

The Goodman News



WELCOME

It's my pleasure to welcome you to the first edition of The Goodman News, our new look newsletter focusing on helping you develop strategies to achieve your goals and aspirations.

Each edition will feature insightful commentary not only on key private wealth and financial planning matters, but also useful quality of life topics. After all, it's our job to be across the financial details and it's your job to live a great life. We'll also keep you up-to-date with what's happening at Goodman Private Wealth.

What's making news?

In this edition, we take a close look at some of the less well known reforms to the superannuation system which commenced on 1 July and we have a careful think about what we would do with your finances if the world took a sudden downward turn.

Our 30 year anniversary

2017 is an exciting year for us as we celebrate our 30 year anniversary. In the age of consolidation by the big financial services companies, 30 years is a rare achievement for a privately owned firm. Our firm

was established as John Goodman & Company Pty Ltd on 1 July 1987 when John Goodman stepped out from his respected chartered accounting firm to start a new business advising successful families on their investments.

Our promise to clients has changed considerably over the last 10 years. Today we deliver a comprehensive service designed to put your entire financial house in perfect order and keep it that way forever. For most, that is enough. For others, we have the [Private Family Office](#) which delivers even more.

Although we maintain a relatively small community of clients, key strategic projects that have been completed in recent years mean we now have capacity to serve a small number of additional clients. If you know someone who will benefit from our services, we would welcome your introduction.

We hope you like our revamped newsletter, and we look forward to your feedback.

Enjoy *The Goodman News*.

Brad Church

Chief Executive and Senior Adviser




SAVE THE DATE

GOODMAN PRIVATE WEALTH TURNS 30!

This year marks our 30 year anniversary and we look forward to celebrating this milestone with you.

Please save **Thursday 24 August 2017** for our birthday celebration with leading futurist, commentator, author and analyst Bernard Salt AM.

Formal invitations will be sent in July.



“If your plan can’t handle a 20 percent share market fall from one day to the next then you’ve got the wrong strategies.”

THE NORTH KOREA PLAN



JAMES GOODMAN
Senior Adviser

A friend and I were enjoying lunch the other day when he asked what I would do for our client’s finances if the world took a big sudden downward turn?

We came up with an example world event trigger. In hindsight, a Greek banking system collapse would have been the appropriate trigger, given our plates were piled with baby octopus and haloumi. Nonetheless, we decided upon the far more provocative example of North Korean dictator Kim Jong-un launching a nuclear missile.

“What would the reaction be at Goodmans?” asked my friend. Would there be stop loss selling of shares by our Money Management team? Would we rush towards ultra-conservative investments? Would it be panic stations?

My answer was clear and unequivocal. It’s not what you do after such an event that matters most; it’s what you do before. If your plan can’t handle a 20 percent share market fall from one day to the next then you’ve got the wrong strategies.

Investment management

My friend was really thinking about investment management. Of course a plan for achieving your most important goals needs to cover a lot of other areas, but the same principles apply. For example, if your plan doesn’t recognise early on that you’re spending more than you can afford – you’ve got the wrong strategies. And if your plan doesn’t consider the possibility of a radical change in health - you’ve got the wrong strategies.

That’s not to say any of these things will definitely happen. Though I suspect you get the picture when I highlight it matters many times more what you did before the share market fell, before you get to retirement without enough money, and before any big health event.

Some surprises

So as not to get too pessimistic about it, there are some positive surprises that may have a big impact on achieving your goals as well. A substantial rise in income?

Save some of it before you’re used to spending a lot more. Your investments catch a big wave? Know when it’s time to bank some gain before a major dumping has you back to square one. Aunt Mildred (who you never got on with) leaves you a tidy sum in her will? Well, imagine what could have happened if only you’d been nicer to her? (I’m joking.) What’s your pre-existing plan to get a surprise inflow straight to work before you miss earnings or tax opportunities?

There are plenty of examples of shocks that should be considered. In our years of experience though, there aren’t many which can’t be predicted in a broad sense and allowed for in a plan via mitigation or leverage.

We can’t predict the future. But, what we can do, is make sure we understand very clearly where you want to get to in your life, and then develop a thoughtful plan which gets you there regardless of surprises along the way...North East Asian despot surprises included.

SPOTLIGHT ON *superannuation* reforms



By now you will know about some of the recent superannuation reforms which have been making headlines, such as lower caps on contributions and a new cap on tax free pension accounts. These changes commenced on 1 July 2017. Here, financial planning expert Sharyn Besch shines the spotlight on some of the key reforms and some of the not so well known changes.

Some well known changes

There are some reasonably well known changes. From 1 July 2017, the concessional contributions cap is reduced to \$25,000 for everyone, regardless of your age. The non-concessional contribution limit is also reduced to \$100,000 per annum with the 'bring forward' rule provisions still available.

