AVIVA

DINKs (Double income, no kids)

Life

your clients want to enjoy life now and in the future...

INFORMATION FOR ADVISERS

"**if** only I could enjoy life now and in the future"

- DINKs can be as young as 25 or even be up to 50 years of age.
- They are in stable relationships (including both heterosexual and same sex couples).
- It is not in their immediate plans to have children and they are not thinking about it.
- Some may be still working out the career path they want to progress with and still exploring their options, whilst others are heading towards the peak of their career.
- These households have the advantage of relying on two incomes.
- They may have a mortgage and personal debt, but have surplus cash.
- Many are well educated and interested in money matters.
- While retirement may seem like some time away, many DINKs become very focused on their superannuation, particularly as they get older.
- Often they are actively involved in finance and enjoy learning about investment and super.
- Tax effective investments are important to them, so is flexibility and they are prepared to take risks.

Handy statistics

Snapshot[1]	
% population	5.9%
% male	50.0%
% female	50.0%
% with a higher education qualification	69.1%
% without a higher education qualification	30.9%
% married	58.3%
% de facto	41.7%

Wealth	
Mean weekly income[2]	$1,219
Average super balance per household[3]	Up to $93,760
Median debt[4]	$90,000
Median assets[5]	$338,000
% with a SMSF[6]	45.3%
Advice[7]	
% using an adviser	23.0%
% open to advice	43.0%

Health[8]	
% males (cause of death)	
Injury and poisoning	51.9%
Cancer	14.1%
Cardiovascular disease	13.9%
Digestive disorders	4.3%
% females (cause of death)	
Cancer	35.5%
Injury and poisoning	27.0%
Cardiovascular disease	13.5%
Digestive disorders	4.4%

Financial goals

Meet current obligations and seize opportunities to grow wealth:

- build investment portfolio
- retire early and in comfort
- accumulate wealth to be financially independent

Barriers

Some barriers to seeking or accepting advice:

- many feel very confident that they can do it themselves and may not see the value in advice
- may only prefer share investments
- products and advice may be perceived as too expensive
- many may not want to pay for advice
- they have other priorities centering around lifestyle and therefore may not be interested in financial planning

Strategies to consider

Investment:

- diversify and grow investments
- gearing and/or regular gearing

Superannuation:

- additional superannuation contributions
- salary sacrifice

Protection:

- adequate protection for death, trauma or accident and illness
- income protection cover
- level premium compared to stepped premium

Advice areas to consider for DINKs

DINKs may be still building up or already have a strong level of assets. Their expenses are low and they often have some surplus income. This ultimately provides them with many options, so it's important they look at how to build their wealth inside and outside superannuation. To ensure their lifestyle now and in the future remains protected, it's also essential they review their life insurance levels.

