there are sudden unit price increases that more than compensate for the price fall.

Mark is happy to see his investment recover. Meanwhile, Tom figures that as the market is improving he'd better get back into the game. He buys units, which are now at an even higher price than his original purchase.

There are more 'Toms' out there than you would think. Many, many investors fall into this trap. If Tom had understood the concept of matching his investment to his time horizon, then he may either have chosen a more suitable short or medium term investment (such as cash or fixed interest). Or he would have held his investment for the long term and not been so concerned about short term fluctuations.

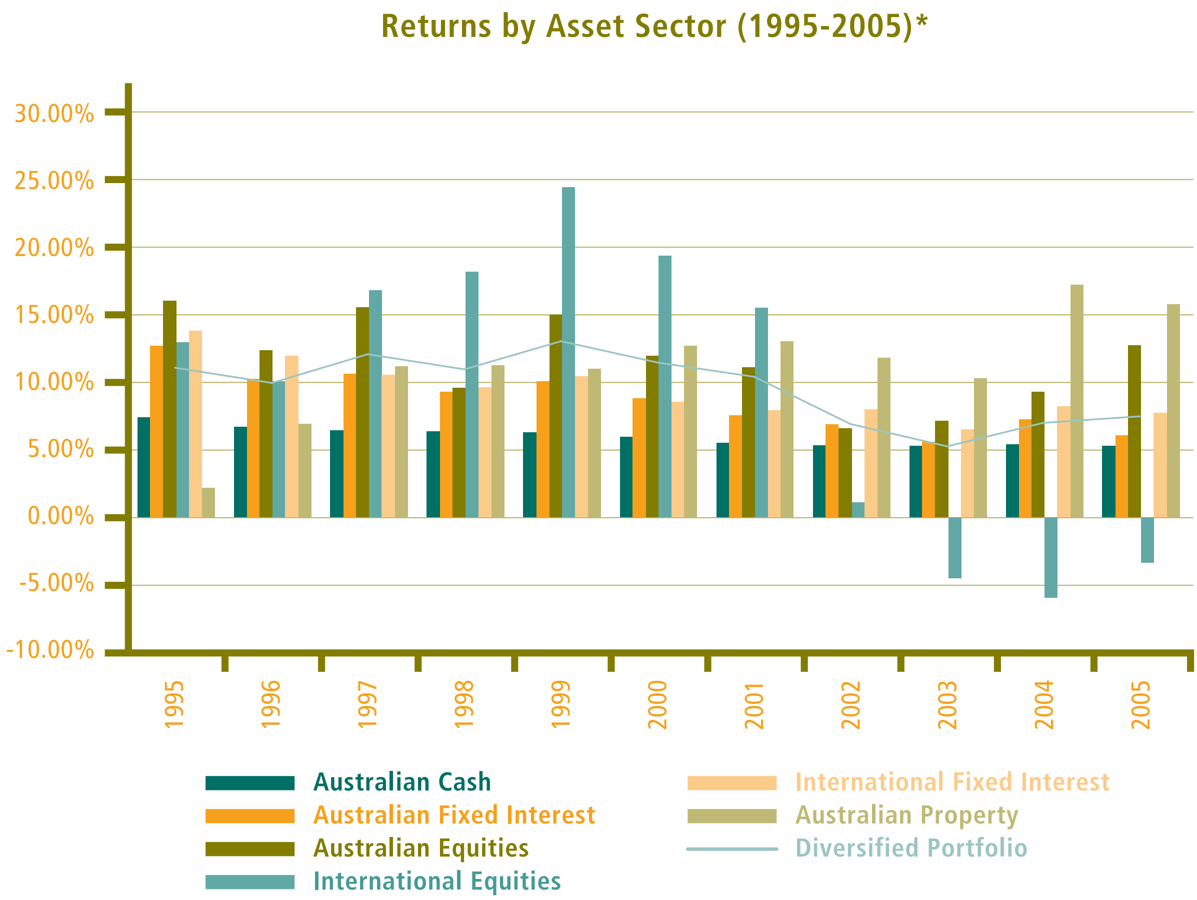
Of course, it can be highly unnerving to see your investment go down in value. The key to dealing with short term volatility is to keep in mind your long term goals and remind yourself of your investment time horizon.

