

Onwards and Upwards

Another quarter has flown by! We have just had one of our wettest quarters in quite a while as massive rain falls were recorded - and mozzie and march fly plagues hit full tilt!

The economy seems to have settled well over the past quarter and, as of mid-April, we were seeing 19 month highs in local markets. Interest rates have continued to gradually rise, which is further testament that the Australian Economy remains strong.

This quarter we have been working with a Sunshine Coast-based Financial Planning and Accounting group to bring the "Pathway to Wealth" program to CQ. In this edition of our newsletter, we explain more about the program which is aimed at the 28-50 year age bracket and incorporates investing in property, shares and superannuation, with appropriate financing and insurance services also forming the foundations of the program.

We have one of the developers of the program, Financial Adviser, Rob McGregor, from Holman McGregor Financial Services, visiting us in Rockhampton to present the program to an audience of accounting groups that we are currently working with.

It was announced in early April at the annual Professional Investment Services conference in Hawaii, that Rob has been named Financial Adviser of the Year for 2010 by PIS. We feel privileged to have the opportunity to work with Rob on this project. We consider ourselves fortunate to have been selected as one of only eight advisory firms, Australia-wide, to be part

of the official program launch, as a result of the skills and experience that we have here in our office.

By now, you may have noticed our latest advertising campaign! We have been using the newspaper and the television as mediums to advertise our services, as well as up-coming public seminars. This will be followed up in May by a series of advertisements focusing on the launch of the Pathway to Wealth program, which will incorporate a seminar on the 21st and 22nd June for Gladstone and Rockhampton.

We look forward to having the PIS National Manager of Funds Management, Julian Pitt, present a Budget Update at our next client seminar to be held in May (refer to Date Claimer on page 2).

Also presenting at our next seminar will be one of our local FISOs (Financial Information Service Officers) from Centrelink to provide us with a Centrelink update and some information for those of us who already use, or may be looking to access the services of Centrelink in the near future.



Chester Macdonald

April 2010

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Chester Macdonald

Business Update

www.harvardwealth.com.au

We have devoted a significant amount of time last quarter to making improvements and additions to our website. We see this as one valuable form of communication, so we have made the regular updating of this site one of our key focus areas.

On our website, you will find copies of our Newsletters, as well as dates for up-coming public and client seminars and topical articles and information.

If you have access to the internet, have a look at our site as we welcome your comments and feedback. You could also direct family and friends to our site as there is information to interest and inform all age groups!

Pathway to Wealth

As highlighted in the opening article of this newsletter, we have recently joined forces with a Financial Planning and Accounting group from within our Professional Investment Services network, to bring their Pathway to Wealth program to Central Queensland.

We will be hosting a number of Pathway to Wealth seminars over the coming months aimed at the accumulator age-group, with our first seminars being held in June for Rocky and Gladstone.

Pathway to Wealth is discussed in more detail on page 3 of this newsletter.



Date Claimer

17 May - Gladstone Client Seminar
18 May - Rockhampton Client Seminar
9 June - Show Holiday (office closed)
14 June - Queen's Birthday (office closed)
21 June - Pathway to Wealth Seminar (Gladstone)
22 June - Pathway to Wealth Seminar (Rocky)

How we have ended the last three months on the ASX

Month Ending	All Ords Index
04 May 2010	4758.6
31 March 2010	4893.1
26 February 2010	4651.1

Market Outlook

According to Bob Doll, Vice Chairman and Chief Equity Strategist from BlackRock, the markets, and the economy in general is benefiting from the backdrop of generally positive economic news. The majority of data that has recently been released (including jobs growth, housing markets, company balance sheets etc) has been generally positive and is creating a positive economic scenario.

Bob does not feel that this means completely smooth sailing for the economy though as some of the downside risks including credit-related issues (Euro region) and premature policy-tightening (China) are now coming to light. This may cause some bumps along the way, however, overall a generally positive outlook should permeate the economy in coming months, and over the next year, he expects the economy to shift from an "economic recovery" to an "economic expansion".

Source:

BlackRock Investment Commentary, April 5, 2010 by Bob Doll - Vice Chairman and Chief Equity Strategist for Fundamental Equities at BlackRock.

The greatest compliment we can receive is a referral...



Choosing the right mortgage

Taking out a mortgage is an exciting, albeit stressful time, that can be made even more complex and confusing by the amount of different products, facilities and structures that are available in today's marketplace.