Advice	Why Aviva?
LIFE INSURANCE	
GOAL: Build and protect wealth	
Life and total and permanent disability (TPD) cover Ensure insurance cover protects at a minimum their mortgage and liabilities. Cover may need to be increased if new debt is created, e.g. new mortgage. DINKs may be able to have their cover in superannuation and claim a tax deduction for the premiums if they are self-employed. **Protecting the future of their business** Self-employed DINKs should consider the right level of protection for their business so they can continue to grow it in confidence, and in the event accident or illness prevents them from working, the financial security of their business is maintained. **Critical illness cover** Protect current and future wealth by having the right amount of cover in the event serious illness strikes. The earlier critical illness cover is taken up, the more likely they will be accepted as the risk of illness is lessened.	**Combine level and stepped premiums and save** Your clients can choose to have stepped premiums for Life and TPD cover and level premiums for the critical illness cover. For example, a 35 year old with Life and TPD cover of $1,000,000 and critical illness of $500,000 could save up to $47,422 over 24 years.[9] **Flexibility to change the ownership of cover** Once your client is assessed for a level of cover, they never need to go through the same process again, even if they want to change the ownership of the policy from one person to another (e.g. key person insurance for those running a business), or move cover from a superannuation to a non-superannuation environment. **Business Protection Option** Our Business Protection Option through our Life/TPD policies can provide business owners with the right level of cover to protect themselves and their business. It can be used for the purposes of business succession planning, loan guarantor insurance or key person insurance. **Risk*first* mylink – keep medical information confidential** Some DINKs may not be comfortable completing their personal medical information in the presence of their adviser. With Risk*first* mylink, you can email the Personal Statement for your client to complete in their own time and privacy.
Income protection With the appeal of tax deductibility, DINKs can use a portion of their surplus income to take out income protection that provides a monthly benefit (income replacement) of up to 75% of their current income. If their income protection is through their superannuation fund, the benefit can be 75% of current income plus 9% Superannuation Guarantee contributions. For DINKs who are self-employed they may want a short waiting period before benefits begin. For others who have been employed for some time and built up sick leave, they may be comfortable with a longer waiting period. **Business expense insurance** Self-employed DINKs may wish to consider insurance to ensure the business can still receive an income to stay operational, even if they're disabled.	**Flexibility to vary waiting period to suit** Your client can choose from a waiting period before payment begins from 14 days up to 2 years – the longer the waiting period the cheaper the premium. **Obtain a benefit even if your client can still work** Aviva will pay a partial disability benefit even if your client is still working partially, with no qualifying period for total disability. **Cover high debts for 12 months** Our Debt Replacement Benefit, available with the Aviva Protection – Income Gold contract, provides payment of a higher monthly income for up to 12 months to claimants after suffering a form of injury or illness. This provides greater peace of mind for high net worth individuals or those who have a high level of personal debt. **Keep paying your business an income** Our Income Business Expenses cover can provide your clients with income cover to help pay their business expenses in the event they get disabled due to illness or injury.

Advice	Why Aviva?
INVESTMENT	
GOAL: Build investment portfolio and accumulate wealth	
Save surplus income Start saving their surplus income and keep saving fortnightly or monthly, to benefit from dollar cost averaging and compound investment returns. A great way to do this is to place savings with an investment platform so investors can access all types of investments in the one place.	**Diversification is made easy with a Navigator platform account** Save time with a hassle-free solution that has the flexibility to enable DINKs to: ■ invest in a wide selection of investment options across shares, cash and property asset classes ■ start with a $3,000 initial minimum investment and a $200 additional monthly contribution ■ track their investments online and trade shares ■ make changes to their investments quickly through our Fast Track switches and redemptions (no need for 'buys' to wait or for 'sells' to settle) ■ receive consolidated reporting to make tax time easier ■ access fee discounts if their parents or family member has a Navigator platform account
Consider gearing To help accelerate their investment portfolio, DINKs may consider gearing. They can do this directly with a margin loan or by investing in geared managed funds. The interest paid on a margin loan is typically tax deductible. And if 12 months interest is prepaid, the full amount may be claimed as a tax deduction in that same financial year.	**Access all the top lenders through the platform and a special interest rate discount** When you use the Navigator platform, your clients can choose from a range of lenders and rates. Navigator is the only platform that has a fully integrated margin loan – Select Margin Loan – this means less paperwork and management time when you deal with Aviva. **Geared funds – let the fund borrow on your client's behalf** Through the Navigator platform you can access a range of geared funds. Geared funds are an alternative to a margin loan and suitable for clients who would like geared investment exposure in their portfolio without the potential for margin calls.
Share investing made easy Some DINKs may have a preference to invest in shares, yet may not know much about them. With an investment platform, they can invest in all different types of share investments that require different levels of involvement from the investor and adviser.	**No need to be an expert to invest in shares** The Navigator platform provides access to a range of share investments including: ■ separately managed accounts (SMAs) ■ managed funds ■ direct shares ■ other listed investments such as listed investment companies (LICs), exchange traded funds (ETFs) and instalment warrants Aviva's SMA enables diversification across and within asset classes without having to be a share expert. For instance, investors can track the Top 20 Australian shares through an SMA rather than having to monitor the shares themselves. They also have instant online access via aviva.com.au to keep an eye on share investments.

