inTouch
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Welcome to our quarterly magazine – in this edition:

Welcome to the second edition of inTouch magazine for 2019. This quarter we focus on topical articles that are relevant for many of our clients, no matter what stage of life they are in.

Our cover article, considers how you can take steps to be in control with the minimum age to qualify for the age pension beginning to increase. We also provide some useful information on protecting your ability to earn income and also how to stay financially healthy even in sickness.

Our lifestyle article highlights the many benefits of mindful eating and we also reveal some interesting research on how social media affects our spending.

If any of these articles raise questions or you want to discuss further, your financial adviser is well equipped to have these conversations with you, so get in touch with them today. Take a read, I hope you enjoy this quarter's articles.

Take control of your retirement

Are you affected by the increase in the Age Pension's qualifying age? Take steps now to avoid getting caught short on retirement income.

The minimum age to qualify for the Age Pension has started going up. For those born on or after 1 July 1952, the qualifying age increases by six months every two years until it reaches 67 in July 2023. It rises to 66 in July this year.

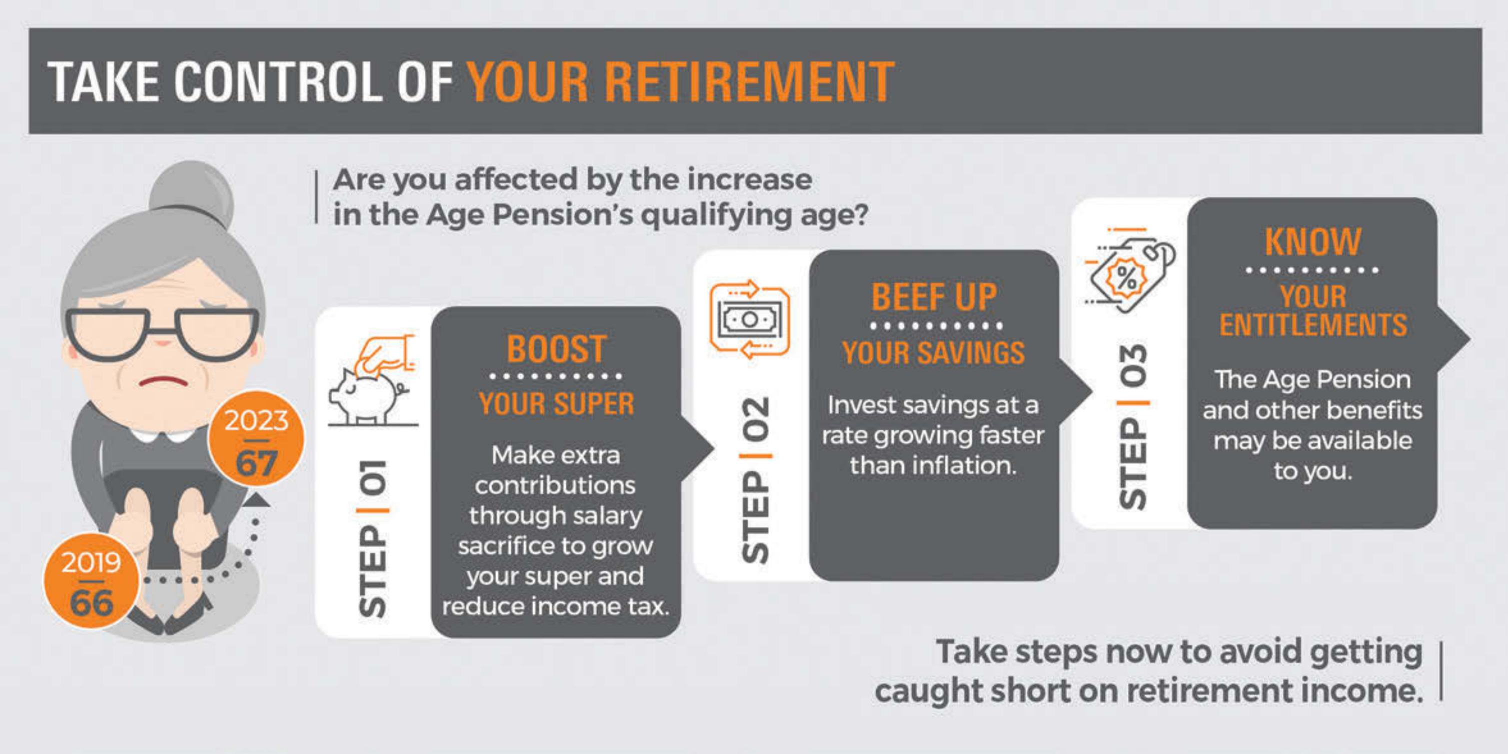
So if you're turning 45 this year and plan to retire when you reach 60, you will need to wait until you're 67 before you can apply for the Age Pension. You'll have to rely on your own savings and super in the interim, making it crucial to ensure you have enough money put away for later years. But the good news is that there's still time to grow your retirement savings.

