

Recruiting Financial Freedom

We help Recruitment Executives
implement a careful approach
to managing money that is focused
on taking care of the family
over the long term

“I feel like a massive weight has been taken off my shoulders
now that we have a plan in place and an adviser we can trust.”

Tim, 43, General Manager

Executive summary

In 2008, we researched the financial success of Recruitment Executives. Our research revealed that Recruitment Executives have a far lower net worth compared with other occupations that earn a similar level of income. There are three reasons for this:

1. A lack of planning and direction.
2. A lack of time to take action.
3. A lack of trustworthy financial advisers.

This report details the challenges and obstacles that prevent Recruitment Executives from realising their potential and we provide a solution and checklist for taking action.

“I once approached a financial planner for advice but all he talked about was superannuation, insurance and self-funded instalment warrants. I wanted an adviser who was interested in me, my life, someone who understood where I wanted to go and could show me the smartest, quickest and best way to get there.”

Pete Norris, ex-recruitment consultant, Hudson

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Disclaimer – this report contains general information – it isn't advice. You'll need to come and see us if you want to rely on anything.

Challenges and obstacles affecting you

Unpredictable market

Due to the Global Financial Crisis you can't predict what your clients are doing, which makes it impossible to forecast your own future. To survive in this environment existing markets need to be nurtured and new markets created - sometimes overnight.

The market is wildly unpredictable. There is less work, more competition, the candidate pool is less talented, employment freezes are in force and fee pressures are being applied by clients and competitors.

No doubt you will have seen uncertain times before, but this time it's different. This time you've got a family to protect and a lifestyle to maintain.

“Now that the market has changed, we need to start getting smarter about what we do with our money”

Ben Cass, Director, Marshall McAdam

Volatility of revenue

Every recruitment firm has a different remuneration model, but invariably a high proportion of what you earn can be variable. Due to the volatile nature of the industry you can sometimes earn a huge bonus one quarter and virtually nothing the next.

At your level, base salaries are sufficient to cover the essentials, but planning for the future is tough when bonuses are unpredictable.

A number of executives have fallen into the trap of committing variable income to investments that require a fixed commitment. Others face a headache when they apply for finance to upgrade the family home. Lending criteria have been tightened of late so even if you have a strong history of bonuses, it is often disregarded.

“Planning is tough for us. It's hard for us to invest any savings into an investment property or investment strategy when there is uncertainty in the market and our income is unpredictable”

Stuart Ablethorpe, Victorian Legal Recruitment Manager, Hudson



What should I do with my bonus?

Repay debt? Invest into shares? Use it as deposit on an investment property? Save it away for private school fees? Boost my superannuation? Can I afford to take the family on a holiday? Can we upgrade the car? Do renovations? Can I surprise the kids with new bikes?

The options are endless.

Do we have enough insurance in place? Do I have the right structure in place? Are interest rates going up? Should I fix my loan? Should I salary package? What's my superannuation doing? Can we afford to have another child? How can I get a bigger tax refund?

The headaches are endless.

The time trap

From 8am to 6pm you bend over backwards for the firm so you can provide financial security for your family. When you get home, your family yearns for your support, love and attention.

You try to squeeze in a workout, assist with dinner, help with homework, glance at the work you brought home and then collapse in bed.

When do you get a quiet moment to sit down and work out what to do with your money?

Short answer – you don't.

As a result, you leave achieving financial freedom to fate. In financial terms you pay too much tax, leave your family exposed and become easy prey for unscrupulous property developers or financial advisers whose objective is to turn your wealth into theirs.

“I pay someone else to manage my money so I can do the things I can't pay someone else to do, such as my career, my fitness program or time spent with my family and friends”

Colleen Lording, Client Solutions Manager
Randstad

Changing direction

Recruiting is a unique profession. There are no barriers to entry, there are no ceilings on income and it provides options if you seek new challenges; such as starting your own boutique recruitment firm.