For pension income streams, the amount of capital an individual can have in a retirement pension is now limited to \$1.6 million. This is known as the pension transfer cap balance.

Some not so well known changes

Less well known are some of the longer-term planning issues arising under these new rules, such as the impact on estate planning. For example, with the introduction of the \$1.6 million pension transfer cap, the value of a death benefit income stream will be counted against the surviving spouse's pension transfer cap balance at the time they become entitled to the benefit. For those who have already utilised their full pension transfer cap, or where a couple's combined balance exceeds the transfer cap, it is now important to ensure the most appropriate death benefit nominations are in place. Under the new rules, a reversionary

pension gives individuals receiving a superannuation death benefit a further 12 months to receive advice and restructure their superannuation.

What's our role?

Our focus has been on ensuring your plan has the best short-term tax outcome and the best long-term estate planning outcome.

As each individual's circumstances differ, we assessed the impacts and opportunities so we could implement the required actions before the end of the financial year. This means you can be confident your plan will continue to give you the highest probability of achieving your goals.

If you have any queries about the impact of these changes or require further information please contact a member of our team.



SHARYN BESCH
Financial Planning Subject Expert

Celebrating
30 years



Meet John Goodman

This year, Goodman Private Wealth celebrates its 30 year anniversary. To begin the festivities, we're meeting with some of the many people who have been part of our success and sharing their story with you. First up, we chat with former Chairman and founding partner John Goodman about his vision, inspiration and leadership.

This year Goodman Private Wealth celebrates its 30 year anniversary. As the founding partner, what thoughts and emotions come to mind when you think about that journey?

Most of all I think about the people, particularly our clients and staff. Business is really about people, and that's what life is all about too.

I have many wonderful memories of our clients, who were always very appreciative. At my farewell, I was very touched when a longstanding client commented "If it hadn't been for you, I wouldn't have lived the life I've lived". It's sentiments like these that make it all worthwhile.

We've also been extremely fortunate to have great people on the team. Our longest serving staff member, Geraldine Simpson, was respected by all and she was

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amazing in her versatility. I knew I was in trouble if Gerrie asked to meet in my office, and if she shut the door I knew I'd done something very bad.

These days I genuinely look forward to my visits to the office, and catching up with the 'Goody Alumni' at the annual boat trip, resplendent with terrible singing, is a highlight.

What was your vision in the early days?

Early on, I chose to focus on the high net worth sector. I was influenced by *The Millionaire Next Door*, a US book about your next door neighbour who owns a business, does well and builds it up, then sells it to become a millionaire. I discovered they drive a Chevy and not a Caddy. This is largely true of the successful Australian family business proprietor.

Later, I attended a conference in the US where I was introduced to the concept of Value Based Financial Planning. I could see great merit in the approach that people are driven by what's really important to them, which is otherwise called their values. Discovering their highest values helps you to get them to prioritise their goals and identify what they want to work towards and achieve.

My vision was to be a boutique adviser to wealthy families and to be trusted by successful people. The importance of trust can never be overrated.

At a very early stage we took the unusual step of moving from a commission base to a fee base. This approach aligns our remuneration with our client's interests, which is terribly important if you want to be a trusted adviser.

What do you consider to be your greatest challenge and greatest success over the Goodman years?

The greatest challenge is discovering how wealthy people think and work. In some ways, it's no different from how those with more modest finances think and work, but those with extensive means have many, many, choices.

A valued adviser can help them narrow their choices to the things they really want to focus on. Be it a focused and disciplined investment strategy, or even more importantly, helping them give priority to goals that are aligned with their values. It can make a profound difference when your client links their choices with what's important to them to give them a happier life.

It's also been a great pleasure to see the business continue on to the next generation. At a more fundamental level, I feel fulfilled knowing they continue to be trusted advisers by doing what they promise.

I gained most from what I learned from our clients and staff. Some time ago, a client of many years wanted to add me as a beneficiary to her will. When I explained that wasn't possible, she kindly agreed for me to assign her bequest to a charity, and I discovered the pleasure of giving.

Since then, Meta and I have formed our own foundation and make gifts to causes our family would like to help. We've helped shape the values of our children and grandchildren. We've discovered that giving is about the pleasure and satisfaction of the donor, and that's what motivates us.

What's the best piece of leadership advice you can share?

I believe the leader is the one who always says "we can do better". The leader encourages the team to lift their sights when they're looking towards their next objective.

INTRODUCING

Each member of our team of trusted professionals focuses on achieving superior outcomes for you. Our highly experienced team members are uniquely placed to deliver on our promise to you and future generations of clients.

Please visit our website (www.goodmanwealth.com.au) for more information about our people.



JAHNA BOOG
Private Family Office Manager
& Executive Assistant



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