



June Newsletter 2019

Welcome to the latest edition of our client newsletter.

In this edition we discuss different ways to invest money and provide you with information on investment options available.

Has anything changed for you?

Enclosed with this newsletter is also a copy of your Portfolio Valuation dated 30 June 2019. If your personal circumstances; including your living arrangements, relationship status, or financial position; have changed, please let us know. Often these changes can have financial impacts that you may not be aware of. We can help you to ensure everything is still on track, and make sure your records are up to date with Centrelink if needed.

Need some assistance?

As many of you will know, Flack Advisory Director George Flack has taken a step back from the day-to-day running of the business. This means you may not see him in the office as much anymore, but rest assured he's still active behind the scenes. If you require advice, have any questions, or your circumstances change, our office has three active advisers who are available to help you with your queries; Diana Rogers, Emma Nicholls, and Claire McLean.

Diana Rogers is our Senior Adviser and Office Manager, and she also specialises in Aged Care advice. If you, or someone you know, is considering moving into aged care, Diana can assist with navigating the minefield of fees and costs involved.

Emma Nicholls & Claire McLean are both available for client review appointments, and to help make sure you and your finances are on track. All three of our advisers are highly qualified, and work together with the rest of our team to ensure our advice is appropriate for you and your circumstances.

We look forward to continuing to work with you to achieve your goals.

The Team at Flack Advisory

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Ways to invest your money

If you're interested in seeing what your options are outside of investment property and super this article explores some of the different investment options available.

Cash investments

If you put your money into cash investments (including savings accounts and term deposits), the returns will often be lower in comparison to other investment products. However, these types of investment options typically provide stable, low-risk income in the form of a regular interest payment, so they may be a good option if you're risk averse or working to a short timeframe.

Fixed interest or fixed income

Fixed interest investments (also known as fixed income or bonds) usually have a set investment period (eg five years) and provide predictable income in the form of regular interest payments. They tend to be less risky when compared to other types of investments. They are issued by governments and companies in Australia and internationally.

Shares, equities or stocks

If you purchase shares in Australian or international companies, you're essentially buying a piece of that company, making you a shareholder. If the shares of the company grow in value, the value of your investment will also increase, and you may receive a portion of the company's profits in the form of dividends. However, if the share price falls, the value of your investment will also fall. It's also worth keeping in mind that you may not receive any dividends at all.

Managed funds

In a managed fund (also known as a managed portfolio), your money is pooled with other investors on your behalf by a fund

manager. The amount of money you invest is equal to a set number of units and any growth or earnings is then divided between all investors depending on how many units each investor owns. Any income generated on these earnings will also be subject to tax based on the individual income tax rate of the owner. It's important to keep in mind that putting your money into a managed fund won't necessarily guarantee you a return.

Exchange Traded Funds (ETFs)

An ETF is a type of managed fund that can be bought and sold on an exchange, such as the ASX, and which tracks a particular asset or market index. ETFs are usually 'passive' investment options as the majority of these investment products track an index, and generally don't try to outperform it. This means the value of your investment in an ETF will go up and down in line with the index it is tracking.

Investment, growth or insurance bonds

Like a managed fund, your money will generally be pooled with money from other investors, with an investment manager overseeing the funds. The main point of difference is the way earnings are taxed. If you hold an investment bond for at least 10 years, you won't have to pay additional tax on any profits that you've made when you eventually sell (or redeem) your investment.

Annuities

A popular option for retirement, annuities provide a guaranteed income regardless of what's happening in financial markets.¹ These can be in the form of a series of

regular payments either over a set number of years (fixed-term), or for the remainder of your life (lifetime annuity).

You can purchase an annuity through your super, through insurance, or with ordinary savings. It's important to note though, that if you're using your super money for the purchase, you won't be able to access the funds until you reach your preservation age.

Real estate investment trusts (REITs)

A REIT is a type of property fund listed on a public market, such as the ASX, in which investors can purchase units. Similar to a managed fund, your money in the fund is then pooled and invested in a range of property assets, which may include commercial, retail, industrial, or other, property sectors.

REITs can provide investors with exposure to the property market in a way that is more diversified – and potentially more cost-effective – than buying a single property.

Considerations

Before putting your money into any investment option it's important to make sure you understand, and are comfortable with, the level of risk involved, the investment timeframe, any potential costs involved, and how the product could help you reach your goals.

It's also important to look into any potential legal and tax implications, as these can vary depending on the type of investment you make.

How to get started

If you're interested in building your investment portfolio contact us today.

¹ ASIC's MoneySmart website, 'Annuities'
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Take control of your finances now for the new financial year

If you set yourself money goals at the start of 2019, the upcoming new financial year is a great time to check if you're on track.

And if you didn't set any goals – or if you have strayed off track – this is the perfect time to get organised, write a checklist and stick with it!

Don't wait until 1 July to start. Kick off now with these practical tips:

1. Set some goals

Think about what you want to achieve this financial year. Is it to save for something special, to curb your spending or to reduce your debts? Once you know what you're aiming for you can set and achieve your goals.

2. Understand where your money goes

If you're running out of money before payday, or you'd just like to get a better understanding of where your money goes, it's probably a good idea to start tracking your spending.

3. Set a budget

Get serious about managing your budget.

If you don't already have a budget, now's a good time to set one. Use AMP's budget calculator to work out your expenditure and find out how much you could put aside each payday.

4. Get your super sorted

Find out if you have any lost super and how you can consolidate it to avoid paying multiple fees.

5. Consolidate your debt

Now might be the time to get rid of extra credit cards and opt for a single card with a lower interest rate and less fees. See Canstar for a comparison of credit cards.

If you have a home loan, consider increasing your loan amount and using the extra money to pay off your other debts. A home loan usually has a lower interest rate than debts such as credit cards, so this will help you to avoid paying higher interest rates.

If you don't have a home loan, consider getting a personal loan at a lower interest rate to help you pay off your debts sooner.

6. See where you can make savings on big ticket items

Take advantage of end of financial year sales to buy big ticket items, such as cars, whitegoods or furniture. And be sure to do your research on products and prices, shop around and don't be afraid to bargain.

Make sure you get the best rates available on your frequent bills such as insurance and energy. Use comparison websites, such as comparethemarket.com.au to compare product benefits and costs and check Canstar to see how your interest rates and financial products stack up.

7. Commit to better money habits

Resolve to curb any costly bad habits that can drain your finances, such as paying for things that you can do yourself. Do you really need to outsource house cleaning or washing the car?

What else should you think about?

Working on your finances can be a bit daunting at any time, not just when the new financial year is drawing close.

So if you'd like help with working out your financial goals contact us today for some help.

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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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