Boost your super

Contributing more to your super can be a reliable route to bolstering your retirement fund. By making extra contributions through salary sacrifice, you can grow your super and at the same time reduce the amount of income tax you pay.

The government will tax your salary sacrificed contributions at 15 per cent, which could be much lower than your marginal tax rate. Additional tax (up to 15%) may apply to high income earners.

Making non-concessional or after-tax contributions is another option. You can contribute up to $100,000 each financial year if your total superannuation balance is less than $1.6 million. To understand how these contributions work, it's wise to get professional advice.



Beef up your savings

Your personal savings can supplement your super payments in retirement. But are they growing enough now to provide you with some income when you retire?

> To build up your savings, you may have to invest part of it and make sure it's growing faster than the rate of inf ation.

Investing in a managed fund or buying an investment bond may help you increase your nest egg, but you should seek professional advice to see if these instruments are appropriate for you.

Know your entitlements

Besides the Age Pension, you may be eligible for other government benefits and concessions. The Seniors Card, for example, offers individuals over the age of 60 discounts on some commercial and public services.

Concessions that allow you to buy prescription medicine at a discount are also available. But keep in mind that these benefits have strict eligibility rules. There's also no guarantee that these entitlements will still be available by the time you retire.

So take charge of your retirement. By working with your financial adviser, you can develop a strategy that helps ensure you'll be well provided for regardless of changes to pension policies.

Stay financially healthy even in sickness

Taking care of your finances might ease the burden of dealing with an illness.

Coping with a major illness can be overwhelming and stressful, and money is likely the last thing on your mind. But putting your finances in order might ease the financial and emotional burden of an illness so you can focus on getting better.

By taking some simple steps and working with a professional financial adviser, you can ensure that your medical costs and your family's needs are looked after.

Know your benefits

Finding out your entitlements can help you prepare how you would cover your medical and living costs. Your benefits may include paid sick leave and insurance such as health, income protection, and total and permanent disability.

Insurance can be a difficult subject to get your head around, so it's wise to speak to a professional financial adviser to check if you can make a claim on your income protection and disability insurance, and what sort of payout you might get.

In some very limited circumstances, you may be able to access your super early on compassionate grounds. Discuss with your adviser if you might qualify.

Take stock of your finances

A major health problem can weigh on your finances. Besides having to shoulder some of your medical costs, you may also earn less income.

Taking stock of your finances gives you a good idea of how much money you can access to cover your medical and living costs. You and your adviser can look at your savings, expected or potential income, insurance payouts and estimated medical and living costs.

Manage your expenses

Once you have a clear picture of your finances, consider creating a budget with your adviser to help you manage your expenses while you're being treated and recovering.

This will ensure that you have the necessary funds to cover your medical and other costs, and that your condition doesn't put a major dent in your finances.

Revisit your insurance cover

If you don't have enough insurance, this might be a good time to consider increasing your cover or getting an additional policy. Remember that you can get a life insurance policy even if you have a pre-existing medical condition, though you may have to pay a higher premium. Your adviser can discuss options with you and estimate how much cover you need.

Seek help

Dealing with a major illness can be distressing, but keep in mind that you don't have to go through it alone. Your family and friends can be there for you, and there are also crisis support centres that can help.

When it comes to your financial wellbeing, you can always work with your professional adviser to help plan your future.

How social media affects our spending

Research shows social media can influence us to spend impulsively.

Social media use has been linked to our mood, self-esteem and even sleep. Can it also be linked to spending?

Research shows it can.

For example, one study found that social networks, particularly Facebook and Instagram, can motivate impulsive buying behaviours. They also act as a source of inspiration that may trigger buying.[1]

But how does social media affect our spending?

Advertising

Sites like Facebook and Instagram have evolved from just being platforms for social networking and photo sharing. They are now powerful advertising tools. We only need to look at our social media feeds to realise how businesses use targeted advertising to try to expose us to their products or services. Targeted posts are effective at getting us to spend because they're often developed based on our demographics and even our behaviours.

