EQUILIBRIUM

# Beginner's guide to wealth management

# Your financial plan

The first step to creating your financial plan is to identify what you want from life – what are your short-term needs and long-term aspirations?

Nobody's goal in life is to, for example, beat the MSCI World Index. Although a financial plan is, obviously, about money, its real value lies in allowing you to live the life you want.

Once you have identified your aims, you can start to create a plan to achieve them. Your investment portfolio should be structured to support this plan with the lowest possible level of risk.

It's crucial to take your risk tolerance and capacity for loss into account when choosing your investments. If you take higher risks than you are comfortable with, it can cause huge levels of stress, and if you invest more than you can afford to lose, you risk financial disaster.

A daunting area of financial planning is tax planning and mitigation. The rules around tax can seem complicated and confusing, but your plan doesn't have to feel like this.

An expert financial planner can guide you through the rules around tax and ensure you make the most of your allowances.

# How to achieve successful lifetime investing

**"To invest successfully does not require a stratospheric IQ, unusual business insights, or inside information. What's needed is a sound intellectual framework for making decisions and the ability to keep emotions from corroding the framework."**

**Warren Buffet**

Money can create a lot of emotions, from stress to joy and guilt to pride. By having a robust financial plan for every stage of your life, you can limit the negative emotions and make your money work for you to create the life you want.

A logical framework allows you to make rational decisions even under pressure. For example, often when markets are low, people feel fearful and want to withdraw their money, when logically this is the worst time to withdraw.

At Equilibrium, we guide our clients through times of uncertainty and provide peace of mind that their future is secure.

**"I feel confident during turbulent times."**

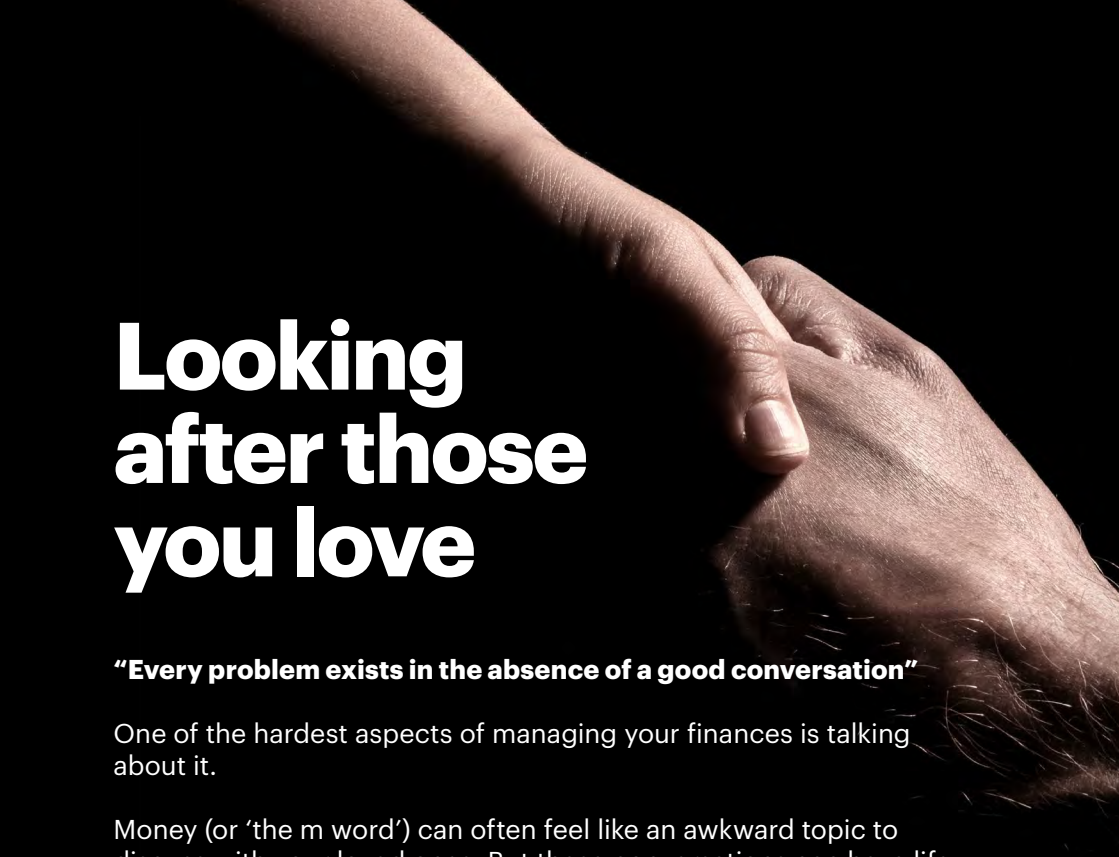
**Judith Wright**

# How to stay on track

The first thing you will know about your financial plan is that it's wrong. Nobody can predict the future, that's why you have to update your financial plan as you go through life.

Think of it as a GPS. If you used a roadmap from the 1980s to travel through Europe, you're bound to get lost – many of the roads will have changed and some of the countries might not even exist! With a GPS, you won't get to your destination in a straight line and the route might change depending on traffic, but at least you know you're heading towards your destination and it will tell you if you're going in the wrong direction.

At Equilibrium, we use a cashflow modelling software called Voyant to stress test various scenarios to ensure your plan is robust enough to weather any potential storms. Voyant also provides clear and easy-to-understand visual representations of these different scenarios.



# Looking after those you love

**“Every problem exists in the absence of a good conversation”**

One of the hardest aspects of managing your finances is talking about it.

Money (or ‘the m word’) can often feel like an awkward topic to discuss with your loved ones. But these conversations can have life-changing results.

Often, children of wealthy parents who are likely to receive a significant inheritance are working on a financial plan that is wildly inaccurate. Therefore, they save more than they need – sometimes funding this through two jobs when one partner could be at home with the kids if they wished. Or, they may stay in a higher paid job that is causing stress both for the individual and the family as a whole, purely because they mistakenly believe that they need the money.

A simple conversation with your loved ones can uncover many ways that your money can enhance or even completely transform their lives. Plus, by gifting throughout your lifetime, you can reduce your inheritance tax liability – win, win!

At Equilibrium, we encourage and even sit in on these types of conversations to help families reach a conclusion that works for everyone and makes their lives better.

# Work with us

**The best option for any financial plan is to speak to an expert. Equilibrium is an independent, award-winning wealth management firm with over 25 years of experience in working with clients to make their lives better. Take a look at our process below.**

## Stage one:
getting to know you

Stage one is all about getting to know you and understanding your circumstances, objectives and views on risk. This will generally include building a cash flow plan along with a timeline of important milestones and capital requirements.

## Stage two:
constructing your portfolio

Your planner will approach stage two by focusing on three interrelated areas. This will include selecting the right products and keeping everything tax efficient.

## Stage three:
ongoing advice

Your financial planner and client manager (your first point of contact) will work with you on an ongoing basis to adapt your financial plan and investments to ensure your financial plan is enabling you to live the life you want.

# Don’t just take our word for it...

“I would recommend Equilibrium based on the positive experience I have had and the confidence I feel in Equilibrium’s ability to constantly monitor the markets and take action as needed to manage their portfolios. Integrity and excellence have been demonstrated in the customer service I have received whether at face-to-face meetings, telephone calls or emails.”

**Helen Meredith**

“Equilibrium has given me the opportunity to focus on things that are important to me in my retirement.”

**Sue Robinson**

“Even though the company has grown since we joined in 2014, we still get the sense that everybody’s connected, everybody’s working together.”

**Louise Barson**

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