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FINANCIAL

INSIGHTS

by

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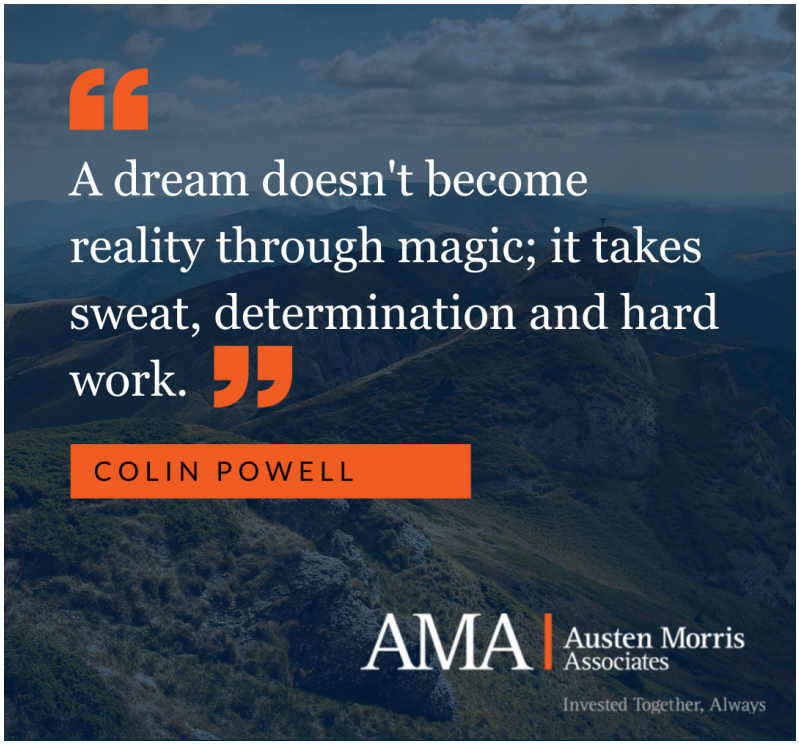
CONTENTS

EMERGENCY FUNDS

YOUR STRESS-FREE GUIDE TO BETTER MONEY MANAGEMENT



When it comes to personal financial management, it can be hard to know where to start. It's common to spend and save reactively; we might pay bills as they arrive and put aside cash deposits irregularly in the hopes they will eventually grow into something significant. This approach can leave us feeling vulnerable with our finances. Such a haphazard approach can lead to ongoing stress and anxiety. Thankfully, there is a healthier way of doing things!

Emergency funds are an empowering way to get your money management in order ahead of unforeseen events or personal crisis. These funds are your private piggy bank, kept away from your other accounts, consciously saved in preparation for the future. Unexpected costs might be in the form of a major bill, home repairs, divorce or sudden unemployment. As much as we hope to avoid such calamities, it is not always possible to do so.

LACK OF SAVINGS = ADDITIONAL STRESS.

Emotionally triggering occurrences such as marital breakdown or redundancy are difficult to navigate. As we attempt to pick up the pieces of the life we thought we had guaranteed, the worry of wavering finances soon becomes significant loaded stress. Without an emergency fund in place, we place ourselves in a highly vulnerable mental health position. Our attentions are pulled towards money-gathering rather than healing from the trauma we are faced with.

Emergency funds are your economic buddy. They are a financial buffer, providing a safety net when life doesn't turn out quite how you would expect. If you have had problems with debt, you will know how slippery the borrowing slope is. It is challenging in ordinary circumstances to free yourself from credit card charges and loan interest accumulation, let alone when you have been hit with a sizable bill or are facing a period of low (or non-existent) income.

HOW MUCH DO I NEED?

There is no upper limit to how much you might want to set aside. It is a personal choice. As a general rule of thumb, it is wise to have enough saved to cover 3-6 months of living expenses comfortably. If this is the first time you have ever worked out what your monthly outgoings are, then there has never been a better time to do so. When we are fully informed and aware of our financial position, we can make smarter and more seamless decisions going forwards.

There is no need to overwhelm yourself by aiming for a high figure too soon. Make a simple and achievable plan to set aside $500 in the next 1-3 months, depending on your current salary rate. Once you have this in place, set your next target. In this way, you will increase your faith in your saving abilities while avoiding the aggravation of your stress levels in aiming for unrealistic figures. Fundamentally—build your savings pot as you build your emergency fund confidence!

WHERE DO I PUT MY EMERGENCY FUND?

When choosing the right place for your emergency funds, bear in mind that you may want to withdraw funds promptly if and when you might run into an unexpected crisis. Therefore, a savings account with a reasonable interest rate and easy access is a highly desirable option for your emergency funds. You can choose to use the same banking provider you use for your other accounts or separate it all together by choosing a different bank with favourable terms and conditions.

Alternatively, you could select high-yielding savings account to maximise interest levels while still being able to withdraw rapidly when and if required. These sorts of accounts are usually insured, leaving you with anxiety-reducing peace of mind that your money is in a safe place no matter what else changes around you. Now is the time to enlist a Financial Consultant to guide you in the right direction.

ARE YOU FEELING INSPIRED?