Starting your own business introduces a new set of challenges, complexities and obstacles which can impact on the family and your lifestyle.

This is a big decision, so it's important that you plan ahead and are 100% sure that this is the right direction for you.

Some business owners unfortunately end up with a glorified job, not a business. The difference between the two is simple: business owners can go on a 2 month European vacation with their family and their business will continue to grow.

Those business owners, who actually have a glorified job, cannot.



Case study (based on a real life example)

Tim is the General Manager of a recruitment firm that employs 2,000 people which includes offices in Asia and London. He is married to Liz, a qualified teacher, who is not currently working as she is raising their two children.

When Tim and Liz approached us for advice, they had four burning issues:

1. They were paying too much tax.
2. They felt like they were missing out on opportunities.
3. They knew what they wanted to achieve but without a plan in place felt unorganised, like they were leaving things to chance.
4. Liz was especially concerned about financial security. They had life insurance through their superannuation accounts (in fact Tim had five super accounts), but they hadn't taken the time to assess if it was enough.

In our first appointment we helped Tim and Liz define their financial goals, which were:

“**Moving on up**” (upgrading to a larger home)

“**Beemer**” (New BMW)

“**Smart Kids**” (private secondary schooling)

“**Getaway**” (holiday home)

“**Freedom**” (making work optional by age 55)

“Having our goals written out in detail suddenly made them feel real, like we were going to achieve them”

Liz, 41, qualified teacher

In our second appointment (the “Strategy Meeting”) we presented Tim and Liz with a number of options for them to consider and the strategies that would form part of the game plan.

The game plan (illustrated on the next page) utilised salary packaging and cash-flow strategies to achieve **Beemer** and **Moving On Up**, a savings plan to achieve **Smart Kids** and a range of tax effective accumulation strategies to achieve **Getaway** and **Freedom**.

The advice we documented to Tim and Liz also addressed the other parts of a comprehensive financial plan – superannuation, personal insurance and estate planning.

