

Bypass indulgence for dream lifestyle

By COLIN BRINDEN

WITH household debt expanding and interest rates rising, 70 per cent of people are setting themselves financial goals among their new year resolutions, a survey has found.

But while the plan to save may be admirable, the Virgin Money survey has found the type of resolutions are not necessarily going to stand Australians in good stead.

"More than 50 per cent of people said they would put money aside for lifestyle choices such as travel, luxury items or the gym, rather than putting some extra money into their super, refinancing their home loan or paying off their credit cards," Virgin Money chief executive David Wakely said.

"Australians love life's little luxuries, but they need to realise that by making smart financial decisions, they will be in a better position to afford the lifestyle they dream about."

The survey of 538 people found 71.1 per cent would set themselves financial goals in their plans for next year, but most also wanted to lose weight, travel or simply "become a better person".

Queenslanders will be the most financially focused next year, with 78.8 per cent saying improving finances will be on their wish-list. Then comes Victoria (70.8 per cent), New South Wales and Western Australia (67.9) and South Australia (67.5).

The survey found young adults want to be financially better off in 2008, with 91 per cent of 20 to 25-year-olds adding a financial goal or two to their list of resolutions.

Mr Wakely said that while it was heartening to see 46 per cent also choose to put money towards a savings plan, only 21 per cent aim to get a better deal on their home loan.

"Many Australians – especially those who have a mortgage with one of the big banks – could be saving up to thousands of dollars over the life of their loan, if they just shopped around for a better deal," he said.

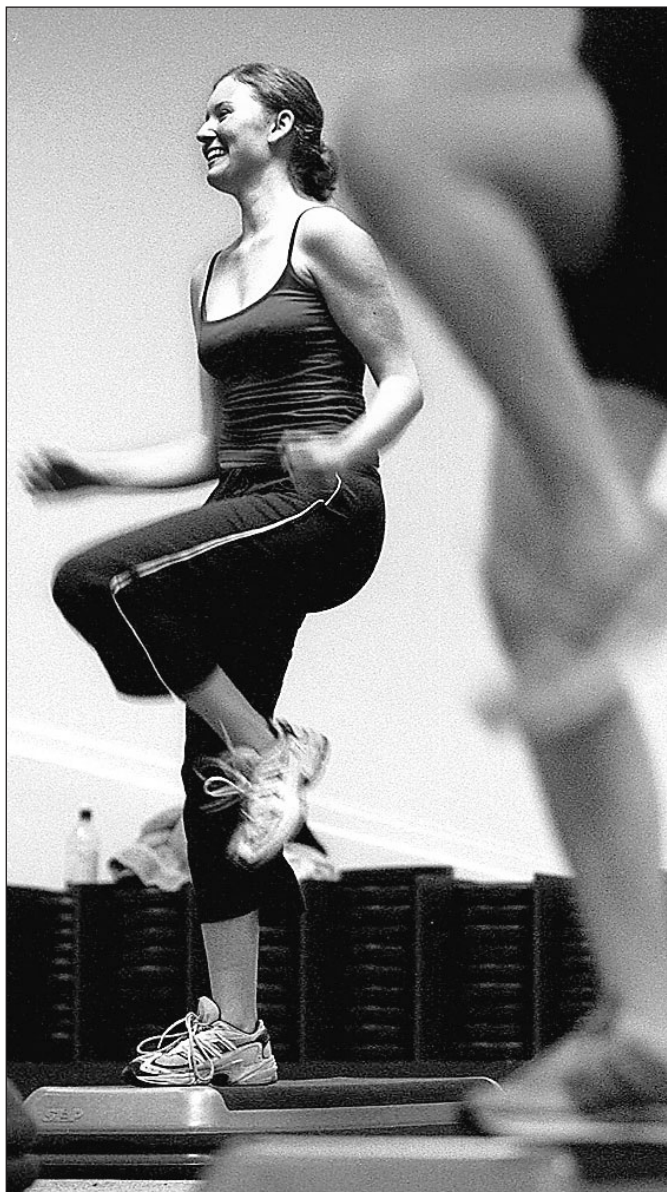
Most alarming is that only 8 per cent say they plan to consolidate their superannuation plans in 2008.

"Australians are being charged far too much in fees for their super and the more super accounts they have, the worse it is," Mr Wakely said.

"If people rolled over all their super funds into one account with low fees, they could be saving themselves a small fortune."

Most people, he said, did not realise they were being "ripped off".

"Unfortunately, a lot of financial institutions hit their customers with hidden fees and charges they don't even realise they are paying until it's too late – whether it's on their home loan, their super or their credit cards," he said.



RESOLVE: More than half of people surveyed would rather put money aside for lifestyle choices such as the gym.