Fear of missing out

Social media creates a tendency among users to compare their lifestyle with those of others. This comparison can cause a fear of missing out or FOMO.

A study found that one in two teens and one in four adults in Australia experience FOMO because of their social media use.[2] Our anxiety about missing out often leads us to buy and consume just to fulfil the urge to keep up with everyone else.

Encouraging imitation

Images of products or aspirational lifestyles posted on social media by people we respect or admire might influence us to spend unnecessarily or indulgently. This happens when we look to them for cues or guidance when we don't know how to act and simply copy what they're doing. Psychologists call this social proofing.[3]

Seamless shopping experience

Social media platforms also encourage spending by providing a seamless shopping experience.

For example, Facebook enables retailers to sell on the platform itself, and Instagram lets them add links to products and services mentioned in their posts so users can purchase them online.

This makes it extremely easy to spend. In a survey of Australian university students' spending habits, 43 per cent of respondents cited the seamless in-platform shopping experience on Instagram and Facebook as a major trigger for how much they spent via social media.[4]

Being smart with spending

Social media can help us make better choices by exposing us to more products and services and enabling us to learn about other people's experiences using them. But it can also influence us to spend unnecessarily or impulsively.

By setting financial goals, you can make smart choices with your money. Your professional financial adviser can help you get started by creating a plan and budget to help you secure your financial future.

1. Aragoncillo, L, 2018, 'Impulse buying behaviour: an online-offline comparative and the impact of social media', Spanish Journal of Marketing, accessible at: https://www.emeraldinsight.com/doi/full/10.1108/SJME-03-2018-007

2. Australian Psychological Society, 2015, 'Stress and wellbeing: How Australians are coping with life', accessible at: https://www.headsup.org.au/docs/default-source/default-document-library/stress-and-wellbeing-in-australia-report.pdf?sfvrsn=7f08274d_4

3. Psychology Notes HQ, August 2015, 'What is the Social Proof Theory?', accessible at: https://www.psychologynoteshq.com/social-proof

4. UniBank, May 2018, 'How social media is really impacting student spending habits', accessible at: https://www.unibank.com.au/about/member-news/2018/may/how-social-media-is-impacting-student-spending

Rising cost of cyber crime

How to protect yourself online

More than six million consumers, one in three Australian adults — fell victim to identity theft, credit card fraud or had their passwords compromised in 2017.[1] This cost the Australian economy more than $2.3 billion, and at an individual level, cost each victim an average of approximately $195 and 16.2 hours (or more than two business days) to rectify.[2]

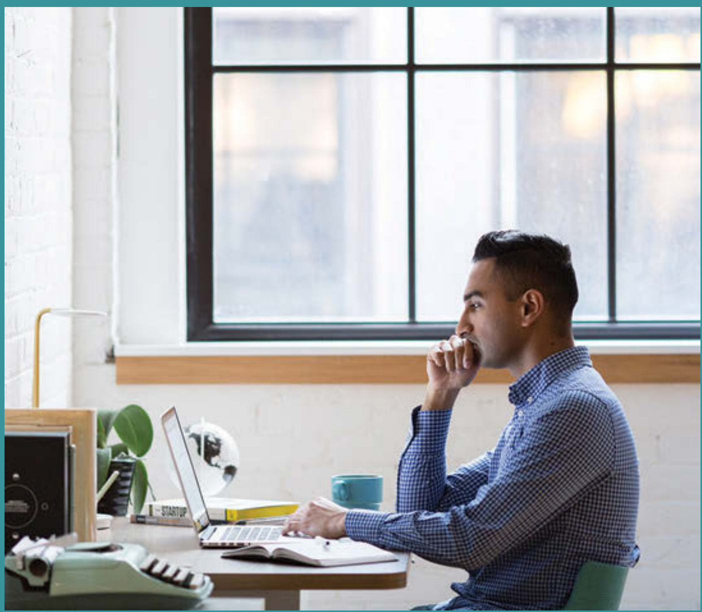
We explain a few common traps that you should watch out for to protect yourself online.

Advance fee fraud

This sort of scam generally involves someone contacting you to request that you pay a fee upfront or provide personal information in return for money or a reward. Unfortunately you'll be waiting in vain for your prize to appear!