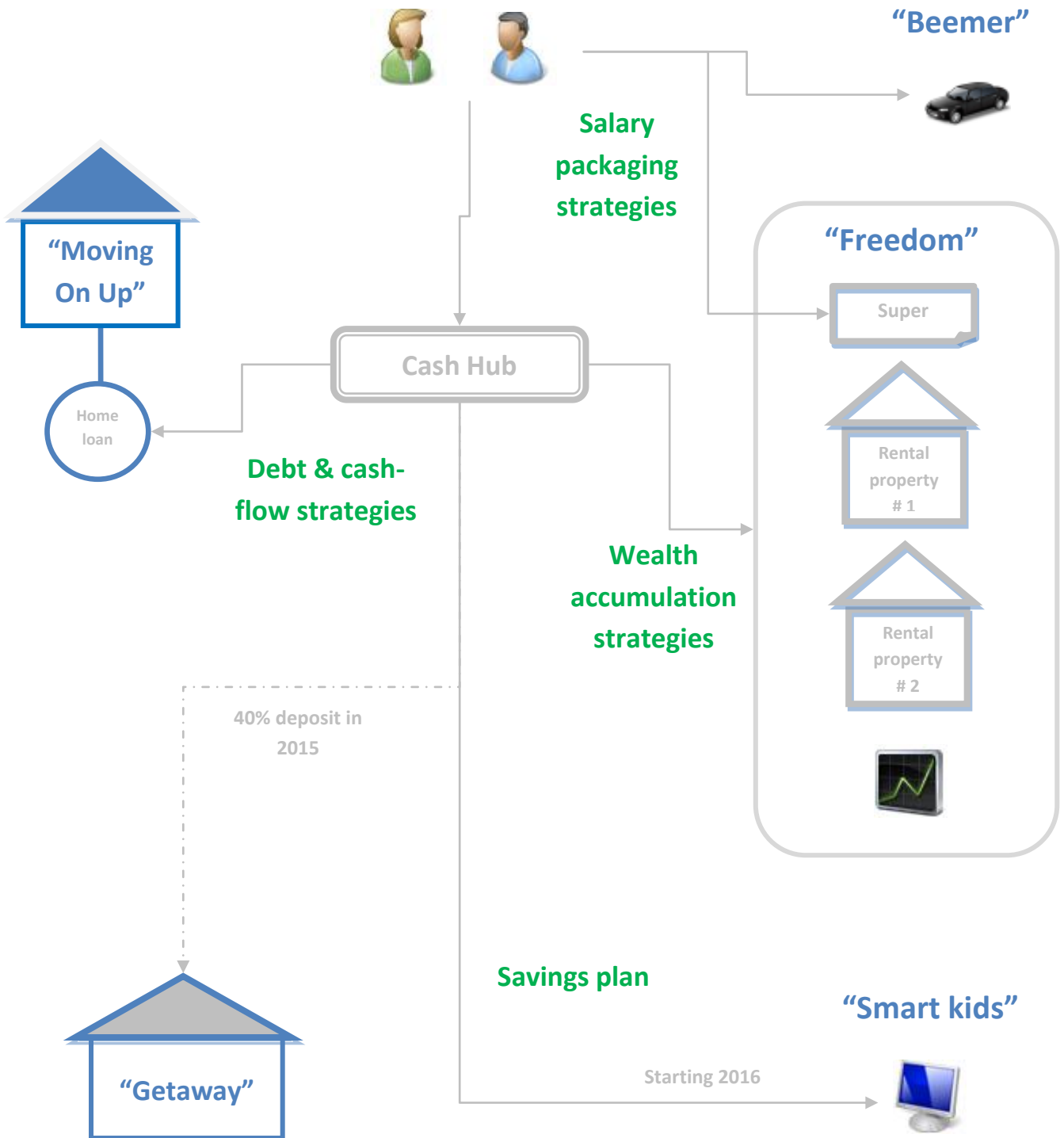
Before completing the advice, we spoke with Tim and Liz's accountant, estate lawyer and mortgage broker to get their blessing and let them know that we wanted to work with them, not against them.

Tim and Liz have now laid the foundation for a successful financial future. We delivered the answers to their questions and got them on track.

“I feel like a massive weight has been taken off my shoulders now that we have a plan in place and an adviser we can trust”

Tim, 43, General Manager

TIM & LIZ'S – GAME PLAN



The biggest challenge – finding a Trusted Adviser

Managing your wealth successfully is a combination of smart decisions and professional execution. Getting the job done properly means working with an investment adviser, accountant, mortgage broker, insurance broker, solicitor, property advocate, the list goes on. Finding the time is hard enough. Finding someone reliable and trustworthy is even harder.

The value of a smart financial decision is lost when executed by someone unreliable or when one or more of these professionals isn't on the same page. The solution is to find a Trusted Adviser to whom you can delegate financial management.

A Trusted Adviser is your 'one throat to choke'; one that provides direction in all areas of your financial life.

We're not the only advice firm in Australia that offers a Trusted Adviser service, however there are three clear reasons why we are the right people to work with:

Independence

For the most part the Financial Services Industry isn't in fact a 'services' industry at all. It is plagued by biased advice, linked to product or commission based arrangements.

There is a lack of financial advisers in Australia who build long term, consultative relationships. Most focus on the transaction and the commission or fees they earn from it.

There are only 15¹ independent advisers in Australia (out of 18,000). Matthew Ross and Neil Salkow are part of this exclusive group.

The other 17,985 are either affiliated with a product provider, accept commissions or charge asset based fees. The problem with each of these is the threat of a conflict of interest and the risk of you receiving advice that is not 100% in your best interests.

"I recruited financial planning roles for 2 years, yet never knew that there were only a handful of truly independent financial advisers in Australia"

Rebecca Houghton, National Recruitment Manager, Bupa



¹ www.independent-advice.com.au

Research and evidence based approach

We believe very strongly in following the evidence where it leads, regardless of dogmas, agendas and self interest. Money management can appear very complicated due to the sheer amount of contradictory and often questionable information presented in the media.