Here are a few handy tips to get you started on the right financial track:

Evaluate your financial position regularly. Pushing bills and current account balance letters to the back of your kitchen drawer won't leave you feeling empowered. Embrace a sense of honesty with yourself and remain conscious of what you earn and spend each day. Doing so will help you feel much more prepared if and when a financial hit might occur.

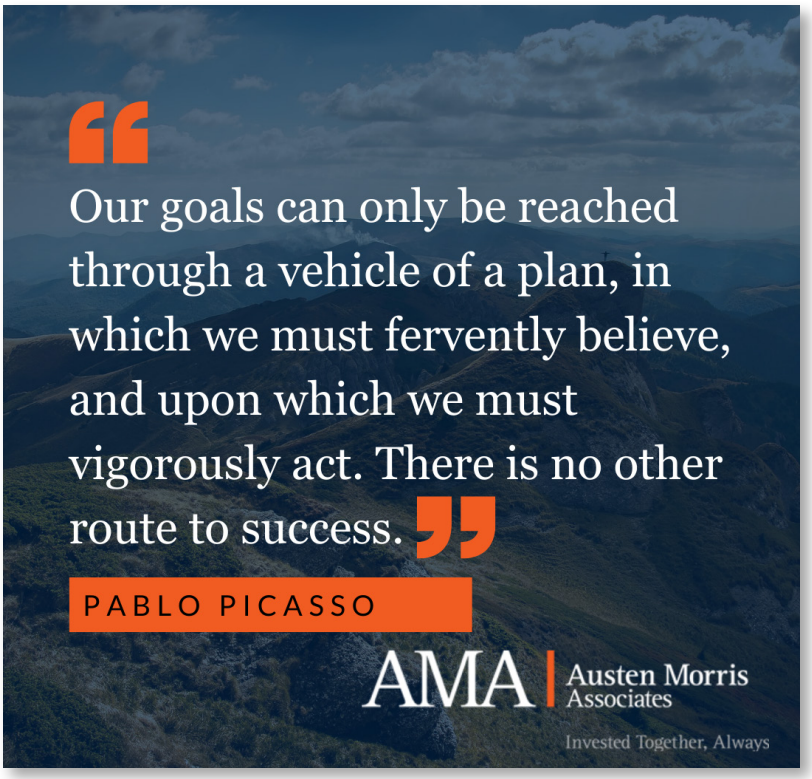
Use intelligent apps to support your saving. There is a multitude of well-designed apps that can help you achieve your savings goals. From deposit reminders to handy tools that 'save the change' and put it in your savings account, the options are limitless. Embrace the technology that has been designed to help, many are free to use some may have a charge for their service.

CELEBRATE YOUR SUCCESSES WITHOUT SPENDING.

Modern culture teaches us to 'treat' ourselves when we have done well in life. Train your mind to acknowledge how far you've come with your emergency fund efforts without needing to deplete the total figure in celebration. Recognise your success in a journal, or enjoy some cost-free time to yourself to reflect on how far you've come.

You have already made a significant step forward in your financial success journey by investing your time reading this article. You are aware that emergency funds are a necessary addition to your economic portfolio and personal situation, and now you have the tools in hand to make it happen. Get started today in setting aside the funds that could make all the difference later down the line. Your future self—and bank balances—will be happy that you did.

HOW DOES ASSET ALLOCATION WORK?



Even the most planned out investments can fail if you don't allocate your assets across a variety of categories. In other words, you must spread out your money over a variety of investments. It's called asset allocation, and when you do it right, you could fend off the risk of a total loss.

Knowing how it works and what you must understand is important before you start investing. If you jump in headfirst and invest in the assets that sound good to you, your portfolio may leave you rather disappointed.

ASSET ALLOCATION DEFINED

Asset allocation is the practice of spreading your money across a variety of assets and asset categories. For example, if you put all your money in stocks, you're at the mercy of the stock market. If it crashes, you could lose everything.

The same is true if you invested all your money in bonds, mutual funds, or ETFs. Concentrating all your money on one asset is risky.

If, instead, you diversified amongst a variety of investments, such as stocks, bonds, commodities, and even property, you diversify your risk. If the stock market crashed and you lost everything invested in stocks, you'd still have money in bonds, commodities, and possibly property.

HOW ASSET ALLOCATION WORKS

Asset allocation helps diversify your money across a variety of assets. The key is to choose assets with different traits, aka risks and rewards. Look at each asset and determine how it would respond to the economy failing and thriving. Some will move with the economy, and some assets will move in the opposite direction.

When you have a mixture of assets moving in different directions, you're better off in the end. Each class has different reactions, so to speak, so your portfolio stays somewhat steady even though the investments in it may go up and down. When one goes up, another may go down and vice versa.

The idea is to create a non-volatile portfolio or a portfolio that achieves the returns you desire without risking too much on any one investment. It's the old adage 'don't put all your eggs in one basket,' if you need a visual to see how it works.

Every investor has a different portfolio because each investor has different needs. One may be saving for retirement and have 30 years, while another may be investing for another shorter-term purpose, such as buying a house.

Investors with shorter-term goals can take fewer risks and need an asset allocation with a lower risk than an investor who has 30 years to let his/her portfolio grow

WHAT ARE THE MOST COMMON ASSET CLASSES?

