

# QUARTERLY INSIGHT

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## Summer Update

As the festive season fills our hearts and homes with warmth, it also invites us to reflect on the year gone by and the opportunities that lie ahead. This special time of celebration, giving, and connection is the perfect backdrop for considering how we can make meaningful contributions to our lives and the lives of those we care about.

In this festive edition of our newsletter, we explore a range of thoughtful topics designed to inspire and guide you as you plan for the future. Whether it's sharing your wealth with loved ones in impactful ways, learning lessons from the world's most successful investors, or navigating how the Age Pension fits

in with your retirement income plans, we're here to provide practical insights and advice.

We also take a moment to focus on the art of truly unwinding, with tips for powering down and embracing a digital detox during your holiday break. And as the new year approaches, we encourage you to embrace the joy of saying "yes" to new opportunities, experiences, and connections.

As you savour the spirit of the season, we hope these articles will enrich your celebrations and empower you to step into the new year with confidence, clarity, and a renewed sense of possibility.





# Gifting for Future Generations

At this time of year, when giving is particularly on our minds, some might turn their attention to how best share their wealth or an unexpected windfall with their loved ones.

You might be thinking about handing over a lump sum to help them with a major purchase or business opportunity, or be keen to help reduce or extinguish their student loans. Alternatively, it might be about helping to solve a housing problem.

Whatever the reason there are some rules that it is worth being aware of to ensure both you and they are protected.

## Giving a cash gift

You can give anyone, family or not, a gift of cash for any amount and, as long as you don't materially benefit from the gift or expect anything in return, no tax is paid on the amount by either you or the receiver.<sup>i</sup>

The same applies if you're planning to pay out your child's student loans.

However, be aware that if the beneficiary of your cash gift is receiving a government benefit, such as an unemployment benefit or a student allowance, there is a limit on the size of the gift they can receive without it affecting their payments.

They may receive up to \$10,000 in one financial year or \$30,000 over five financial years (which can not include more than \$10,000 in one financial year).<sup>ii</sup>

## Helping out with housing

Many parents also like to help their children get into the property market, where possible.

It's been a difficult time for many in the past few years in dealing with the COVID-19 pandemic, the rising cost of living and interest rates, and a housing crisis.





A Productivity Commission report released this year found that while most people born between 1976 and 1982 earn more than their parents did at a similar age, income growth is slower for those born after 1990.<sup>iii</sup>

With money tight and house prices climbing, three in five renters don't believe they will ever own a home even though most (78 per cent) want to be homeowners, according data collected by the Australian Housing and Urban Research Institute (AHURI).<sup>iv</sup>

Just over half of those surveyed (52 per cent) were renting because they didn't have enough for a home deposit and 42 per cent said they couldn't afford to buy anything appropriate, the AHURI survey found.

So, in this climate, help from parents to buy a home isn't just a nice-to-have, it's becoming a necessity for many.

## Moving home

Allowing your adult child, perhaps with a partner and family, to share the family home rent-free is common option, giving them the chance to save up for a deposit.

One Australian survey found that one-in-10 people had moved back in with their parents either to save money or because they could no longer afford to rent.<sup>v</sup>

If it gets too much living under the same roof, building a granny flat in your backyard may be an option. Of course there are council regulations to consider, permits to be obtained and the cost of building or buying a kit but on the upside, it may add value to your home.

## Becoming a guarantor

Another way to help might be to become a guarantor on your child's mortgage. This might be the best way into a mortgage for many but before you sign, think it through carefully, understand the loan contract and know the risks.<sup>vi</sup>

Don't forget that, as guarantor, you're responsible for the debt. You will have to step in and repay if the borrower can't afford to repay, and the loan will be listed as a default on your own credit report.

Any sign that you are being pressured to be a guarantor on a loan may be a sign of financial abuse. There are a number of avenues for advice and support if you're concerned.

It's vital that you obtain independent legal advice before signing any loan documents.

If you would like more information about how to provide meaningful financial support to your children, we'd be happy to help.

i <https://community.ato.gov.au/s/article/a079s0000009GnFAAU/tax-on-gifts-and-inheritances>

ii <https://www.servicesaustralia.gov.au/how-much-you-can-gift?context=22526>

iii <https://www.pc.gov.au/research/completed/fairly-equal-mobility#media-release>

iv <https://www.ahuri.edu.au/analysis/news/rising-proportion-forever-renters-requires-tax-and-policy-re-think>

v <https://www.finder.com.au/news/boomerang-generation-2023>

vi <https://moneysmart.gov.au/loans/going-guarantor-on-a-loan>



# Unlocking Success: Lessons from the World's Best Investors

While effective investing is crucial for wealth creation, there is a lot to know and many pitfalls to avoid, as many of the world's most successful investors have learned over their respective investment journeys.





