



FINANCIAL ONE



# Summer 2019 Newsletter

Dear clients

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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# 7 tips to improve your financial wellness

## What is financial wellness?

How you feel, is your wellness. How you feel about your money is your financial wellness. This can be measured by the financial wellness index, which measures a person's satisfaction with their current and future financial situation.

Some days you might feel confident you can meet your needs within the boundaries of your current income, whereas other days you may feel like you don't have nearly enough funds in order to do so.

The truth is, you're not alone. Nearly 2.5 million Aussies say they feel moderately to severely financially stressed, even though financial stress has been decreasing year-on-year in Australia.<sup>i</sup>

## Improving your financial wellbeing

On a positive note, research identified that those who have been financially stressed in the past were often able to recover through changes to their behaviour and mindset.<sup>ii</sup>

Here are some suggestions of things you could do (if you aren't already) which may help you to improve how you feel financially.

### 1. Create a budget that works for you

When it comes to creating a budget, try jotting down into three categories - what money is coming in, what cash is required for the mandatory stuff (such as bills), and what dough might be left over (which you may want to put toward existing debts, savings or your social life).

Writing up a budget may take an afternoon out of your diary, but it will help you to more easily identify where there's room for movement. For instance, could you reduce what you're spending on luxury items, subscription or streaming services, eating out or clothing?

### 2. Consider rolling your debts into one

If all the small debts you once had, have multiplied and grown into bigger debts – you could look to roll them into a single loan, and reduce what you pay in fees and interest.

This could help you to save a significant amount of money (depending on what you owe) and make it easier to manage your repayments, as you'll potentially only need to make one monthly repayment rather than having to juggle several.

The main thing to ensure is you are paying less than what you are currently when it comes to interest rates, fees and charges, and that you're disciplined about making your repayments.

### 3. Try to save a bit of money regularly

Even a small amount of cash deposited on a frequent basis could go a long way toward your savings goals, with a separate research report indicating the average savings target for Aussies is a bit over \$11,000.<sup>iii</sup>

Some tips people said helped them along the way was transferring spare funds into an actual savings account, setting up automatic transfers to their savings account (so they didn't have to move money manually) and putting funds into an account which they couldn't touch.<sup>iv</sup>

### 4. Set aside some emergency cash

With research showing that an emergency fund of between \$4,000 and \$5,000 is generally enough to cushion most working Aussies when it comes to unexpected expenses, it's probably worth some thought.<sup>v</sup>

An emergency stash of cash could give you peace of mind and reduce the need to apply for high-interest borrowing options should you be faced with a busted phone, car tyre, or bad landlord.

### 5. Be open to talking money with your partner

One in two Aussie couples admit to arguing about money,<sup>vi</sup> so if you haven't already, it might be worth sitting down to ensure you're on the same page and that both parties' goals are being considered.

### 6. See if you can get a better deal with your providers

You more than likely have several product and service providers, and figures show you could save more than a grand annually on energy alone just by switching from the highest priced plan to the most competitive on the market.<sup>vii</sup>

Again, this may take a couple of hours out of your day, but the savings you could potentially make may make a real difference to what you cough up throughout the year.

### 7. Don't be afraid to seek financial assistance

If you are struggling to make repayments, you may be able to seek assistance from your providers by claiming financial hardship.

All providers must consider reasonable requests to change their terms in instances where you may be suffering genuine financial difficulties and feel help would enable you to meet your repayments, possibly over a longer period.

*Of course it also helps to have an expert on your side and we are here to support you to achieve and maintain financial wellness.*

i, ii, v AMP's 2018 Financial Wellness in the Australian Workplace Report, pages 7, 8, 14

iii iv MoneySmart – How Australians save money infographic

vi Finder - Heated conversations: 1 in 2 Aussie couples argue about finances paragraph 1

vii Mozo - Sick of high energy bills? Aussies willing to change providers could be saving over \$1,000 a year paragraph 2





# Rebooting for retirement

**As retirement comes into view, it's time to imagine a new you for the post-work age.**

You remember your first day at school, your first job, your first home. And now your final pay check is in sight. That's quite an achievement.

As with other big life events, retirement triggers choices that shape your future. It's time to take stock and reboot your life. It makes sense to make sure you're ready when the time comes so you can minimise surprises and maximise your new free time.

For instance, if you're downsizing your house or vehicle, you might consider how shedding assets and acquiring new ones affect your tax position before you retire.

Having your finances in order is important, but there's more than money to enjoying the fruits of your new phase of life. Here are five ways you can make sure retirement's a milestone not a millstone.

## 1. Think mind and body

Without a clear idea of how you'll spend your time, the initial euphoria of the untouched morning alarm can give way to anything from boredom to panic. Most of your 24 hours may be unstructured, so figure out how you'll spend it wisely.

You might try something new. Perhaps now is the time to keep bees, join a choir or learn archery. If you have a partner,

remember to involve them in the planning. Even if they don't fancy joining you on a skydive, they may see a chance to learn how to take better action pictures.