You have many options when choosing your asset classes. As always, it's best to diversify as much as possible, but working with a licensed advisor can help you determine which assets are right for you based on your timeline and your goals.

Here are the most common asset classes:

- Cash – While it's not an investment, every portfolio should have some cash value. You can keep it in a savings account, CD, or any other liquid account. No matter where you keep it, your rate of return will be minimal, but you'll have the stability of having a portfolio with at least some cash value.
- Bonds – If you want a 'safe' investment, bonds are usually a good choice. It depends on who issues the bonds, but you usually receive a fixed rate of interest that you can receive either monthly, quarterly, annually, or at maturity. Government bonds are the least risky but pay the lowest interest rates.
- Stocks – When you invest in stocks, you buy a portion of a company. Your returns are based on how the company performs. You can buy and sell stocks at any time, paying capital gains on your profits. Stocks have a higher risk than most other investments but also provide the highest return.
- Commodities – Gold, oil, and agricultural products, all makeup commodities. You trade futures or the right to buy or sell the product at some point. Commodities are risky but can diversify a portfolio, especially one that's heavy in stocks.
- Property – You can invest in physical property, such as an investment home, or in property investment trusts which are pooled funds that you and other investors create. The fund manager uses the funds to help property investors buy commercial properties or even invests in property debt (mortgage).

ASSET ALLOCATION DEFINED

Now that you know you should diversify your investments, what should your asset allocation be? While no two investors have the same needs, consider the following:

- What are your investment goals? Your investment goals are the primary determining factor in the investments you choose. How much money do you need, and what are you trying to achieve? Write your goals down, as they'll help you choose the investments that are right for you and your family.
- How much time do you have? Your time horizon is the next most important factor. If your goals are long-term, you have more time to make up for any potential losses and take larger risks. You may invest more heavily in stocks and property than you would in bonds or cash investments.
- How old are you? Age is another way to look at your time horizon. If you're investing in your child's college education, and your child is 2 years old, you have a longer time to save. But if your child is 12 years old, you have less time and may want less aggressive investments. The same principle applies to retirement; the older you are when you invest, the less time you have to reach your retirement goals.
- What is your risk tolerance? Think about what you can stand to lose. No one wants a complete loss or any loss for that matter, but what can you stomach? Will you sleep at night knowing you may have a total loss, or would it be too disturbing? This helps to determine the right asset allocation.

IS ASSET ALLOCATION DIFFERENT FROM DIVERSIFICATION?

Asset allocation and diversification have some similarities, but they are two different concepts. Asset allocation refers to how you spread your money across the many asset categories. For example, if you invest in stocks, bonds, and property, that's your asset allocation or the money you invest in each asset.

Diversification refers to how you diversify your investments within each category. For example, you could invest in stocks, but do you want to put all your money in one stock? What if it plummets? What happens? You'd likely lose everything.

If, instead, you diversified your funds throughout several stocks – preferably stocks in different industries, or even in an ETF that mimics the S&P 500, you'd be better off.

DO YOU NEED TO CHANGE YOUR ASSET ALLOCATION?

Like most things in life, your asset allocation may need to change. If life changes, you may have other goals or need to adjust your investments.

Most people change their asset allocation with age – the closer they get to their goal timeline, the less aggressive they want to invest. The less time you have available, the less risk you can take. What would happen if you lost it all? You'd enter your timeline with nothing. If you adjust your allocation, you could still have money because you invested in safer investments.

WHAT ABOUT REBALANCING?

Rebalancing your portfolio is important too. As time goes on, your investments change in value and may knock your allocation off course.

Rebalancing puts everything back into the balance you chose when you created your portfolio. For example, if the stock market takes off, your portfolio may become more stock-heavy than bond-heavy than you'd prefer. We could sell off some of the stock gains and buy more bonds, resetting your asset allocation.

If you don't want to sell off investments that are doing well, you could also invest more money into the bonds or any other asset that your portfolio has an incorrect balance.

BOTTOM LINE

Asset allocation and diversification are the keys to a properly created portfolio. It takes time, practice, and knowledge to create the right portfolio for you and your family.

It doesn't matter if you have short-term goals that you want to reach in the next year or long-term goals that go out as far as 30 years; allocating your assets appropriately will help you reach your goals.

ONE OF US

In 'One of Us', we share intimate conversations with colleagues, thought leaders, and financial experts to educate, enlighten, and entertain you.

This month we are excited to be sharing personal insights with the Founding Partner of Austen Morris Associates, Greg Morris.

Q: Greg, thank you so much for taking the time to do this interview. What made you decide to open your own financial brokerage, and how was Austen Morris Associates founded?

A: Austen and I both worked in financial services within the U.K. back in the late 80's early 90's. It became apparent that the U.K. industry "business model" was destined for a massive shake-up. For all the right reasons, I must add. However, we knew that it would take many years to settle down and become the U.K. financial services industry it has become today.

After extensive research and planning, we founded "Austen Morris Associates" within the United Arab Emirates in Dubai on May 20th, 1994. Our sole intention was to give financial advice and client service above and beyond what was already offered within the offshore world. Quite frankly, outside of the U.K., it was like the Wild West, minimal regulation, a world of, let's say, creative advice being given, and close to zero client service being shown toward new clients after they had instigated their investment/s.

