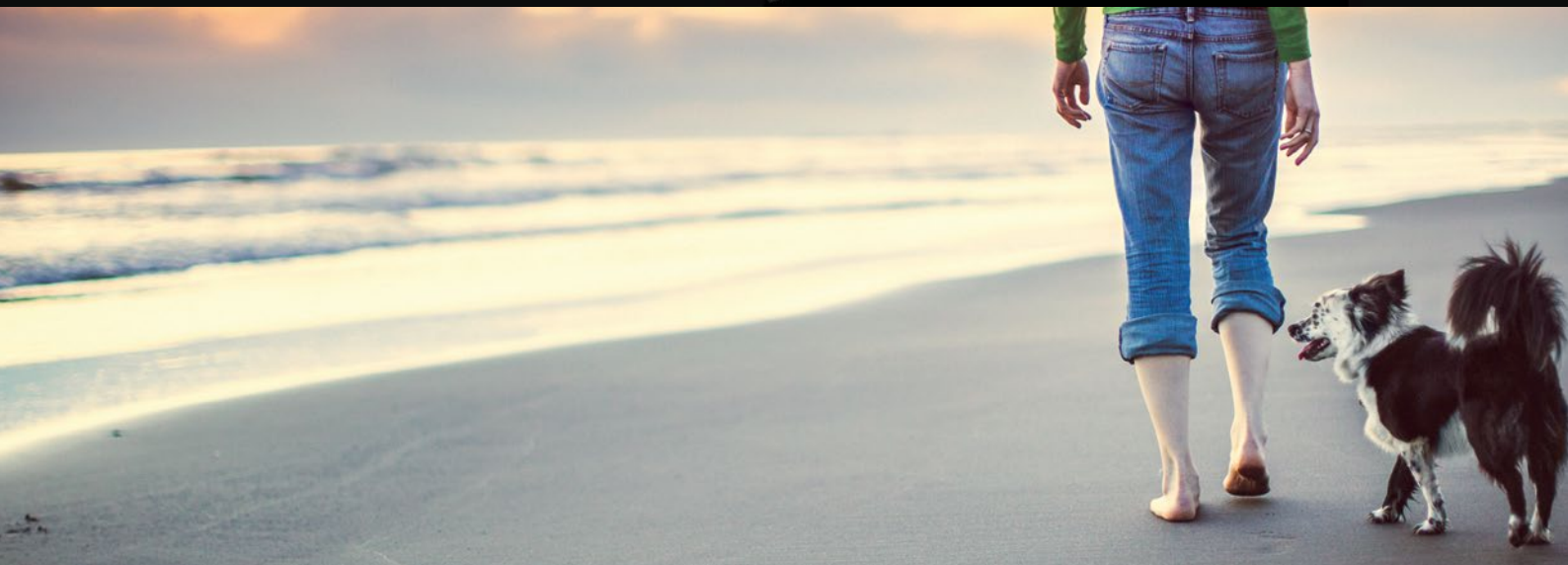




FINANCIAL ONE



Summer Newsletter 2020

Dear client,

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

Financial One

Level 2, 100 Melville Street, Hobart, Tas,
7000

P 03 6235 0111

F 03 6234 7222

E info@financialone.com.au

W www.financialone.com.au

Facebook [financialonetas](https://www.facebook.com/financialonetas)

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How to identify (and beat) your spending triggers

Are you buying more to perk yourself up? You aren't alone. Since the start of COVID-19, there's been an increase in online shoppingⁱ. But, if you want to get a handle on your add-to-cart habit, understanding why you spend money can help bring your purchasing patterns in line with your financial goals.

We often talk about money in terms of dollars and cents, but the subject can sometimes run deeper than just numbers. Frivolous spending as a result of your emotional state is more common than you might think. One study found more than 81% of Australians spend in order to seek comfortⁱⁱ, suggesting that our spending patterns are created by more than needs alone.