Travel is near the top of many wish lists in retirement. If you don't have the funds for a Caribbean cruise, there are a host of cheaper options around Australia and even beyond. And now you'll have more time to spend, without worrying about annual leave quotas, or who'll look after your business while you're away.

## 2. Have a purpose

A rest is as good as a change. Although it's great to have unstructured time to think and dream, boredom can be a damaging state of mind, particularly if it's prolonged.

If you're already physically active, this can be a great time to extend yourself, embrace something new like yoga, or aqua aerobics. If you're healthy but know you could improve, you might sign up for a sponsored cycle ride or walk to help a cause you care about.

## 3. Catch up on what you've missed

Many of us put off expanding our passions while we're working because we don't have time.

If you've always wanted to read the classics, now might be your chance to explore the jewels of world literature. Reading is brain expanding and inexpensive. Books older than 70 years

from the death of the author are out of copyright and therefore cheap in print or even free on your Kindle.

## 4. Follow your heart, not the herd

Many people downsize coming up to retirement. A smaller property usually means lower utility bills and maintenance.

But it's not for everyone. If your spare bedroom has the right natural light for your artist's studio or you just love your lemon trees, you might be better off staying where you are and saving yourself the real estate fees and hassles.

You're facing a change in life, but you don't have to change for change's sake. Put yourself and your loved ones first.

## 5. Listen to the voice of experience

As with so many things in life, you can learn from experts. Talk to people you know who have already retired, and see what worked for them, and what they wish they'd put in place before they took the plunge.

Consider what will make you happy in the years beyond work, so you can live the life you want.

Finally, if you haven't yet given these things serious thought yet, don't panic. You've dealt with other changes in your life, this is just another one.

Think of it as a new adventure. Let's face it, you've earned it.



# Staying (financially) well as the years go by

## Our financial priorities tend to change as we move through life

The good news from AMP's 2018 Financial Wellness Index<sup>i</sup> is that only 7% of Australian retirees aged 65 or over report being stressed about money. So if you're feeling the pinch earlier in life there is light at the end of the tunnel.

Let's take a closer look at how your financial wellness is likely to change and what you can do to reduce your stress levels.

### Starting out

When you're starting out it's an exciting time. You know you need to start saving for the bigger ticket items but it all seems a bit abstract. Meanwhile you might be on a graduate or apprentice wage and facing peer pressure to spend. To get on top of your finances it's a good idea to start with the basics—budgeting, debt and saving. Get those right and you're on the way to establishing good habits for life.

- Start chipping away at a deposit for your first home as soon as you can, and make sure you look into government subsidies like the First Home Super Saver Scheme.
- Think about your super—the earlier you start putting more away for later in life, the more you'll benefit from the long-term effects of compound interest.
- Set yourself achievable and realistic goals—short, medium and long term.

### In the thick of it

There's no time to draw breath. You're juggling frantically at home and at work...it's easy to lose track of what's going on every week, let alone the bigger financial picture.

Any talk about long-term retirement planning can seem unrealistic faced with the day-to-day demands of putting food on the table and the need to pay any school fees and keep up with mortgage repayments. You're at a stage of life when planning is critical. Are your investments inside and outside super working as hard as possible and do you have the right balance between risk and return for your life stage?

- Talk to us to help you work out how to structure your finances to achieve your goals.
- Look at the different ways to invest your money to build your wealth.
- Think about how you're going to manage education costs.
- Get your debt under control by minimising bad debt and maximising good debt.

### Approaching the finish line

The end is finally in sight. The kids have flown the coop, the mortgage is either paid off or at least more manageable and your financial commitments are finally starting to diminish. You're potentially still earning a decent wage but now you have fewer outgoings you might be able to free up some more funds for your super savings. Retirement by now should be front of mind—both in terms of what sort of lifestyle you want to enjoy and how you're planning to finance it. It's important to make the most of these final years in the workforce to set yourself up.

- Find out more about whether a transition to retirement income stream is right for you.
- Start planning as early as you can to set yourself up for the retirement you want.

- Think about how much you'll need to retire comfortably.
- Look at maximising your contributions into super's tax-effective framework.
- Work out the right income option for your retirement.

### Enjoying the fruits of your hard work

After worrying about money, family and work for so long you're relishing a simpler life. You've worked hard to put all the pieces in place and now it's time to enjoy a well-earned retirement. You're still concerned about interest rates, retirement income and making provision for health and aged care. And you might be keeping your hand in with some consulting, part-time or voluntary work. But good health permitting there's more time for the good things in life.

- Think about meeting the social, physical and emotional challenges of retirement by finding new ways to stay well.
- Think about how to best manage your money in retirement, including your savings, debt and estate plan.
- Start working out which retirement living option might best suit you later in retirement—whether it's renovating, relocating or moving into a retirement village or aged care facility.
- Consider what type of pension might suit you best.

*Whatever your stage of life, we can work with you to help you set yourself up to achieve and maintain your financial health.*

<sup>i</sup> Financial Wellness in the Australian Workplace, The Behavioural Architects, Report 2018.