Over the following years, the AMA Group of company's expanded its operations across the Middle East, Southern Asia and the African continent, incorporating 9 new Austen Morris Associates companies and opening 11 offices across the globe. This expansion and growth were only possible due to the high level of service given to our global clients and their loyalty.

Q: As you approach AMA's 27th anniversary this month, what is your vision for AMA five years from now?

A: I think it is essential to understand that whatever my vision is, it would only be achievable if the entire senior management team and Partners across the globe were on board with the same goal, vision or if you like dreams. The good news is that they are, and these ladies and gentlemen are industry leaders within their field and are as invested and driven in achieving our vision as much I am. The majority of the senior team have been with the Group for over a decade and many for over 15 years.

In answer to your question -

1. To continue learning from our client base and deliver the best "tech solutions" and "client service "available within the industry, high-level quality service and being a technology-driven company remains the cornerstone within the AMA Group of company's that has made us who we are today.

2. We do, and we must continue to stay ahead of regulation across all our jurisdictions and ensure that the "product/investment range" and "Wealth Management Services" must also continue to be market-leading now and in the future.

3. To be the leading QROP/SIPP and discretionary "Advisory Group" and "Wealth Management Service" not just across the Asian and African continents, but Europe and North American.

North America is well underway with the incorporation of Austen Morris Associates America (AMAA), securing offices in Texas with servicing offices in both Miami and New York. AMAA is regulated by the SEC through our American partners, BGAN. In 2020 we secured over 30m USD of assets under management. We fully expect that figure to exceed 100m USD throughout 2021. Mr Ian Edwards (North American and African Regional Manager and Partner within the Group) is heading up this project and will be based and spending his time between the New York and Miami offices and the South African region, this will take place when covid allows, and air travel resumes to acceptable levels. This is a significant region for the Group.

We look forward to working with our U.S. lawyers, Denton's, our licensors BGAN and of course, all our institutional partners and providers.

Concerning Austen Morris Associates Europe (AMAE), the German offices based in Frankfurt have now been secured. The Managing Directors and specific advisers across this continent have now been confirmed. Again, this has been months of processing and research on the best way forward in which we can serve our clients and continue to deliver expert product and wealth management services across this continent.

Also, with the acquisition of an established Mauritian financial brokerage, including client book, offices and staff, Austen Morris Associates Mauritius (AMAM), twinned with the incorporation of Austen Morris Associates International (AMAI), we know the AMA Group of companies are very well positioned, in all key countries and regions to ensure the future growth for the Group, but more importantly be able to serve our global client base wherever they may be located or resident, with the service and advice they have become accustomed too.

Q: Can we have an insight into your typical working day?

A: They vary greatly depending on what is happening in each region. For example, if I am up until 3am working or dealing with an issue in another time zone, I will set my alarm for 9am. If not, then I will be up at 6.30am and the day will start there.

Pre. COVID-19 I was on a plane every other week, but of course, that now is not the case. My family and I locked down in South Africa in March 2020, and we have not left here since; it has been educational, to say the least. I must add that I have learnt that 90% of deals/problems/solutions or issues can be dealt with successfully without getting on a plane. I have thoroughly enjoyed remaining in one country during this pandemic. I have no intention of ramping my travel schedule back up to what it was before this unfortunate global event.

I really do not like fixed appointments placed in the diary. However, I do accept that they are necessary for some circumstances. I encourage everyone to simply send me a WhatsApp or WeChat if there is something that I can help with, and I ensure I get to it the same day.

It is one of the great things within the AMA Group. All of the Senior Management can and do react quickly in all circumstances, good or not so good, using messaging platforms. Having a diary full of fixed appointments or being overloaded with 500 emails each day is counter-intuitive and, indeed, something that I try to avoid at all costs. I genuinely believe that we are all more proactive within the Group; driving this philosophy forward creates a far less reactive environment, simply because most issues have already been thought through, discussed, and agreed upon.

So, in short, very little goes into my diary unless it is a family event, regulatory or board meeting, and monthly/quarterly scheduled meetings with the teams and Senior management.

Q: Considering the competition in today's business world, how would you highlight AMA's competitive advantages and what makes AMA stand out from the crowd?

A: I really do not think there is that much competition in the world of Offshore Financial Services and Portfolio Management. A handful of companies are getting it right out there, most of which speak pretty regularly to each other. The majority of us all have different business models but are very good at what we instigate and commit. It may come as a surprise to some, but the primary CEO's, owners or founders, talk to each other and help each other out if called upon.

Q: What inspires you to keep developing and growing as a leader?

A: It is all I know, I was 26 when this journey began, and I have been blessed with more good times than bad. Thankfully I have a very supportive family that always pushes me along and drives me to achieve the next goal or solve the inevitable problems that will arise.

Q: What has been your most favourite country to live in so far?

A: All of them, there has been, to the best of my recollection, more than 11 countries; I have actually lived in, and it is tough to choose which was my favourite. They all had their "up's and downs" and still do, but I hold many unbelievable memories of events and the people I have met along the way.