Advice	Why Aviva?
SUPERANNUATION	
GOAL: Start building the nest egg now to live a very comfortable retirement tomorrow	
Consolidate superannuation with one fund Consolidate super and the administration of many different investments into the one platform. Many DINKs may have several superannuation accounts from current and/or previous employers. By consolidating all accounts into one, DINKs can save on fees, paperwork and have more control over their superannuation. Any insurance in closed accounts will typically cease on the date and termination of your client's membership.	**Simple investment administration – Navigator** Your clients benefit from the time savings this hassle-free solution provides because: ▪ all the administration is done for them ▪ consolidated reporting for both you and your clients ▪ through you, their financial adviser, they can make changes to their investments quickly through our Fast Track switches and redemptions (no need for 'buys' to wait or for 'sells' to settle) ▪ they can access a range of investment options – shares, listed investments, managed funds, geared funds, SMAs and cash ▪ they can track their investments online ▪ they are eligible for family fee discounts if they both have Navigator platform accounts And you can manage your clients using n-link, our award winning online tool. This includes straight through processing for transactions.
Make additional superannuation contributions using surplus income or salary sacrificing DINKs could make additional superannuation contributions using a portion of their surplus income. **Tax effective contributions to superannuation** DINKs may consider salary sacrifice to make pre-tax or post-tax superannuation contributions to boost their retirement savings. For those on higher marginal tax rates of up to 46.5%, this can be great as superannuation contributions are taxed at 15%. Self-employed DINKs wanting to claim a deduction for superannuation contributions, need to ensure it meets the 10% rule. This means that less than 10% of their income comes from being an employee – for example a doctor may be employed by a hospital as an employee and also run their own practice as a self-employed person. **Small business owners – tax concessions** DINKs who are business owners may rely on their business value to form the bulk of their superannuation. If they have been in business for more than 15 years, proceeds from the sale of the business are free from capital gains tax. They can also contribute up to $1.1 million of the proceeds in addition to other concessional and non-concessional caps. This contribution amount will be preserved up until age 55.	**Navigator's tax effective platform** **More invested for longer** Unlike other superannuation funds that deduct the 15% contributions tax at the time of the contribution, the Navigator Personal Retirement Plan deducts this annually when it is due. This means your clients can contribute up to the concessional contribution caps and have more money invested. Ultimately, this enables them to earn income and growth for longer (up to 15 months longer until the tax is deducted). **Tax offsets from franking credits** Unlike other superannuation funds that allocate franking credits across all investors in the fund (even if they don't have shares in the funds that are allocating franking credits), we allocate franking credits to the investors as entitled. **Tax back benefit** Automatic anti-detriment provides a refund of contributions tax for eligible beneficiaries if your client dies. **Manage capital gains** You and your client can select which parcels of investments to sell, rather than simply applying the first in, first out rule. It all adds up over the long term.

For more information contact your Business Development Manager, visit aviva.com.au/profiles or call us on 1300 128 482.

Sources:

1. Australian Bureau of Statistics, Count of persons aged 18 and over (excluding Overseas Visitors) by Non School Qualification: Level of education by sex by client defined segments, Australia, August 2009.
2. Australian Bureau of Statistics, Household Income and Income Distribution, August 2009, couple only 15-44.
3. Ross Clare, The Association of Superannuation Funds of Australia, Are retirement savings on track? June 2007, householder 45-54.

4-5. Australian Bureau of Statistics, Australian Social Trends, August 2009, couple only aged only under age 35.

6. Australian Government – Australian Taxation Office, Self-managed super fund statistical report – September 2009, based on age 25-54.
7. MLC Customer Segmentation, Engaged Planners, 2008.
8. Australian Institute of Health and Welfare (AIHW) National Mortality Database, aged 25-44.
9. Assumptions: age next birthday 36 to 60, i.e. calculation over a 24 year period; premiums paid annually; CPI at 5%.

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