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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 stay warm and we hope you enjoy the read.

All the best,
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Living longer, living well

A century ago few Australians lived long enough to enjoy a life after work.ⁱ These days, the average retiree can look forward to almost two decades of travelling, playing with the grandkids and generally enjoying life.

In fact, a baby born today can expect to live to 91 if it is a boy and 93 if it is a girl. According to the latest government figures, the number of Australians aged 65 and over is projected to more than double over the coming decades.ⁱⁱ

While our increasing longevity is a blessing, it does mean we will all need to consider issues unlikely to have concerned past generations.

Most people understand the need to focus on financial security, and rightly so, but money means little unless you are healthy enough to enjoy it.

Being healthy

It's not complicated to safeguard your health, although it may require some self-discipline. But you already knew that. If you smoke, stop. Drinking is fine but do it in moderation. And remember, it's never too late to embrace healthy eating habits or too early to set yourself up for a long and healthy retirement.

Nutritionist, Rosemary Stanton suggests devising a sustainable meal plan that

will help you keep your cholesterol and blood sugar level under control. "The most important aspect of any diet is that it should be practical and healthy enough to follow for the rest of your life," she says.ⁱⁱⁱ

Gentle but regular exercise is also a must. Whether it's the result of all those walks or simply the joy of canine companionship, Harvard researchers have found that owning a dog lowers blood pressure, heart rate and levels of the stress hormone cortisol.^{iv}

Staying wealthy

As a rule of thumb, to maintain your lifestyle and stay healthy post retirement you'll need 60-65 per cent of the income you're accustomed to. So someone making \$80,000 a year at the end of their career would need access to \$48,000 - \$52,000 per year in retirement.^v

For some people, a life of leisure is not what it's cracked up to be. You may wish to keep working, possibly on a consultancy basis, as much for the human interaction and feeling of making a contribution as for the money.

Regardless of whether you're relying on the pension, your super, a part-time wage or a combination of all three, you'll need to be on top of how much money you've got coming in, how much you've got going out, and whether that nest egg will last as long as you do.

It is never too early to start planning for a secure financial future. We can help you get the most out of your savings and work out your eligibility for the age pension and other government benefits.

Being wise

Being healthy and wealthy will take you a long way, but there is another aspect to ageing well. The evidence seems to suggest that the secret to being happy post-retirement is the same as at every other life stage: a strong sense of purpose and having interests to pursue.

You are the person best qualified to decide exactly what will give your life meaning and purpose.

So put some thought into what truly makes you happy and go for it!

i <http://www.aihw.gov.au/deaths/life-expectancy/>

ii http://www.treasury.gov.au/~media/Treasury/Publications%20and%20Media/Publications/2015/2015%20Intergenerational%20Report/Downloads/PDF/04_Chapter_1.ashx

iii <http://theconversation.com/eat-food-not-nutrients-why-healthy-diets-need-a-broad-approach-45823>

iv <http://www.health.harvard.edu/staying-healthy/wag-more-a-tale-of-healthy-living>

v <http://www.superguide.com.au/how-super-works/setting-retirement-living-on-more-than-55000-a-year>



Four tactics to build an investment portfolio that supports your retirement wishes

by Jeff Rogers, Chief Investment Officer, ipac Investment Management

Learn strategies to help you focus on long-term wealth accumulation, so you can fund your aspirations for retirement.

An increasing number of Australians are hitting retirement age, and more people are now seriously addressing the question of how they actually want to spend their retirement and how they will fund those aspirations.

If you already have investment strategies in place to cover your needs and wants, you have the capacity to grow your excess capital either for your own use later in life, to leave a legacy for your family or contribute towards philanthropy.

The strategies supporting the attainment of these goals should focus on long-term wealth accumulation. There is also scope to adopt less liquid strategies which are typically less suited to provide for shorter-term needs.

Below are four key tactics to consider when seeking to fund your long-term vision:

- 1. High-growth long horizon strategy:** Focus on the delivery of long-term compound growth without becoming too concerned with short-term price volatility.
- 2. Unconstrained strategies:** By taking an unconstrained approach, investors can capitalise on opportunities that would normally be ignored in the interests of not deviating too far from peer groups or benchmarks.
- 3. Diversification:** Diversification across high return investment strategies leads to more reliable growth and increases the capacity to sustain the strategy in a challenging market environment.
- 4. Opportunistic investment approach:** The investment strategy should be flexible to capitalise on emerging 'blue-sky' opportunities, anchored by medium-term trends and themes that have the potential to support wealth accumulation over the long-term.

Final thoughts

As people approach retirement, income from wages, salaries and business activities tend to be replaced by income from superannuation, investments and/or government pensions.

There is a lot to consider when it comes to calculating how much you will need to maintain your lifestyle in retirement. It requires a comprehensive process where your individual circumstances and lifestyle expectations play a significant role.

While the whole issue of retirement planning can seem overwhelming, it should encourage contribution towards a more secure retirement, where income and capital growth will be adequate to meet your essential needs and your discretionary wants.

Save for something big.

Using goals to achieve your dreams.

Many people don't find budgeting and saving easy, nor is it on top of their priority list. Most of us are programmed to look for short cuts, or believe that with a bit of luck – and rising house prices – 'we'll be right'.

But in reality, saving for the lifestyle we want does require a degree of discipline and an active interest in looking after your finances. And one of the easiest ways to do this is by setting up some short, medium and long term financial goals.

A poll by the Australian Securities and Investments Commission (ASIC)ⁱ looked at the different strategies used by successful savers.

The top five tips are:

- 1 Know how much money is needed
- 2 Have a clear savings plan
- 3 Regularly review progress towards the goal
- 4 Set a specific saving timeframe
- 5 Tell family and friends about the goal.

It's clear from these tips that setting goals can give us the motivation to save rather than spend. And as we progress towards that goal, our success spurs us on to reach the end.

What kind of saver are you?

The ASIC poll also identified that men and women have different approaches to saving and budgeting. 39% of the women surveyed are more likely than men to save for more than one thing at a time, and prefer to reach their goal in a slow and steady manner. On the other hand, 36% of men are more fast and determined, preferring to reach their goals in as short as time as possible.

Other types of savers identified by ASIC include the 'Dreamer' – they have savings goals, but often fail to achieve them because they don't have a plan to follow. Whilst 'Hit and Miss' savers do have a plan, they aren't good about always sticking to it which can end in them not always reaching their goal.

What are your goals?

Of those who took part in the poll, a holiday is a popular savings goals, matched almost equally with saving for a home. Saving for the future, emergency funds and a new car were among the other key goals, with education and a wedding also featuring on the list.

When developing your savings goals, it's crucial to be clear on what's important to you and your situation. A goal can be whatever you want it to be – maybe you have always wanted to take a year off work to go travelling or start a business. Successful budgeting starts with identifying what you really want to achieve.

And it doesn't mean having to take on a second job or removing all the 'fun' expenditure. You can make regular savings by taking lunch to work, not buying that coffee every morning, or having a night at home instead of heading out. The trick is to put those savings deliberately away so they become tangible. Try transferring the money you might have spent on those things into a high interest savings account, as and when you don't spend it. Most banks don't charge for these types of transfers and even small amounts can help towards your goal.

As well as using the tips above, another way that can help make saving for your goal that little bit easier is to consider setting up an automated bank transfer into your savings account each payday. This way, you don't have to remember to do it yourself, and you might be less likely to 'miss' the money.

ⁱ <https://www.moneysmart.gov.au/managing-your-money/saving/how-australians-save-money>