Q: When international travel resumes - Where will be the first place you will travel?

A: The United Kingdom, it will be around the 2-year mark since I have seen my parents, which is the priority and my first port of call. Then it will be Mauritius, Germany and the States, then into Asia. The first stop will be the Philippines, Thailand, mainland China and Hong Kong, where I will meet with the teams and catch up with some very old friends and work colleagues.

Q: What are you watching at the moment on Netflix?

A: I wish!

Q: What was the last book you read?

A: "Where's Wally" A famous children's book about "finding Wally", my 5-year-olds favourite. I'm sure that was not the answer you were looking for, though.

Q: What do you do to relax?

A: Good question; with our twin boys coming up to 16 and my youngest just turning 5 years old, they certainly keep me busy outside of the AMA Group. But my wife and I are very much into spending time in the "bush", doing a couple of safari drives a day and fully relaxing and recharging in that environment. Spending time within Mother Nature and being up and close with the wildlife is very close to my heart and gives me the time to reflect and plan in a positive and calm environment.

TYPES OF TAX TERMS

Taxes are a large part of your investment strategy. They can eat up your profits, leaving you short of your financial goals if you don't consider them.

Understanding the tax terms and how different investments incur a tax liability can help you strategise your investment plan.

CAPITAL GAINS TAX:

Capital gains tax is a tax on the profits of your investment. The profits are calculated as the difference between the amount you bought the asset for and the amount you received when you sold it.

You only pay capital gains taxes when you sell an investment. For example, let's say you bought an asset for $100 a share, and it grew to $500 a share in a year. You had capital gains of $400. If you keep the investment (don't sell it), you don't pay taxes on the $400 per share. But, if you sold your shares for $500 per share, you'd pay capital gains taxes on the $400 per share you earned. In other words, you don't pay the taxes until you have the cash in hand.

There are both short-term and long-term capital gains. Most short-term capital gains pay the ordinary tax rates and apply to any investments you own for less than one year. Any investments you hold for longer than one year may have lower tax rates, giving you a break on the profits. This includes investments in stocks and physical items such as houses or collectables.

INCOME:

Income is money you earn by working or through investing. Every person must file a tax return each year to determine if you owe taxes or if you overpaid and will get a refund. Governments use income tax revenue for a variety of their services.

Typically, the more money you make, the higher the tax rates you'll pay. This is to avoid overtaxing the low-income taxpayers while not undertaking the high-income earners.

TAX AVOIDANCE:

Tax avoidance sounds bad, but it's a legal way to lower your tax liability. When a taxpayer uses methods within the law to reduce his/her taxable income, it's tax avoidance. Typical tax deductions and tax credits are ways to avoid taxes.

Most governments make tax avoidance simple by providing certain deductions and tax credits for situations that help lower a taxpayer's liabilities. For example, in the United States, taxpayers get a deduction for money they contribute to their retirement account within a specific amount. If they contribute to their retirement, they can deduct the contributions from their taxable income in the year they contribute.

TAX EVASION:

Tax evasion is the opposite of tax avoidance and is illegal. Tax evasion means a taxpayer intentionally altered his/her income to avoid tax liability. This doesn't include taking standard tax write-offs or deductions. It's like stealing from the government.

Tax evasion usually results in criminal charges and jail time. There's a fine line between tax evasion and tax avoidance, but when it's intentional and a way to defy the government, it's illegal.

LIABILITY:

Your liability is the total amount you owe to the local taxing authority. You incur liabilities on any taxable income, including earned income, capital gains, proceeds from the sale of an asset such as a house, and inheritance funds. Most money you receive will have tax liabilities and should always be reported.

TAX LIABILITY:

A tax liability occurs when you don't pay your taxes, and a government entity can make a claim on your assets. This may include taking possession of your bank account or placing a lien on a physical investment, such as your home. If they place a lien, when you sell the asset, the proceeds first pay the government before receiving any payment.

SHELTER:

A tax shelter is a way of 'sheltering' money from tax liability. It is legal as long as you follow the maximum allowed contributions. The most common example is the 401K in the United States. It allows you to set aside a portion of your income in a tax-sheltered account. This lowers your taxable income and, therefore, your tax liability. This is similar to tax minimisation but is NOT tax evasion if it's done legally.

TAX ON DIVIDENDS:

If you own dividend stocks, you may get a tax break on the dividends payments. Companies pay dividends on after-tax money. The profits they have after they pay taxes is what they share. You'll still pay taxes, but at a lower percentage in the United States and some other countries. This doesn't apply to non-qualified dividends from foreign entities, though – non-qualified dividends are taxed at the regular tax rate.

TAX ON INTEREST INCOME:

If you hold any assets that earn interest, especially bonds, you'll pay your regular tax rates on the interest earned. The government considers this 'ordinary income', and it doesn't have any particular tax treatment.

TAX LOSSES AND WASH SALES:

If you have an investment loss, it can offset your tax liability. A common procedure investors use is tax-loss harvesting or wash sales. If they have an asset with significant capital gains that will trigger a large tax liability, they'll sell other assets that currently have a loss. This means the investment is worth less than their cost basis (the amount they paid).

The loss offsets the gain, which decreases the overall tax liability and is a legal way to lower what you owe.

