



Spring 2016

Spring is here, time to put your winter woollies away for another year and get into the great outdoors. If you are in need of inspiration, the recent Olympic Games and the Paralympics about to begin have something for everyone.

The Rio Olympics were not the only spectator sport in August. All eyes on global financial markets were trained on the annual meeting of central bankers at Jackson Hole, Wyoming, hoping for guidance about the direction of US interest rates. In a much anticipated speech, US Federal Reserve chair Janet Yellen said 'the case for an increase in the federal funds rate has strengthened in recent months'. She cited the solid performance of the US labour market and the outlook for economic activity and inflation.

In Australia, rates moved in the opposite direction. The Reserve Bank of Australia cut the cash rate to a record low of 1.5 per cent in August. While noting that 'prospects for growth in economic activity are positive', the RBA board believes 'there is room for stronger growth'. This view was reinforced by the company profit reporting season just ended. If BHP Billiton's large loss is excluded, an analysis by CommSec found that profits of the top 200 companies rose a solid 8.5 per cent in the year to June 30, while 92 per cent paid a dividend. After a year of cost-cutting and restructuring, the outlook for the corporate sector in 2017 is improving. With inflation running at an annual rate of 1 per cent, the RBA has room to cut rates further if needed.



Running for cover

How much life insurance is enough?

Australians enjoy access to a strong safety net, with universal healthcare and the new Disability Support Scheme. But will this be enough to protect your family's standard of living if you or your partner die or become too ill to work? The answer is almost certainly no.

Life insurance is designed to bridge the financial gap in difficult times. Yet even those of us who do have life insurance often don't have enough.

Not so super

First, the good news though. If you're a member of a super fund you probably have life insurance, total and permanent disability (TPD) insurance and possibly income protection insurance. Trauma cover can only be purchased outside super.

Super funds are able to negotiate group rates so insurance premiums are often lower. Premiums are deducted from your super account balance, not your bank account, which also helps when your budget is tight.

The not so good news is that the payout in the event of... [Read more](#)