Having an uncontrollable urge to spend can have a negative impact on your finances – especially if it's putting a dent in your financial goals. One way to curb this spending habit is to understand your triggers and put some specific steps in place to regain control.

What is unconscious spending?

Unconscious spending is the act of spending money without careful thought - sometimes it may even be done on impulse. Whether it's the latest pair of designer shoes or a new set of golf clubs, it's the type of spending that seems to happen almost outside of your control – and often, outside of your budget.

Common triggers for unconscious spending habits

There's a range of emotional triggers that may tempt us into spending more than we intend to. Research has found that some people spend money when they're feeling sadⁱⁱⁱ and will pay more for an item if they're feeling this way.

Boredom can also be a significant trigger. A study into comfort spending found that 47% of Australians admit to purchasing because they're boredⁱⁱ. The monotony of COVID-19, coupled with a need to delay many plans for travel and other experiences, could be a perfect storm for boredom-induced spending.

Pinpoint your spending patterns and triggers

Still unsure why you spend the way you do? These pointers may help you to identify your triggers.

Uncover your spending habits

Looking for a routine or pattern in your spending can offer some valuable clues and help you control your spending. What things do you typically purchase on impulse - is it clothing or kombucha? Does your unconscious spending usually represent big amounts or small amounts of money? Is it frequent, or more likely to be done in a short burst? Asking yourself these questions could uncover a few commonalities.

Look closely for emotional spending cues

Are there certain times of the day that you're more likely to spend? Does it often happen during times of boredom or is it more likely to happen when you're stressed or distracted? Do you tend to spend on credit as opposed to dipping into your savings or using cash?

By isolating some of the key behaviours that surround your unconscious spending, you can better understand your personal purchasing triggers.

Ask yourself: why do I feel like spending money?

The way we feel when we spend money may be different for everyone, but knowing the reasons why you're partial to purchasing at a certain time, or as a result of a certain feeling, can help you gain more clarity around your triggers.

If you get closer to understanding the feeling you get when purchasing, you can try to replicate that feeling elsewhere, without needing to spend.

Getting on top of unconscious spending

Pinpointing your personal spending triggers is the first step towards doing something about unconscious spending. These two approaches can help you get on top of the habit.

Become more money-mindful

Setting specific and achievable financial goals is a great way to gain more mindfulness around your money. Without a clear end point to aim for, when it comes to spending, it's difficult to know how much is too much. By creating an endpoint – or goal – for your money, you're more likely to focus your aim.

To stay on track, create and stick to a successful budget. If you have a clear understanding of how much is coming in and going out, you'll have a greater sense of control over your spending decisions.

Put your money where you can see it

For some, the ease of online transactions is exactly what allows them to overlook the fact that they're actually spending money.

There's a tendency now to use things like Zip and Afterpay. We're a cashless society and it's as easy as tap-and-go.

If you tend to spend without thinking, you might revert to cash or direct debit payments where possible to remind yourself that your money is real and tangible.

i <https://www.ampcapital.com/au/en/insights-hub/articles/2020/august/econosights-the-outlook-for-consumers>

ii <https://mozo.com.au/credit-cards/articles/comfort-spending>

iii <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4142804/>



2020 – The year that united us

As we rang in the new year, who would've guessed what was in store for our country, and the world for 2020? We're reflecting on the year that brought us together and changed all of us in some way.

Rediscovering mateship

2020 started with many parts of Australia battling horrific bushfires that seemed determined to destroy our countryside, wildlife, homes and livelihoods. Brave firefighters and volunteers fought tirelessly while the rest of the country rallied together with food and clothing drives, charitable donations and disaster relief programs to support people who'd lost their homes. Mateship was well and truly alive.

Solidarity and starting over

Just as we were emerging from the smoke-filled skies, COVID-19 landed on our shores.

Every aspect of life has been touched or changed by it. How we work, travel, socialise, educate our children, our

finances, job security, life goals and economic stability. We've had to re-learn how to do it all differently and live in an ever-changing world.

