

NEWSLETTER – JUNE 2018

News from Complete Financial Planning

- The CFP Annual Movie Day will be held at 10am on **Thursday 12th of July at Midland Ace Cinemas** – Movie this year will be **Hotel Transylvania 3 – A Monsters Vacation** - Please email Evelyn to reserve your tickets. Max 4 per family – admin@completefinancialplanning.net
- Emma & Kathy will be away for their annual holiday and business planning day over the last week of June
- Just a quick note to let you know during our planning day we will also be reviewing our upfront and ongoing fees. This is due to the amount of changes the government has been making in our industry. We have tried not to pass the costs onto clients in the past, but unfortunately, we can't continue to do so. We are going to review all our service packages and adjusting as required and we will discuss any changes with you all personally based on your individual needs of ongoing services.
- Remember that you will be receiving calls or emails from the office to get updated information before your review with Emma or Kathy
- Don't forget the office is shut on a Friday, as Kathy and Emma work from home these days – they can be contacted on their mobiles, 0413 348 472 and 0488 198 200 respectively
- And make sure you go on and 'LIKE' our Facebook page - www.facebook.com/completefp

Good Cashflow makes Life Easier

If you rely on your investments for income, an important aspect of managing your portfolio is cash flow. Correctly structured cash flow is critical, so let's have a look at what you might need to think about.

What is cash flow?

Cash flow simply looks at the payment frequency of income from an investment. This income is paid regularly (ie. monthly, biannually, annually), but can sometimes be erratic, particularly for longer term investments, such as private equity.

It differs from the total income return in that it examines how often and when income is paid rather than the actual level of income received from the investment over a set period.

these funds to invest elsewhere. It makes financial sense to reduce lifestyle debt as quickly as possible so that these funds can be used to invest in financial assets that will appreciate in value to create enduring wealth.

Why is cash flow important?

It's important to understand the cash flow components from your portfolio for two main reasons:

1. It's a fundamental step in having an effective personal financial budget.

While you may be receiving income from an investment, if the income doesn't arrive regularly enough to meet living expenses, you will need to access cash from other sources to bridge the gap. This might involve getting a cash advance from a credit card at high interest rates (never a good option) or reducing (or possibly eliminating) your monthly savings.

2. Uneven cash flow makes accelerated debt reduction difficult to achieve.

Due to the high initial costs involved, many of us go into debt to purchase items such as cars. However, this debt comes at a price: while you are carrying it - you cannot use these funds to invest elsewhere. It makes financial sense to reduce lifestyle debt as quickly as possible so that these funds can be used to invest in financial assets that will appreciate to create enduring wealth.

Consider cash flow diversification

Diversification doesn't stop at your choice of investment assets. You need to consider it from a cash flow perspective too. It is essential to have a sufficient mix of underlying assets within your portfolio so that a relatively even income is received throughout the year.

While some investments may look similar at first glance, a prime differentiator between them may be the frequency of dividend, distribution or yield payments and the terms on which they are paid.

Understanding cash flow is crucial to being able to maintain a budget, and following a workable budget is the key to efficiently managing your wealth and achieving your financial goals.

Ask us for further guidance on how to manage your investment cash flow.

Please don't forget...

Our success is a result of referrals from clients and friends like you. We could always use a few more. So, if you have children, family members, friends or colleagues that may need some advice, please pass our details to them.