> The key to dealing with short term volatility is to keep in mind your long term goals.

Investment time horizon and managed funds

Here is a guide to the suitable investment time horizon for various types of managed funds.

Type of fund	Income or growth investment	Plan to invest for at least:
Fixed interest funds	Income	3 years
Balanced funds	Income and growth	3-5 years
Australian share funds International share funds Property securities funds	Growth	5-7 years



Source: Suncorp Financial Services Pty Ltd

Lessons from the past:

Diversification creates a smoother ride – asset sector and diversified returns

This above graph shows the returns for each asset sector over the ten years from 1995 to 2005. The line shows the returns of a portfolio equally 'diversified' across all sectors.

*Past performance is not an indicator of future performance.

Concept 3: Spread your risk

The highs and lows of market cycles, especially for growth investments, can make for a bumpy ride.

Different asset classes perform better at different times, so it is possible to reduce investment risk (and still gain the overall result you want) by spreading your money across, and within, the different asset classes.

This is known as diversification, or simply not putting all your eggs in the one basket. History has shown that over time, a diversification concept gives investors smoother investment growth.

Levels of diversification

By having a portfolio of investments diversified across asset classes, you can smooth out the volatility of individual sector fluctuations. For instance, shares may perform well and balance out the effect of a downturn in property. Overall, the portfolio keeps a more even keel.

In the same way, having a portfolio of investments diversified within asset classes can even out the fluctuations of individual investments. For instance, a managed fund that contains a basket of shares may have some shares performing better than others.

Diversification is an important concept for investors wanting to spread their risk, as the portfolio is less vulnerable to individual price and asset class movements. It also allows you to participate in a range of asset classes and investments. You get to benefit from gains available over many types of investments.

> Diversification can reduce investment risk and still gain the overall result you want by spreading your money across, and within, the different asset classes.

Ready-made diversification

By using managed funds you can diversify within an asset class automatically. For instance, Australian share funds contain a basket of different shares that professional fund managers select for investors. What's more, because there are minimum purchase amounts for shares, you would need a very large-sized investment to get the same degree of diversification outside a managed fund.

Similarly, there are managed funds that diversify across asset classes. You may want a fund that diversifies with an emphasis toward growth, or toward income, or perhaps one that's more balanced across asset classes. Today there is a wide range of diversified managed funds catering to many different investment objectives.

How can I diversify?

It is difficult to diversify if you have limited funds. For example, it is difficult to buy an investment property if you can only afford to start with $1,000. However you can still access the benefits of growth assets like shares by investing in a managed fund.

Concept 4: Choose 'time in' over timing

We have seen how different markets have different cycle lengths. It's a common mistake for investors to think they will do better if they sell out of a poorly performing asset class and buy into one that is doing well. The example in Concept 2 demonstrated how this can lead to losing twice – realising losses and missing out on gains.

But there is another reason why 'chasing a better return' can be a costly mistake for the less-successful investor.

Sometimes, the difference in returns from one year to the next can be extreme – a negative result one year can become a strong positive just a year later, and vice versa.

