



FINANCIAL ONE



Autumn 2019 Newsletter

Welcome to the latest edition of our client newsletter,

Our articles cover a range of topics which we hope you will find interesting. We aim to keep you informed of changes as they happen, but we also want to provide ideas to help you live the life you want – now and in the future.

If you would like to discuss any of the issues raised in this newsletter, please don't hesitate to contact us.

In the meantime we hope you enjoy the read.

All the best,
The team at Financial One

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6 steps to get your money stuff together

If you're like three out of four Australians, you may have started the year without a proper budget.ⁱ

Research indicates that over a third of us believe budgeting is too much effort and almost one in five Aussies say budgeting takes too much time.ⁱ

Here are some easy wins to keep you on the right track for 2019

1. Work out your goals

If you don't know what you're trying to achieve, you'll never get anywhere. And different goals need different strategies... saving for a new car is very different from building up your retirement income.

Take a few minutes to write down your goals for this year and beyond.

If your goal is to pay for this year's big trip, you'll need to start making some savings to free up some cash.

If your goal is to finance your upcoming wedding, you'll need to think about putting some money away in a fairly low-risk investment option.

If your goal is to buy a house, you'll need to work out where you can afford to live and how you're going to build up a deposit.

And if your goal is to put your kids through school, you'll need to start thinking about a long-term investment plan.

2. Go paperless

You might be the kind of person who enjoys paperwork. But for many of us the age of electronic commerce has been a game changer. Unless you want to, there's no reason to be receiving any bills or statements by snail mail.

You don't have to sort it all out today. Just make a point of every time a bill comes in, follow the simple instructions to go paperless—most suppliers offer an electronic option these days. In a few months the postie will only be stopping at your door with exciting purchases from Amazon.

3. Start a budget

We're all different. Some of us work best off a screen, some of us prefer old fashioned pen and paper.

If an Excel spreadsheet sounds too hard, there are a number of apps that can take the hard work out of paying, saving and spending.

4. Shop around for better deals

You wouldn't willingly pay more for an item of clothing when the store down the road is selling it for less. So when it comes to your home loan, your utility bills or your credit card why shouldn't the same rule apply?

Talk to your providers about whether you're getting the best deal for your particular circumstances. And if not, be prepared to take your business elsewhere.

5. Make a will

It doesn't matter what stage of life you're at, you don't want complications for your loved ones in the event anything happens to you. If your needs are fairly simple, you might want to consider setting up a will online. If your needs are a bit more complicated, your financial adviser, a solicitor or a public trustee can help.

And remember, if you experience major life changes like embarking on a new relationship, starting a family or splitting up with your partner, you need to make sure that your will is up-to-date.

6. Get your tax sorted

If you're the kind of person who's already got their receipts filed in date and alphabetical order, you can skip this bit.

But if you're like many of us, you tend to approach tax time with trepidation. Your receipts are all over the place, you've forgotten the work HR password to retrieve your payslip and you still haven't got around to looking into the Medicare levy surcharge.

It's time to get back to basics. Don't worry about how disorganised you've been in the past, focus instead on getting your affairs in order for the future. Create a simple spreadsheet for your tax receipts to make your next tax return much easier.

You'll be surprised at what difference a few really basic steps can make to your personal finances. A phone call here, an online form there...and before you know it, you'll be well on the way to getting your money stuff together this year and beyond.

If you need help getting your money stuff together, give us a call.

ⁱ <https://corporate.amp.com.au/newsroom/2018/january/new-year--new-financial-resolutions->
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Most older Aussies prefer home care over a nursing home

While nearly nine in 10 say they have a preference, less than five in 10 have discussed their wishes with their family. What about you?

According to a recent study by McCrindle, nearly 90% of Australians aged 50 and over said they'd prefer to live out their days in their own home, even though most admitted to not having given much thought to what support they'd need in order to do so.ⁱ

We look at some of the findings that came out of the research as well as what aged care options are available, so that you might be more informed around what avenues are available to you and your loved ones.

Preparation and planning are lacking

In a national survey of more than 1,000 Aussies aged 50 and over, responses revealed the following:ⁱ

- 46% of older Aussies haven't discussed their wishes around their future care with anyone
- 75% haven't taken any steps to ensure they'll receive their preferred means of future care
- Around 40% aren't confident they or the government will be able to sufficiently fund their care needs, with only 9% having a secure financial or savings plan in place
- 30% have been involved in organising care for a parent in the past, but admit they had to make decisions quickly and with limited information.

Why conversations need to be had

Today there are more than 3.8 million Australians aged 65 and older (compared to 1.7 million 30 years ago), with that number expected to increase to 7.5 million in three decades' time.ⁱ

Australia's ageing population indicates that it's not just older people who need to prepare for future aged care needs, but all Australians, who need to talk to their families, while prioritising finances and ensuring they're informed about the services available.

In-home care the fastest growing sector

Over a ten-year period, the number of people receiving aged care in Australia grew from 189,000 to 249,000, with in-home care the fastest growing sector within the care industry, outperforming growth in residential care by five to one.ⁱ

Staying at home is a priority for many older Australians, with 74% indicating they'd likely use in-home care services and 82% saying they'd be prepared to pay for such services to live at home for longer.ⁱ

With 33% of older Aussies not aware that the government funds certain in-home care services, the research highlighted that there was a need for more awareness around aged care support.ⁱ

Aged care options available

More than 50% of Aussies over age 45 have previously or are currently dealing with aged care services for themselves, or on someone else's behalf, which is why considering your options in aged care earlier rather than later could provide you or a loved one with greater flexibility.

Each aged care service available in Australia has eligibility criteria and an assessment process which can be organised through the government's My Aged Care initiative.