We recently had a case involving the daughter of one of our clients who was looking to buy her first home. She had a deposit, the first home buyer's grant and a gift from her mother and step father.

Conflicting views of her parents made this a tricky situation with one party insisting on a revolving Line of Credit (LOC), that would normally be used by astute business owners, where strong discipline is needed for this type of facility to be effective. Her mother and step father, recognised that she required a more tailored (and less complex) solution.

I was able to provide an independent opinion in this situation and presented a number of different scenarios:

All available money could be used as a deposit and remaining



funds required could be borrowed. As only a very limited cash reserve would be retained by the borrower, there is no allowance for dealing with any unexpected expenses and therefore does not allow for a "cash buffer" to ensure that loan repayments can be met in this situation.

As the borrower is also paying for her University costs, and is currently studying part-time, this was of concern to her as one of her goals was to have flexibility and peace of mind when it came to her mortgage.

As a result, a second option was taken:

She put down the minimum required deposit, without mortgage insurance, and borrowed the remaining funds. The extra cash that she held on hand was then added to the mortgage in the form of extra repayments that can be redrawn if required, and with her excess cash, she will pay her Uni fees upfront to reduce her monthly commitments. She will then redraw the funds for future subject costs as required.

Continued over page...

Pathway to Wealth

The Pathway to Wealth program aims to provide simple, effective and practical strategies for achieving financial success and is directed at the accumulator age-group. A key objective of this program is to address the different uses of property, shares, superannuation, negative gearing and debt management and how they can be incorporated into a financial plan that is tailored to client's individual circumstances and objectives.

In this program, clients will learn:

- 10 reasons why people fail to achieve financial success and what they can do about it
- The 7 steps to achieving wealth
- The 4 keys to a successful wealth management plan
- The simple formula for beating procrastination
- Why property, shares and super are all important elements within a financial plan
- How saving tax can help fund wealth creation
- Whether to increase mortgage payments or to start investing
- How to make efficient use of cash flow

This program is aimed at accumulators (typically aged between 28 and 50 or people with more than 10 years until their retirement).

People who Pathway to Wealth is most effective for include people who are:

- Committed to achieving financial success
- Are a homeowner who has built up equity in their home, and is not sure what to do next
- Have the potential to save between \$150 and \$300 per week



How many people do you know who would benefit from the knowledge that Pathway to Wealth will empower them with?

Our first Pathway to Wealth seminar will be held on 21 June in Gladstone and 22 June in Rockhampton.

Encourage your family and friends to contact our office to register!

The lighter side...

Choosing the right mortgage cont...

She has considered the fact that by borrowing a larger amount of money, her overall commitment was larger on an ongoing basis, but as the loan was structured over a fixed-term, the repayments are only based on the outstanding balance, spread over the term.

She now achieves her goal of having flexibility and peace of mind, whilst retaining a "cash buffer" for those unexpected expenses that we encounter from time-to-time.

She has a mortgage with manageable repayments and in turn, will be able to maintain her perfect credit rating and continue to focus on her studies, as opposed to being anxious about making mortgage repayments each month.

To ensure that this strategy continues to be appropriate moving forward, I will be reviewing this strategy with the client on an ongoing basis. This regular review has been initiated by the client who appreciates the need to have her situation regularly reviewed to ensure that she stays committed to making it work.

To conclude, she is very happy that her goals and objectives have been met and she appreciates the peace of mind and flexibility she will have moving forward.

This situation highlights the importance of mortgage structure and how the correct structuring can make a lot of difference to peace of mind!



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The Mum Test

A mother and daughter were out walking when the little girl picked something up off the ground and proceeded to put it in her mouth. The mother took it off the girl and asked her not to put it in her mouth.

"Why?" the daughter asked.

"Because it's been on the ground and it's dirty and probably covered in germs" the mum replied.

At this point the little girl looked at her mum with total admiration.

"Mum, how do you know all this stuff? You are so smart".

The woman replied, "All mums are smart because they have to pass the Mum test or they don't let you become a mummy".

The girl pondered this information and then replied with,

"Oooohhh.... I get it! So if you don't pass the test, you have to be the dad!".

"Exactly", the woman replied with a smile.



Disclaimer

Please note that this Newsletter is not specifically written with client's *personal circumstances* in mind. This is general information only and it does not represent financial advice. If you have any questions about this Newsletter or any of the information contained within the Newsletter, please contact us.



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