Phishing emails

Phishing is an attempt to trick you into supplying personal information, such as passwords and credit card details. Often, the email looks like it has come from a well-known company like a bank, an energy company or even the Australian Tax Office, Australia Post or PayPal. Remember, no matter how credible the email appears, most companies will never ask for this type of private information over email.[3]



Social networking scams

Through a phishing email, scammers will ask you to enter your account details into a copy of a login page of a social networking site, such as Facebook. Once they have your login details, they will take control of your profile to ask for money from your friends or family by pretending to be you in need of financial help.

1. Norton 'Cyber Security Insights Report — Australia' 2017
2. Nine Finance 'Six million Australians fell victim to cybercrime in 2017', Stuart Marsh, 19 February 2018
3. ACCC 'Beware investment wolves knocking at the door' 23 July 2018

Protect your ability to earn income

An illness or injury can keep you from working and earning. Are you doing enough to protect your income if you're unable to work?

Your ability to earn an income is usually one of your biggest assets, so it's important to protect it. You may get help from a worker's compensation payout or personal savings if you become unable to work due to illness or injury. But they're likely to only cover nominal living expenses. How are you going to service your debts, and pay medical bills or your children's school fees?

Taking out an income protection (IP) plan may help provide peace of mind that you'll be able to meet your financial obligations and focus on recovering.

IP cover may provide a monthly income while you're unable to work as a result of illness or injury.

It typically replaces up to 75 per cent of your income for a set period of time.

When looking to take out an IP plan, it's important to consider:

- the period of time you're willing to wait before payments start
- the length of time that you will receive payments for.

These factors may affect your premiums and benefits.

Standalone cover or through super?

You may get your IP cover through your superannuation fund or by buying a standalone plan outside your super. Taking out a policy through your super may be a good idea if you want to avoid paying for insurance out of pocket.

You might also get a cheaper premium rate because super funds bulk buy insurance. But keep in mind that the policies offered through super may not cover all your financial responsibilities for an extended period of time.

A standalone IP policy may provide more adequate coverage. It may also offer tax benefits – IP premiums are usually tax deductible if you fund your cover outside super.

Keeping your costs down

If cost is a concern in taking out a standalone plan, there are a few ways you may be able to make your premiums more affordable. One of them is choosing a longer waiting period before you receive benefits after being unable to work due to illness or injury. The longer you wait, the lower your premiums.

Opting for indemnity cover may also help you keep your insurance costs down. IP plans require you to choose between indemnity and agreed-value cover. Under an indemnity policy, your insurer bases the monthly benefit you would be paid on your income at the time you make a claim. For an agreed-value policy, the benefit is based on your income when you apply for coverage. Premiums for indemnity cover are generally lower than for an agreed-value policy.

But indemnity policies may vary among providers, so speak to your adviser about which cover may suit you. Your adviser may also help you tailor your insurance plan to meet your income protection needs.

Discover the benefits of mindful eating

Is dieting too hard for you? Try mindful eating.

Achieving and maintaining your ideal weight doesn't have to mean restricting your food intake or depriving yourself of the food you love. By listening to your body and eating more thoughtfully, you can reach a healthy weight and even develop healthy eating habits.

> Mindful eating, as this alternative to dieting is called, means paying attention to how and what you eat.

It is about being fully aware of your food – from buying and preparing it to serving and eating it – and avoiding any distractions as you eat.[1] When you eat mindfully, you're using your body's cues to know when you're hungry and when you're full.

Benefits of mindful eating

Paying full attention to what you eat may help you consume less unhealthy food.[2] Because you're fully aware of what you're about to consume – including the unhealthy ingredients used to prepare it – you're likely to hesitate before eating, for example, a hamburger and fries.

Mindful eating may also help you moderate your food consumption. It takes time for your gut to communicate to your mind that you're full. So if you eat too quickly, you might feel full only after you've overeaten.

