



Budget



+ wealth + security

Booster

February 2015

First steps to building your wealth

Looking for the most effective way to build your wealth but not sure where to start?

The first thing you need to do is determine your needs and goals, both short and long term. Once you have figured out where you want to be, you need to implement an appropriate strategy to help you achieve those goals. There is no one way to do this, as everyone's situation is different – plus, things change over time. So it's important to review your strategies regularly to make sure they are still appropriate for your needs.

Understanding risk

One thing you need to consider is your risk profile. Risk is related to return – generally, the higher the risk, the higher the return and conversely, the lower the risk, the lower the return. While some people like higher risk investments because they have the opportunity to obtain higher returns, others are more conservative and prefer less risky investments such as cash.

It's also important to remember other fundamentals of investing – markets are cyclical and shares are a long-term investment. So even if a downturn does occur, eventually they will regain their value, but in the meantime, opportunities may arise.

Superannuation

What about your super? Is it working as hard as you are? Your risk profile can also be applied to your super investments. It's a long-term investment, but it's important to make sure it's invested in the right way.

Changes to the amount of super you can contribute each year means you may need to reassess your super strategy. Contributing more to super will not only boost your super balance, it could even reduce the amount of tax you pay!

Obtain advice

Your financial planner can give you professional financial advice to help you determine your needs and goals and establish the most appropriate financial strategies for your personal situation and your risk profile.

They can also help you with retirement planning, tax-effective super strategies and estate planning – in fact the whole range of financial issues that you may need advice on.

Source | IOOF

This communication has been prepared on a general advice basis only. The information has not been prepared to take into account your specific objectives, needs and financial situation. The information may not be appropriate to your individual needs and you should seek advice from your financial adviser before making any investment decisions.

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