Those who have achieved success have often spent a considerable amount of time developing the requisite knowledge and skills to achieve solid and reliable returns, learning from their failures as much as their triumphs.

There is a lot to be gained by looking at the methods and philosophies of those who have mastered the art of sustainable wealth creation, and their learnings can serve to inspire you on your own investing journey.

## Emphasise long-term value

One of the most enduring lessons from legendary investors such as Warren Buffett is the importance of focusing on long-term value rather than short-term gains. Buffett, known for his role as the chairman and CEO of Berkshire Hathaway, advocates for investing in companies with strong fundamentals that can generate consistent returns over time. His approach emphasises patience and the belief in the intrinsic value of a company, which requires thorough research and understanding of the business.

## Diversify your portfolio

Diversification is a cornerstone of successful investing, a principle espoused by investors like Ray Dalio, the founder of Bridgewater Associates. Dalio's strategy involves spreading investments across various asset classes to manage risk and improve potential returns. His approach, known as "risk parity," aims to balance risk across different investments rather than concentrating it in a few.

A diversified portfolio includes a mix of asset classes such as stocks, bonds, real estate, and cash. Diversification helps mitigate the impact of any single investment's poor performance on your overall portfolio.

## Manage risk wisely

Managing risk is crucial to preserving capital and ensuring long-term success. Investors like George Soros, known for his successful currency speculation and macroeconomic trades, emphasize the importance of risk management. Soros's investment philosophy includes a strong focus on assessing and mitigating potential risks, as well as having a clear plan for when to cut losses.

Soros was quoted as stating, "It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong."

## Stay disciplined and patient

Discipline and patience are critical traits of many successful investors. For instance, John Bogle, the founder of Vanguard Group and a proponent of index investing, encourages investors to stay disciplined with their investment strategies and avoid being swayed by market volatility. Bogle's emphasis on low-cost investing and long-term holding reflects his belief in the benefits of staying the course.

One way to emulate Bogle's discipline is to create an investment plan with specific goals and stick to it, even when market conditions are volatile. Avoid making impulsive decisions based on short-term market movements or hype. Regularly review your investment strategy to ensure it aligns with your long-term objectives.

## Learn from mistakes and adapt

Even the best investors make mistakes, and learning from them is essential for growth. Howard Marks, co-chairman of Oaktree Capital Management, is known for his insightful memos on market cycles and risk. Marks emphasizes the importance of understanding market dynamics and adapting strategies based on past experiences and current conditions.

Reflect on your investment decisions and outcomes and be open to learning from both successes and failures. Stay adaptable and be willing to adjust your strategies as you gain more experience and as market conditions evolve.

## Enlisting expert help

Finally, successful investors often leverage expert help to enhance their investment strategies and achieve better outcomes.

We can work with you to create tailored investment plans based on individual financial goals, risk tolerance, and time horizons, as well as assist in navigating complex financial products and avoiding common pitfalls. By providing ongoing analysis and adjustments, we can help ensure that investment portfolios remain aligned with evolving market conditions and personal objectives. Our expertise helps investors make informed decisions, manage risks effectively, and optimise long-term returns.

If you would like a hand with any aspect of wealth creation, please give us a call.



# Powering Down for a Relaxing Holiday

It's nice to enjoy a break over the summer months. In fact, it's an Aussie tradition – that mass exodus after Boxing Day that sees us head off for some well-earned rest and relaxation. However, it can be hard to unwind when we have a device in our pocket buzzing away every couple of minutes.

Even those who manage to resist taking work away with them and checking work emails while on holiday, can spend a lot of time on a digital device! And while you are glued to that device, chances are you are not 'in the moment' enjoying your time with family and friends fully or the delights of wherever you are vacationing.

## Digital addiction

It's not an overstatement to say that during our everyday lives we are glued to our devices.

The average person spends around five and a half hours a day on their phone – that's over two months over the course of a year!<sup>i</sup>

We also tend to check our phones on average around 8 times an hour – almost once every 8 minutes. And just over half of Aussies (50.65%) consider themselves addicted to their phones.<sup>ii</sup> Throw in the amount of time we spend on tablets, laptops and other devices and it's clear we generally spend a lot of time in front of a screen.