We've hunkered down in solidarity and stayed home to protect each other. Many of us rediscovered a slower pace and joy in the simple pleasures of life. We appreciate what we have, and if we can, we're saving more than beforeⁱ, rather than spending on things we don't need.

As our freedoms reduced, unemployment and financial pressures increased. Research from AMP showed almost a quarter of us weren't financially prepared for the pandemicⁱⁱ, and it's made us focus on getting that rainy day fund up and running – to help reduce the risk of getting caught out again.

A focus on finances

We've entered our first recession in 30 years, with industries such as airlines and tourism going out of business, seemingly overnight. The government has responded with a range of payments and initiatives to help Australians.

But that financial support comes at a price, with AMP Chief Economist Dr Shane Oliver

suggesting it could be at least 10 years before the budget is back to surplus. As the government's financial support eases, it may be worthwhile taking steps to increase our individual financial security, such as creating good money habits and having clear goals.

The new normal

2020 has been a year of doing things differently. Masks and hand sanitiser are part of our everyday routine and words like quarantine, COVID testing and social distancing regularly pop up in conversation. All unimaginable a year ago. 2020 demonstrated how quickly things can change. It's also brought into focus how being financially prepared can help us cope with whatever comes our way.

And as 2021 looms on the horizon, there's no doubt we'll be happy to say goodbye to the negative effects of COVID-19 on our health and wealth. But look forward to taking into the next year a better handle on our money, a more connected community and newfound gratitude for the simpler things in life.

i abs.gov.au ABS

ii AMP Financial Wellness, Behavioural Architects, August 2020

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Taking control of your personal finances in a COVID-19 world

Australians are becoming more engaged with their personal finances.

It's fair to say 2020 hasn't quite panned out the way any of us thought it would. From local bushfires to a global pandemic it's been a rollercoaster of a ride. But there's growing evidence that Australians are tapping into their reserves of resilience to set their family finances up for a post-coronavirus landscape.

Regardless of whether it's forced by circumstances beyond our control or simply because we're spending more time at home, research by Nature & The Lab shows COVID-19 has prompted many of us to become more engaged with our personal finances and focus more on our financial wellnessⁱ.

The pandemic has impelled us into a state of heightened financial consciousness and put personal finances front of mind. With the bigger picture so uncertain, we're looking to control what we can.

5 ways COVID-19 has changed our financial behaviour

1. We're tracking our finances more closely than ever, with more than one in three

Australians surveyed either reviewing their budget or creating a budget for the first time.

"This has been a breath of fresh air, I'm doing a financial spring clean and looking forward to getting back on track"

2. We're saving more and borrowing less by tracking our spending, looking for better deals and choosing the right products.

"It's the mindless swipe of the credit card. I'm realizing the consequences of small incremental spending adds up over time"

3. We're more engaged with our super and while most of us have taken the long view and avoided over-reacting to market volatility, we're checking our account balance and investment options.

4. We're focusing more on our investments and seeking more frequent updates on financial performance.

"I've always been careful with money but this has made me more determined than ever to get ahead"

5. We're more conscious of needing an emergency fund and building a safety net so we're better prepared in the future.

Tips to help maintain your financial wellness and realise your goals

- Implement small realistic steps to reach your long-term goals - if you feel your retirement plan isn't quite on course, we can help you get you back on track.
- Manage your debt more effectively - contact us if you'd like a hand getting on top of your debt.
- Become a better saver - it doesn't have to be a complex spreadsheet. There could be some simple day-to-day tricks to help you spend less and save more. Have you heard of the *Seven-day rule* or the *50/20/30 rule*? They could be the catalyst you need to change your relationship with money for good.
- Set a budget and review it regularly - there are online calculators to help make your life easier, like AMP's Budget planner calculator.
- Take advantage of your financial provider's online tools and apps.

Contact us if you'd like more help with your personal finances.

i Nature & The Lab research, Apr-May 2020.
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