We can help you cut through the noise to identify what is important and relevant to your financial needs and then implement a careful approach to investing that's focused on the family, will take care of them and protect them over the long term.



We specialise in providing advice to Recruitment Executives

We understand the complexities in your life better than any other financial advice firm in Australia because we specialise in providing advice to you.

By specialising, we have more time to focus on your needs and meet with other professionals to discuss strategies that benefit you.

“I’ve been in the industry for almost 11 years; during this time I’ve never heard of anything specialised, not a single accountant, lawyer or financial adviser who focuses on us”

Scott Stacey, Executive General Manager,
Hudson

About the Authors

Matthew Ross



After 10 years working for a number of ‘conflicted’ financial planning firms and putting up with what he describes as “investment hocus-pocus”, Matt insisted that adviser accountability was absolutely essential when providing financial advice. Faced by the prospect of quitting a poisoned industry he had no other choice but to start his own independent advice firm in 2006.

Neil Salkow



With a real passion for planning and a genuine interest in helping others, it’s no surprise that Neil’s clients are raving fans of his work. He enjoys working with family orientated people that are passionate about what they do and live a healthy lifestyle. He believes that deep understandings of his clients’ drivers are the key to providing quality advice.

Matt and Neil’s full profiles can be viewed at our website: www.roskow.com.au

Our fees

Our fees are based on how much work we do for you, not how much money you have.

Unlike other financial planners, we don’t base our fee on how much money you have to invest and we caution anyone that agrees to pay fees in this manner that they are leaving themselves exposed to receiving conflicted advice. ASIC (Australian Securities and Investment Commission) agrees with us, recently advising the Australian Government to ban this method of charging fees.

We don’t want your money, it’s yours. We just want to see that you’re making smart decisions with it.

We only work with clients for whom we can add significant value and we guarantee our work.

There is no cost for the first appointment. The first appointment is an opportunity for us to assess if our advice will be of any value to you and for you to decide if we’re the right people to help you make smart decisions with your money.

“It’s nice that you aren’t paid commission on insurance. The saving of 30% is great, but it has more to do with the fact I feel safe that I’m not being sold something I don’t need.

Tim, 43, General Manager

Checklist

If you are in control of your money, then you might not need our assistance. This quiz will help you gauge whether or not you need to call us.

Can you tick yes to each of these questions?		Yes	No	Dunno
1.	We know exactly where our money goes and are in complete control of it.			
2.	If I die, get injured or seriously ill, my family will not have to worry about money.			
3.	If we die unexpectedly, we have arranged who our children's guardians will be.			
4.	Our daughter won't inherit an estate at age 18. Our daughter's future ex-boyfriend won't be able to lay claim to half of the estate after dating her for two years.			
5.	We only pay as much tax as we need to.			
6.	Our goals are clearly defined, written down. We know what sacrifices we need to make to achieve them and when they will be achieved.			
7.	We have the time, energy, motivation and expertise to get ourselves on track to achieving our goals.			
8.	I know how much risk I'm taking with my superannuation and why I am taking it.			
9.	I know how much I'm paying in fees on my superannuation and investments and where the value is.			
10.	Our accountant, lawyer, mortgage broker and financial adviser all know each other and work together for us.			
11.	We keep up with changes in legislation and how it affects our situation.			
12.	Everything we want in life has been planned for and is within reach.			

The game plan on page 6 laid the foundation for financial freedom for Tim & Liz. If having something similar appeals to you, contact Matt (03 8862 6415) or Neil (07 3102 3969) to arrange an initial consultation or visit our website for more information: www.roskow.com.au

“I think it's about getting us into a habit of acting in a way that is going to add value in the future and getting the right structure in place as soon as possible”.

Scott Stacey, Executive General Manager, Hudson