BOTTOM LINE

Work with a licensed advisor to ensure you minimise your tax liabilities while maximising your investment opportunities. Knowing how to shelter your income or minimise your tax liability while still paying your portion of the obligation is the key to a solid investment strategy.

TRUSTS AND ESTATES WHAT YOU SHOULD KNOW

One of the most significant pieces of your financial plan is your estate plan. No one likes to think about dying and what will happen afterwards, but if you plan now, you take the stress off your shoulders.

Wouldn't it feel better to know your loved ones are well cared for financially, and your assets will be distributed how you want rather than rushing at the last minute to make significant financial decisions?

A trust and estate plan should be a part of everyone's financial layout – here's what you should know.

WHAT IS A TRUST?

A trust is an arrangement with a third party to hold your financial assets on your behalf. In the trust arrangement, you state how your assets pass down to your beneficiaries and when. Trusts are often a preferred way to pass assets down to heirs because they avoid probate or the courts getting involved in your estate.

REASONS TO SET UP A TRUST

Many people create a Trust to make the act of passing down their assets easier on everyone. Other reasons to set up a trust include:

- Help minimise taxes
- Speed up any estate issues
- Protect your assets from lawsuits or other liabilities
- Avoid probate

THE TYPES OF TRUSTS

There are two main types of trusts you should consider – a revocable or irrevocable trust

- Revocable Trust: Also known as a living trust, you can still control your assets while you're alive, even distributing them as you want throughout your life. This Trust doesn't avoid estate taxes, so that's a consideration if you have a large estate, but it allows you to make changes throughout your life rather than locking up your assets until you die.

- Irrevocable Trust: As you can guess by the name, this Trust cannot be changed. Once you place assets into it, they remain there until you die, and the assets are passed onto your heirs. The positive side, though, is your beneficiaries can avoid probate and estate taxes.

WHY CONSIDER A REVOCABLE TRUST?

An irrevocable trust can't be changed, which makes it a big decision for anyone. But why would you consider a revocable trust over an irrevocable trust? Here are the top reasons:

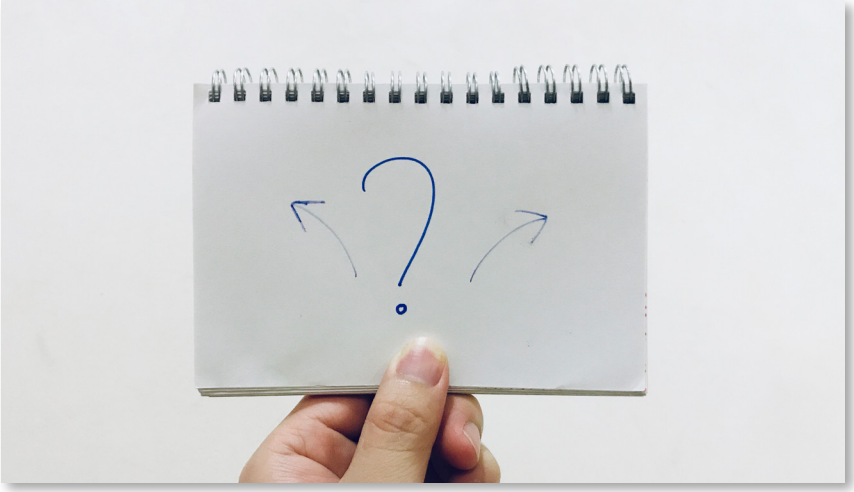
- You want someone else to manage your estate, especially as you age. If you worry about making financial decisions, putting your assets in a Trust gives someone else the responsibility.
- You own a business and worry about what will happen to it if/when you die. If it's in a Trust, it can continue to operate and produce income (with the correct supervision).
- It protects your assets from anyone who may have less than your best interests in mind, especially once you die.
- It protects your assets should you be involved in any legal issue.

IS A TRUST RIGHT FOR YOU?

Anyone can open a Trust. But should you? Here are the main reasons it may be right for you:

- You want someone to control how and when your beneficiaries receive their payout upon your death. This is especially important if your beneficiaries are children. You can keep the assets in the Trust until they reach a specific age.
- You want to avoid your assets from paying your heirs' creditors or worry about how your heirs will manage the money. You set the parameters of how they receive the money.
- You want to set up a plan for financial decisions should you and your spouse become incapacitated. The Trust will have your instructions and proceed on your behalf.

IS A TRUST BETTER THAN A WILL?



It's not a case of is a Trust better than a Will, but rather, you need a Will and a Trust. A Will takes care of the more minor details – your wishes for things like material possessions you want to be passed down to your beneficiaries. But, it also determines what happens to your children. If you have minor children, a Will is a must.

A trust handles the 'big stuff' like your house, bank accounts, and investment accounts. Having your big-ticket items in a Trust keeps the assets out of probate, keeps your estate private (Wills are public), and avoids certain taxes and fees.

So it's not a matter of one being better than the other, but rather having both to protect your assets, belongings, and your children.

WHAT IS AN ESTATE?

Your estate is everything you own or your net worth. It includes all assets, such as your house, car, bank accounts, investment accounts, and any other large and small assets.