CALENDAR

■ **JANUARY 9:** Transition to Retirement free information seminar by Goldsborough Financial Services, Adelaide Pavilion, 6pm. Bookings essential. Telephone 8373 4448.

■ **JANUARY 14:** Retirement and redundancy free seminars at Goldsborough Financial Services, Unley, 2.30pm and 6pm. Bookings essential. Telephone 8373 4448.

■ **JANUARY 30:** Macquarie Group to pay its \$1.45 per share dividend.

■ **FEBRUARY 20:** The simple art of selecting superior stocks, with Tim Lincoln of Lincoln Indicators, ASX and Australian Shareholders Association investor hour seminar, Greater Union Adelaide City, noon. Tickets cost \$5 and can be purchased at the door 30 minutes prior to the presentation.

MONEYTALKS

“Don't go around saying the world owes you a living. It owes you nothing. It was here first.”

- AUTHOR MARK TWAIN

GOING UP

ALL ORDINARIES PAST MONTH	FRIDAY'S CLOSE	RISE
Fortescue Metals	\$8.47	63.9%
Allegiance Mining	\$1.07	60.9%
Herald Resources	\$2.23	41.1%
Incitec Pivot	\$116.90	34.7%

PAST YEAR

Fortescue Metals	\$8.47	540%
Midwest Corp	\$4.84	443%
Riversdale Mining	\$10.38	401%
Sundance Resources	42.5c	389%

GOING DOWN

ALL ORDINARIES PAST MONTH	FRIDAY'S CLOSE	FALL
Centro Properties	\$1.04	-82.1%
Bradken	\$8.02	-39.7%
Allco Max Securities	35c	-38.6%
Aim Resources	12.5c	-37.5%

PAST YEAR

Metabolic	4.1c	-95.1%
Centro Properties	\$1.04	-88.7%
Commander Comms.	27.5c	-87.6%
Natural Fuel	15c	-87.1%

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Put away more for your funeral

FUNERAL bond investors can top up their pre-paid funeral plans from tomorrow. New tax laws double the amount of money – from \$5000 to \$10,000 – that people can invest.

The bonds are exempt from Centrelink means-testing. Adelaide-based Lifepan Funds Management, which has about 30 per cent of the

nation's pre-paid funeral market, says it has had a lot of inquiries.

"A funeral can cost up to \$10,000 so the doubling of the threshold ceiling to that amount has brought peace of mind to many funeral bond investors," said general manager of strategic development Matt Walsh.

The best and worst of 2007

AUSSIE SHARES

The best:

- Fortescue Metals Group up 538%
- Midwest Corporation up 440%
- Sundance Resources up 383%
- Riversdale Mining up 383%
- Ausenco up 332%
- Dominion Mining up 250%
- Aquila Resources up 234%
- Incitec Pivot up 233%

The worst:

- Metabolic down 95%
- Centro Properties down 88.6%
- Commander Comms down 87.6%
- Natural Fuel down 87%
- Senetas Corp down 80.3%
- Life Therapeutics down 79.1%
- St Synergy down 76.3%
- ERG down 71.8%

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However, the strong growth from China – and India – might slow a little. "Perhaps darkness at the end of the tunnel is starting to appear," Mr Grimm said.

"But I would be tipping the Chinese share market to perform quite well for 2008. The Beijing Olympics in August should produce a degree of economic activity."

Another improving investment performer in 2007 has been cash, with a return of 6.5 per cent.

Mr Grimm said term deposits and cash management trusts now were offering attractive no-risk returns that compared favourably with the vol-

atile share and property markets. "The way economic factors are piling up in Australia, I think the interest rate bias is upwards, not downwards," he said.

Bourke Shaw Financial Services principal Lawrence Orlando said while 2007 had been a case of the good Aussie shares, the bad global shares and the ugly property trusts, it was important for investors to look beyond one-year movements.

"Any financial strategy should be based on a long-term investment horizon to allow for corrections and fluctuations in market conditions," he said.

"For this reason investors should put their emotions aside."

MANAGED FUNDS

The best:

- Challenger Wholesale China Share Fund up 75.5 per cent.
- Challenger China Share Fund up 73.7%.
- Fidelity China Fund up 73.2%.
- Stockland Direct Office Trust Number One up 71.1%.
- SBT Classic Investment - Natural Resources Fund up 54.6%.

The worst:

- Vanguard Wholesale International Property Securities down 21%.
- Perennial Japanese Equities Trust down 20.1%.
- Perennial Japanese Shares Wholesale Trust down 20.1%.
- Skandia OIS Fidelity Japan Fund down 16.4%.
- Skandia OPS Fidelity Japan Option down 16.3%.

Source: Morningstar. Figures for year to November 30.

8.75% p.a.
12 months

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