Asset sector performance 1991 - 1995

	Australian Cash	Australian Fixed Interest	Australian Equities	International Equities	International Fixed Interest	Listed Australian Property
Dec 1991	11.20%	24.75%	**34.24%**	20.86%	19.92%	-9.80%
Dec 1992	6.92%	10.41%	-2.31%	5.11%	**18.04%**	-2.76%
Dec 1993	5.39%	16.32%	**45.36%**	24.62%	15.48%	15.99%
Dec 1994	5.62%	6.96%	27.99%	10.26%	8.98%	**32.01%**
Dec 1995	8.06%	18.61%	20.19%	**25.88%**	19.91%	10.82%
Dec 1996	7.57%	11.92%	**14.60%**	6.27%	10.61%	12.99%
Dec 1997	5.63%	12.23%	12.23%	**41.12%**	10.76%	18.01%
Dec 1998	5.14%	9.54%	11.63%	**32.08%**	10.80%	16.39%
Dec 1999	5.01%	-1.22%	16.10%	**18.97%**	0.58%	-2.47%
Dec 2000	6.24%	12.04%	5.22%	2.24%	10.10%	**19.71%**
Dec 2001	5.28%	5.48%	10.36%	-9.71%	7.40%	**14.60%**
Dec 2002	4.77%	8.81%	-8.77%	-27.18%	11.23%	**11.76%**
Dec 2003	4.90%	3.05%	**14.61%**	-0.53%	3.38%	8.80%
Dec 2004	5.62%	6.96%	27.99%	10.26%	8.98%	**32.01%**
Dec 2005	5.74%	5.80%	**22.83%**	17.00%	7.55%	12.50%

Source: Suncorp Financial Services Pty Ltd

Lessons from the past:

The above table shows the best-performing (in bold) and worst-performing (in green) asset sector for each year since 1991.*

It's worth noting that:

- The best performing sector in one year is rarely the best performer in the following year.
- The best performing sector in one year can be the worst performer the year after – for instance international shares outperformed all other asset sectors at 18.97% return in 1999 and underperformed the others at 2.24% return in 2000.

*Past performance is not an indicator of future performance.

Focus on 'time in'

It is notoriously difficult to know the best time to enter an investment market. There are not many people who can regularly pick the timing of the next interest rate movement, international conflict or which shares may go up or down.

A far better concept for the successful investor is to choose their goals and stay invested for the long term with their investment timeframe in mind. In other words, to focus on 'time in' the market, not timing.

Don't chase returns

A temptation for many people is to invest in last year's winners. However the best performing investment class can be vastly different from one year to the next.

Concept 5: Use dollar cost averaging

Market cycles can lead some investors to become concerned about when to invest. They worry that they will enter the market when it's near the top and pay a high price for their investment. This can be particularly true for property investments as it usually involves several hundred thousand dollars.

Dollar cost averaging is an excellent way to invest while skewing your investing toward times when unit prices are cheaper. It's simple and automatic, so you don't even have to think about it. This is how it works.

You invest a set amount regularly – irrespective of market movements. This fixed amount means that when unit prices are high, your investment will buy fewer units and when unit prices are low it will buy more.

For example: Let's say you invest $200 per month into an Australian shares fund.

Month	Investment	Unit price	Units purchased ($200/unit price)
January	$200	$1.21	165.29
February	$200	$1.26	158.73
March	$200	$1.28	156.25
April	$200	$1.19	168.07
May	$200	$1.16	172.41
June	$200	$1.15	173.91
July	$200	$1.15	173.91
August	$200	$1.20	166.67
September	$200	$1.21	165.29
October	$200	$1.23	162.60
November	$200	$1.23	162.60
December	$200	$1.25	160.00
	Total investment: $2,400.00	**Average unit price: $1.21**	**Total units purchased: 1,985.73**

It's worth noting that:

- The lower the unit price, the more units purchased - at the low of $1.15, $200 buys 173.91 units.
- Conversely, the higher the unit price, the fewer units purchased – at the high of $1.28, $200 buys only 156.25 units.

With dollar cost averaging you can enter a market without worrying about whether it is rising or falling. The discipline of investing a fixed amount means you are automatically protecting yourself against higher unit prices.

Dollar cost averaging also works for lump sums

What if you have a lump sum to invest, but you're concerned about when to enter the market? You can use dollar cost averaging to invest your funds across a range of unit prices.