It also includes your liabilities. This includes your mortgage, credit cards, and any other significant debts. In short, it's your net worth or your assets minus your liabilities.

WHAT IS AN ESTATE PLAN?

An estate plan focuses on the financial distribution of your assets. When you die, where will your assets go? That's part of your estate plan.

It also includes your healthcare wishes and what you want to happen if you're in the hospital and can't make your own decisions.

An estate plan usually includes some or all of the following documents:

- Will – The Will instructs who gets what, especially the small items around your homes, such as jewellery, furniture, or other collectables. Your Will names an executor – or the person in charge of overseeing the distribution of your assets. This is an essential part of any estate plan.

- Living will: The living will states what you want to happen should you not be able to make your own decisions. It should include decisions about resuscitation and other major health decisions.
- Healthcare power of attorney: This appoints a person to make your healthcare decisions for you if you cannot make them yourself.
- Financial power of attorney: This appoints a person to make your financial decisions for you if you cannot make them yourself.
- Trust: This protects your assets from probate, estate taxes, and litigation. It also dictates how they distribute your assets upon your death

Every estate plan looks different. Think about what you want to achieve with your estate plan. Do you have specific healthcare concerns you wish to be addressed? Do you want to name someone to handle your finances if you can't manage them?

All estate plans should include a will, so someone manages your estate and distributing assets as you hoped, but from there, your documents will vary based on what you want/need.

WHY HAVE AN EXECUTOR?

The executor is the most important piece from your Will, next to who will take custody of your minor children.

The executor is responsible for handling your estate, from paying the creditors to distributing the assets. Executors are never responsible for your financial debt out of their own pocket, but they must satisfy everything they can from the estate.

Choosing an executor is a big decision, but it's usually a close family member or friend, someone who may also be an heir.

HOW OFTEN SHOULD YOU UPDATE YOUR ESTATE PLAN?

Life changes, and so should your estate plan if necessary. The most common rule is to revisit your estate plan if something significant changed in your life. If you gained family members, lost family members, or your financial situation changed drastically, revising your estate plan is always a good idea.

Even if nothing 'major' changed, consider revisiting and updating your estate plan every 3 to 5 years. You'll have aged enough at that point to think about your plan and decide if it's still adequate or accurate. If your finances changed, you might want to add or change how your estate plan is set up.

BOTTOM LINE

If you don't have a Will, Trust, or any Estate plan, now is the time to set it up. Whether you are single or married with a family, there is always a reason to protect your financial assets. Keeping everything as straightforward as possible is the key.

The right financial plan will protect your assets legally and ensure they are distributed how you would like. If you start now, you can set up a financial plan that takes care of your assets while you're alive but also provides the necessary reassurance that your loved ones will receive your assets as you desire.

YOUR PERSONAL FINANCE TIPS

50 PERSONAL FINANCE TIPS
PART 1

#1 Check Your Interest Rate
Try to pay off the debts with the high interest rates first.

#2 Create a Financial Calendar
Set reminders to remember to pay taxes and other expenses.

#3 Track Your Net Worth
It's the number that can tell you where you stand financially.

#4 Set a Budget, Period
This is the starting point for every other goal in your life.

#5 Allocate at Least 20% of Your Income Toward Priorities
We mean emergency savings, paying off debt, and your retirement saving.

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50 PERSONAL FINANCE TIPS
PART 2

#6 Consider an All-Cash Diet
If you're overspending, this will break you out of that rut.

#7 Take a Daily Money Minute
Set aside one minute each day to check on spending & goals.

#8 Budget About 30% of Your Income for Lifestyle Spending
This includes movies, restaurants, and happy hours.

#9 Draft a Financial Vision Board
It reminds you to stay on track with your financial goals.

#10 Set Specific Financial Goals
Use numbers and dates, not just words to describe goals.

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50 PERSONAL FINANCE TIPS
PART 3

#11 Adopt a Spending Mantra
Pick out a positive phrase that acts as a rule of thumb for how you spend.

#12 Make Bite-Size Money Goals
In addition to big goals, set smaller, short-term goals.

#13 Love Yourself
Sure, it may sound corny, but it works.

#14 Banish Toxic Money Thoughts
Never say things like "I'll never pay off debt".

#15 Learn How to Savor
Savoring means appreciating what you have now.

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50 PERSONAL FINANCE TIPS
PART 4

#16 Get Your Finances–and Body—in Shape
One study showed that more exercise leads to higher pay.

#17 Get a Money Buddy
Try gathering several friends for regular money lunches.

#18 When Negotiating a Salary, Get the Company to Name Figures First
Try not to give away your current pay from the get-go.

#19 You Can Negotiate More Than Just Your Salary
Things like work hours, official title, and vacation time.

#20 Don't Assume You Don't Qualify for Unemployment
At the height of the recent recession, only half of people eligible for unemployment applied for it.

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50 Personal Finance Tips
Part 5

#21 Make Salary Discussions at Your Current Job
Emphasize the incredible value you bring to the company.

#22 Start With Small Debts to Help You Conquer the Big Ones
Paying off the little debts can give you confidence.

#23 Don't Ever Cosign a Loan
It can hurt your credit score or your relationship.