## A vacationing trend

A new trend that may help to curb our online addictions is known as a 'digital detox' holiday.

Resorts and lifestyle destinations have got on board and many offer wellness packages offering a respite from the fast pace of online life with no phones, texts, emails, social media use or web browsing for the duration of your stay.

You don't have to fly off to an internet black spot or sign up for a digital detox retreat to get the benefits though. Doing your own digital detox can be as simple as switching your phone to airplane mode or better still turning your devices off for a designated time every day or for a period of time.

## Breaking free

The benefits of getting away from a screen, even if it's just for a short break, are numerous but the main benefit of having a proper digital detox is reducing stress. If your phone or tablet isn't buzzing, beeping or vibrating in your pocket or hand every few minutes, you start to breathe deeper and slow down.

Another plus of having a break from your device is the way it can affect the quality of your interactions with others. If you are not staring at a screen you open up opportunities to engage more fully with those around you. That means better quality time connecting with friends and family.

If you are a solo traveller, it can be challenging to not have the safety blanket of a phone in your hand, however there is something special about being more aware of your surroundings and taking in the little moments as they happen, without distractions.

## Open to offline discovery

While tech can certainly make travel smoother in many ways, going phone free can open up opportunities for discovery. While it's tempting to grab your phone to check the Google score of every restaurant you pass or using Maps to locate local attractions, it can be satisfying stumbling across a great little eating place tucked away down a laneway or finding a wonderful local market on your travels.

And when it comes to sharing your discoveries, you could also try keeping it offline. Instead of snapping moments to share immediately on social media, knowing you are going to be constantly distracted checking how your posts are being received, try to treasure those moments as they happen.

Whether you digitally detox for a few hours a day, a few days, or the duration of the holidays, your vacation will benefit from you unplugging for a bit. And who knows, you may even find some of your good digital detoxing habits follow you into the New Year.

i,ii <https://www.reviews.org/au/mobile/2022-mobile-phone-usage-statistics/>





# The Age Pension and Your Retirement Plans

Most people intend to retire between ages 65 and 66, according to the latest data and, surprisingly, despite growing superannuation balances, the Age Pension is the main source of income for many retirees.<sup>i</sup>

The intended retirement age has increased significantly in the last two decades, from just over 62 years on average in 2004.

Australian Bureau of Statistics (ABS) figures show that, in 2022-23, a government pension or allowance was still the main source of personal retirement income. This was followed by super, an annuity or private pension.

More than 60 per cent of those aged over 65 years were receiving the Pension in 2021.<sup>ii</sup>

## Am I eligible?

It is important to remember that, while you may not meet the eligibility requirements today, you may qualify later in life.

In 2021, only 44 per cent of people aged 65-69 received either full or part Age Pensions but this increased to 81 per cent for those aged 80 to 84 years.<sup>iii</sup>

Veterans who have served in the Australian Defence Force may be eligible for pensions or benefits from the Department of Veterans Affairs.<sup>iv</sup>

You are generally eligible for the Age Pension if you:

- are over 67 years (depending on when you were born)
- are an Australian resident and have lived in Australia for at least 10 years
- can meet an income and assets test

## What are the income & assets tests?

The Age Pension means tests considers your income and the value of any assets you own. If the value of your income and assets exceed certain limits, your payment will be reduced.

Income includes money from a job (including salary packaging), other pensions or annuities, earnings from investments and any earnings outside of Australia.<sup>v</sup>

Assets are items of value you or your partner own or have an interest in such as investment properties and artworks; caravans, cars, and boats; shares; and business assets. While your family home isn't included in the assets test, your pension may be affected if you sell it.<sup>vi</sup>

## Can I still work?

Singles can earn up to \$212 per fortnight without their pension being affected. For every dollar over that amount, their pension will be reduced by 50 cents. Couples can earn up to \$372 per fortnight and for every dollar over that amount, 25 cents in the dollar will be deducted from their pension payment.<sup>vii</sup>

If your income in a fortnight goes over a certain amount, you will not receive a pension payment. This cut-off amount is \$2500.80 for a single person and a combined \$3,833.40 for a couple. There are other higher cut-off allowances for those affected by ill-health.

The Work Bonus may help you earn more from working without reducing your pension. You don't need to apply for it, the Bonus will be automatically applied to your eligible income – you just need to declare your income.<sup>viii</sup>

## What does the Age Pension pay?

There are different rates of pension for singles and couples.