For example, if you have $100,000 to invest you can dollar cost average $10,000 per month into a managed fund over a period of 10 months.

6. Frequently asked questions

Q. Will I be a successful investor?

A. If you can tick all of these boxes, there is a strong chance that you will achieve investment success.

- [ ] I have identified some investment goals.
- [ ] I have an adequate timeframe to achieve those goals.
- [ ] I understand the risks of investing.
- [ ] I appreciate the importance of diversification.
- [ ] I appreciate the importance of time in the market.
- [ ] I can commit to regular contributions.
- [ ] I will only consider quality investments.
- [ ] I realise there is no reason to delay.

Q. Should I pay off my mortgage first?

A. If you have a substantial mortgage, it makes good sense to pay it off as soon as possible because it allows you to save on repayment interest. To beat paying off your mortgage, an alternative investment would need to provide an after-tax return that is higher than your mortgage interest rate.

However, there is still a case for starting an investment portfolio while you have a mortgage. It can be an attractive option if you:

- are investing in growth investments and aiming for high returns
- have a specific goal that you would like to fund separately, such as children's education
- are comfortable with your level of debt and wish to diversify elsewhere
- want to use the equity in your home to borrow additional money for investment purposes.

Q. Where do I find the funds to get started?

A. If you want to start investing but have only limited funds, you could set up a managed fund and begin a regular investment from as little as $100 per month after an initial investment of $1,000.

The best way to work out how much you can commit to an investment is to develop a personal budget. This is simply the sum of your income (e.g. wages, interest, rentals, dividends and so on) less the sum of your expenses (e.g. mortgage payments, rates, grocery bills, etc).

The difference is your disposable income, and you can decide how much of this can be invested to achieve your goals.

Q. What type of risk profile am I?

A. This is a question best answered by a financial planner, because it is determined by your individual circumstances, needs and timeframes.

Essentially, if you have a low risk profile then you would prefer cash and fixed interest investments. With a medium to high risk profile you would prefer growth assets like property and shares.

If your timeframe is relatively short, you may need to invest more conservatively to reduce the possibility of short-term market movements. The more time you have before you need the money, the more you can smooth out these movements.

Q. How do I make a start?

A. Simply write out your medium to long term investment goals then organise a consultation with a Suncorp Financial Planner. During this consultation, the Financial Planner will collect information on your lifestyle goals, your current income, current investments and insurances and other relevant information. You and your Financial Planner can then decide if you would benefit from having a personalised financial plan prepared.

7. How can financial planning advice from Suncorp help?

Financial planning advice from Suncorp can help you realistically assess your current financial position and identify the best options for achieving your goals.

A Suncorp Financial Planner will not only help you develop an appropriate investment strategy, they will help you implement it. A Financial Planner will also help you to realistically assess your current financial position and identify the best options for achieving your goals.

Good Financial Planners are familiar with the latest investment, superannuation, and social security rules and regulations, so they can recommend strategies to make the most of your particular situation.

A personalised financial plan will help you:

- identify your financial goals
- make more informed decisions about your money
- invest your money tax effectively
- secure your personal and financial assets
- protect your money against inflation
- ensure you obtain the maximum tax benefits to which you may be entitled.

Why choose financial planning advice from Suncorp?

Our Financial Planners and Authorised Representatives:

- are experienced and qualified professionals committed to furthering their professional training and education
- are licensed to give advice and follow the Financial Planning Association's (FPA) rules of conduct and ethical and professional standards
- are able to offer you a range of superannuation, investment, and insurance products to suit your needs, including investment options managed by Suncorp and other Australian and international fund managers
- are linked to every Suncorp branch, so you'll find one near you
- keep up-to-date with the latest financial, social security, and tax rules and regulations, so they can give you advice tailored to your personal circumstances and goals.

If you would like to make an appointment with a Suncorp Financial Planner call **13 11 55** and say **"Financial Planner"** at the prompt.

Your Financial Planner or Authorised Representative

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