#24 Opt for Mortgage Payments Below 28% of Your Income
That's a general rule of thumb when choosing a house.

#25 Spend on Experiences, Not Things
This way, you get more happiness for your buck.

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50 Personal Finance Tips
Part 6

#26 Always Choose Federal Loans Over Private Loans
They have flexible terms of payment & better interest rates.

#27 Evaluate Purchases by Cost Per Use
Don't buy the cheapest things and ignore the quality factor.

#28 Shop Solo
Save your socializing for a walk in the park.

#29 Spend on the Real You—Not the Imaginary You
Don't buy things for the person you want to be.

#30 Ditch the Overdraft Protection
It's actually a way for banks to tempt you to overspend.

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50 Personal Finance Tips
Part 7

#31 Start Saving ASAP
Not next week. Not when you get a raise. Not next year. Today.

#32 Don't Cash Out Your Retirement Account Early
Dipping into your retirement funds early will hurt you many times over.

#33 When You Get a Raise, Raise Your Retirement Savings, Too
You know how you've always told yourself you would save more when you have more?

#34 Listen to Your Trusted Financial Adviser
If you have a financial adviser that you trust, listen to them. If you don't, find one.

#35 Keep an Eye on Your Credit Score
A less-than-stellar credit score has the potential to cost you thousands.

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50 Personal Finance Tips
Part 8

#36 Keep Your Credit Use Below 30% of Total Available Credit
Using more than 30% can ding your credit score.

#37 If You Have Bad Credit, Get a Secured Credit Card
It helps build credit but it won't let you overspend.

#38 Get More Life Insurance on Top of Your Company's Policy
The basic policy from your employer is often far too little.

#39 Get Renters Insurance
It covers robberies, vandalism, and natural disasters.

#40 Get a Decent Medical Insurance Plan
You don't want to spend your savings on medical bills.

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50 Personal Finance Tips
Part 9

#41 Make Savings Part of Your Monthly Budget
Bake monthly savings into your budget now.

#42 Keep Your Savings Out of Your Checking Account
If you see money in your checking account, you will spend it.

#43 Open a Savings Account at a Different Bank
Transfers between both accounts are way too easy. Avoid it.

#44 Direct Deposit is (Almost) Magic
If the money never lands in your checking account, you probably won't miss it.

#45 There Are 4 Types of Financial Emergencies
Emergency medical, home or car expenses & losing a job.

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50 Personal Finance Tips
Part 10

#46 You Can Have Too Much Savings
It's rare, but possible. Start thinking about investing

#47 Pay Attention to Your Investment Fees
The fees you pay in your funds can eat into your returns.

#48 Rebalance Your Portfolio Once a Year
Make sure that your investment allocations match your goals.

#49 Consider Diversification & Asset Allocation
These are two different beasts. Ask your financial adviser.

#50 Lastly, Get in Touch with Us for a Free Consultation
Book a free no-obligation financial consultation.

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GROW FINANCIALLY WITH AMA

At Austen Morris Associates, we know how the right financial decisions can make all the difference to your long-term security, quality of life and the realisation of your dreams. We also understand the importance of working closely with you over the long-term to understand your unique needs and help to meet any challenges along the way.

Since 1994, we have been committed to the core values of trust, professionalism and partnership to the benefit of our International Clients around the world, resulting in the successful long-term relationships that are the foundation of Austen Morris Associates today. As Independent Financial Advisors, we provide unbiased advice and give you access to the world's top investment management groups.

Our Consultants offer a wealth of experience in providing a full spectrum of financial advice. Our commitment to ensuring your peace of mind reinforces our focus on trust and partnership. By focusing on your specific needs and situation, we tailor plans to reach your financial goals while maximising the benefits of international investing.

Austen Morris Associates is a truly international company with its global registered office in Seychelles and wholly-owned registered offices in China, South Africa, Hong Kong, Mauritius, the USA and the Philippines. To begin your journey towards total financial security, we invite you to meet with one of our Consultants to understand our financial planning approach and why our clients become loyal and long-term partners.

Get in touch with us today for a free no-obligation consultation.
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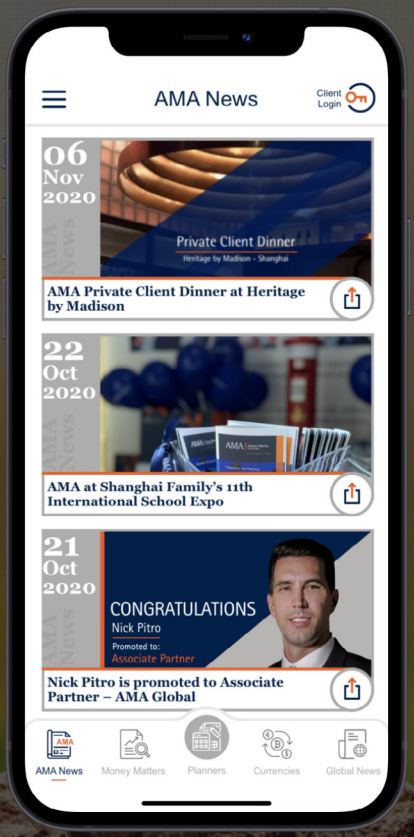

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