The current maximum basic rate for a single person is \$1047.10 per fortnight. A couple would receive 1,578.60 per fortnight. With extra supplements, those on a full Pension could receive a fortnightly total of \$1,144.40 for singles and \$1,725.20 for couples.<sup>ix</sup>

Get in touch if you'd some help to work out your eligibility for the Age Pension and other government entitlements.





- i <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/latest-release#income-at-retirement>
- ii,iii <https://www.superguide.com.au/in-retirement/age-pension>
- iv <https://www.dva.gov.au/get-support/financial-support/income-support/eligibility-benefits-and-payments>
- v <https://www.servicesaustralia.gov.au/income>
- vi <https://www.servicesaustralia.gov.au/asset-types>
- vii <https://www.servicesaustralia.gov.au/income-test-for-age-pension>
- viii <https://www.servicesaustralia.gov.au/who-can-get-work-bonus>
- ix <https://www.servicesaustralia.gov.au/how-much-age-pension-you-can-get>



# The Joy of Saying Yes

As we step into a new year, it's a good opportunity to think about what we want to embrace and experience in the year to come. Amidst all the resolutions that might be broken before we know it, one powerful and positive way to approach the new year is to make this the year of saying yes.

Let's dive into the warmth of possibility, fight the fear and explore the benefits of saying yes, (while also recognizing that it's perfectly okay to say no when it counts!).

## The magic of yes

There's something magical about the word "yes." It carries a sense of adventure, curiosity, and openness. When we commit to saying yes, we invite a world of possibilities into our lives. Whether it's trying a new hobby, attending a friend's event, or accepting an unexpected invitation, each "yes" can lead to enriching experiences that might just become the highlights of our year.

## Be open to growth and learning

Every new opportunity is a chance to grow and learn something new. When we step outside our usual routines, we often discover hidden talents or passions we didn't know existed. Maybe you've always wanted to paint but never picked up a brush. A friend invites you

to an art class, and suddenly, you find joy in expressing yourself creatively. Each experience expands our horizons and introduces us to an aspect of ourselves that we may not have known existed.

## Cultivate new connections

Saying yes also opens the door to new relationships. Each time we engage with new people, whether in a casual setting or a more structured environment, we have the opportunity to form connections. These relationships can lead to friendships, collaborations, or even just delightful conversations that brighten our days. When you attend that gathering or volunteer for a community event, you never know who you might meet or how they might inspire you.

## Build confidence and spark inspiration

Each small step outside our comfort zones builds our confidence. When we say yes to new experiences, we're essentially telling ourselves, "I can do this!" Even if we stumble along the way, those moments contribute to our sense of self-efficacy. Think about





that time you gave a toast at a wedding or tried rock climbing for the first time. The thrill of stepping up to the challenge can leave you feeling accomplished and more willing to embrace future opportunities.

New experiences can also ignite creativity and inspiration. Have you ever noticed how a change of scenery or a fresh activity can spark new ideas? It's like a reset for our brains. When we engage in activities that are different from our daily routines, we open ourselves up to innovative thinking. So whether it's a cooking class, a new fitness routine, or exploring a different neighbourhood, each experience has the potential to inspire new ideas and perspectives.

## Finding your balance

While saying yes has its many benefits, it's equally important to recognize that saying no is perfectly acceptable. Life is a balancing act, and sometimes we need to protect our time and energy. It's okay to say no to things that don't align with our values or drain us emotionally. For instance, if you're feeling overwhelmed with work and social commitments, it's perfectly fine to decline an invitation.

The key is finding a balance that works for you and to say "no" to the things that aren't right for you and "yes" to the things that are. When considering an invitation or opportunity, take a moment to ask yourself: Does this excite me? Will it bring me joy or growth? If the answer is yes, then lean in and say yes, but if it feels like a burden or something you're not genuinely interested in, don't hesitate to politely decline.

Remember, it's about making conscious choices that support your journey and well-being. Saying no when appropriate frees you to say yes to the things that truly matter and make space for the right opportunities to come along—ones that truly resonate with us and enrich our lives.

So, let's step into this new year with open hearts and curious minds. Embrace those invitations, try that new activity, and savour the joy of each experience. Remember, it's not just about what you say yes to; it's about the richness of life that unfolds when you open yourself up to what could be. Here's to a year of embracing new possibilities!





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