Keep in mind that the costs of different aged care services vary and may depend on income and assets, as assessed by the Department of Human Services or the Department of Veterans' Affairs.

Help in your own home

If you're generally able to manage, but require some assistance, there are various home-care packages available that may help with things such as:

- getting dressed,
- catching transport,
- cooking,
- making modifications to your home, as well as a range of other things.

Short-term help

- **After-hospital (transition) care** – If you've been in hospital but need assistance while you recover, this type of service can be provided in your own home or 'live-in' setting.
- **Short-term restorative care** – This provides a range of services to help prevent or slow down difficulties with completing everyday tasks. It aims to delay or reverse the need to enter long-term care.
- **Respite care** – This service provides support for you and your primary carer when your carer has other duties to attend to, or when they're on holiday.

Residential aged care

This is where you live in full-service residences and receive ongoing care and support. If it's the best option for you, it's a good idea to research and visit several homes to find the right place for you.

ⁱ <https://mccrindle.com.au/insights/blog/older-australians-not-prepared-for-their-future-age-care/>
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5 life insurance questions you've always wanted to ask

What impact do factors like your weight, age and smoking status have on your ability to buy life insurance?

Life insurers take into account a number of different factors when assessing insurance applications, but asking your insurer about the impact these factors might have can sometimes be difficult.

Here are the answers to some commonly held – but seldom asked – questions you might have about your ability to buy life insurance.

Am I too overweight to buy life insurance?

Life insurance applications ask for your height and weight, and insurers typically use a measure known as Body Mass Index (BMI) – which is calculated by dividing your weight in kilograms by your height in metres squared – to assess whether you are overweight.

A BMI of less than 18.5 is considered underweight, with 18.5-24.9 classified as a healthy weight range. Anything over 25 is considered overweight.ⁱ

People who are overweight have higher rates of death and illness than people of healthy weight, and are more susceptible to conditions such as cardiovascular disease, high blood pressure and type 2 diabetes.ⁱ

But having a BMI of over 25 will usually not prevent you from buying life insurance, as insurers also take other weight-related factors into account such as your waist circumference, medical history and pre-existing medical conditions.

Depending on how high your BMI is, you might be required to have a medical assessment, and based on your perceived risk, may be offered cover at a higher premium or with exclusions imposed. Only in extreme cases is it likely that cover would be denied.

Am I too old to buy life insurance?

All life insurers have a maximum entry age, which in Australia typically ranges from 59 to 79 years old.ⁱⁱ

However, older applicants may not be eligible for all the benefits included in the cover, or for the maximum levels of cover.

All policies also have an expiry age, after which you're no longer covered. In Australia, this typically ranges from 85 to 100 years old.ⁱⁱⁱ

But given the purpose of buying life insurance is generally to ensure the financial security of your dependants and provide a payment which will cover your debts, it's possible that in some circumstances some older people may no longer need life insurance. Seeking financial advice is best to ensure you have the cover suitable to your needs, whatever your life stage.

Can I get life insurance with a history of mental illness?

With almost a fifth of all Australians reporting having suffered from a mental or behavioural conditionⁱⁱⁱ, mental illness is a relatively common occurrence and will not necessarily prevent you from buying life insurance.

When assessing your application, insurance companies will consider the severity of your condition and whether you're fully recovered. If your condition is current, management of the condition and the effectiveness of treatment will also be taken into account.^{iv}

In severe cases, you may be declined insurance, although different companies have different underwriting criteria so it pays to shop around.

Can I apply as a non-smoker if I sneak a cigarette now and then?

The short answer to this question is no. Life insurers consider anyone who smokes cigarettes – regardless of the quantity – a smoker.^v This definition also extends to people who smoke cigars, chew tobacco or use nicotine patches.^v

Smokers can be charged much higher premiums than non-smokers^v, and your premiums can be impacted by how much you smoke and how long you've been smoking, as these factors increase your risk of serious illness or death.^v

In order to be classified a non-smoker, you need to have not used any nicotine product in the past year.^v The good news is that if you're able to do this, you could qualify for a reduction in your premiums.^v

It's important not to lie about your smoking status as, in the event of a claim, your insurer could deny your claim if they can prove you've lied.

Can I leave the money to someone other than my spouse?

As long as they're aged over 18, there are no rules as to who you can nominate as your life insurance beneficiary.^{vi}

You can also nominate more than one beneficiary if you choose, and specify what percentage of the payment you want each person to receive.

Other considerations

The life insurance available through super is typically bought on a group basis meaning it usually guarantees you cover without taking into account your specific circumstances.^{vii}

We can help you find insurance cover that is appropriate for your individual circumstances and needs.

i Australian Institute of Health and Welfare, <https://www.aihw.gov.au/reports-statistics/behaviours-risk-factors/overweight-obesity/about>

ii Finder, Life insurance for over 70's, <https://www.finder.com.au/life-insurance-for-over-70>

iii Australian Bureau of Statistics, National Health Survey: First Results, 2014-15, mental and behavioural conditions, <http://www.abs.gov.au/ausstats/abs@nsf/Lookup/by+Subject/4364.0.55.001-2014-15-Main+Features-Mental+and+behavioural+conditions-32>

iv Mental illness and life insurance, what you need to know – a detailed guide, pg 3, <https://www.psychology.org.au/Assets/Files/Mental-illness-and-life-insurance-detailed-guide.pdf>

v Finder, Regular smokers and life insurance, <https://www.finder.com.au/regular-smokers-and-life-insurance>

vi Finder, Updating life insurance beneficiaries, <https://www.finder.com.au/updating-life-insurance-beneficiaries>

vii Moneysmart, Insurance through super, <https://www.moneysmart.gov.au/superannuation-and-retirement/how-super-works/insurance-through-super>