By eating slowly and attentively, you're giving your gut enough time to release satiety hormones that tell your brain you're full.[3]

How to be a mindful eater

So how can you practise thoughtful eating? In the book *Savor: Mindful Eating, Mindful Life*, the authors identify the seven practices of a mindful eater:

1. **Respect the food:** When you eat, just eat. Don't do anything else.
2. **Engage all senses:** Notice the colours, aromas and textures of the food while you're preparing it.
3. **Serve food in little portions:** Serving food in modest portions can help you enjoy its quality, not quantity
4. **Take small bites and chew completely:** Besides ensuring better digestion, eating in small bites can help you savour your food more.
5. **Eat slowly:** By taking your time when you eat, you may feel full faster, preventing you from overeating.
6. **Don't miss any meals:** Eating regular meals helps you maintain a healthy blood sugar level.
7. **Opt for a plant-based diet:** Consuming food that's derived from plants is good not only for your health, but the planet too.[4]

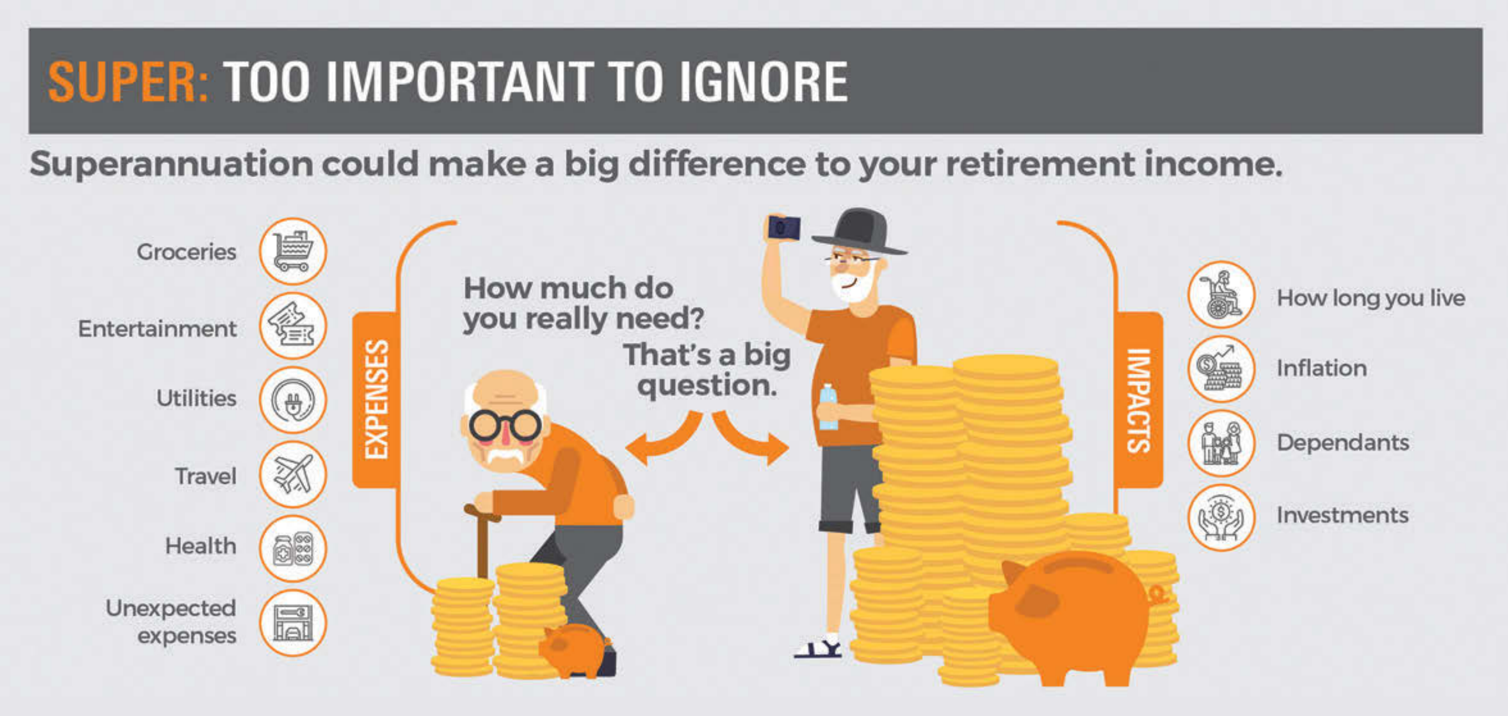
Changing the way you eat can have long-term benefits for your health and wellbeing. It can even be the start of living your life more mindfully and meaningfully.

1 Harvard Health Publishing. January 2016, '8 steps to mindful eating', accessible at: https://www.health.harvard.edu/staying-healthy/8-steps-to-mindful-eating

2 Ibid.

3 Harvard Health Publishing, February 2011, 'Mindful eating', accessible at: https://www.health.harvard.edu/staying-healthy/mindful-eating

4 Cheung, L & Hanh, TN, (2010), Savor: Mindful Eating, Mindful Life, HarperOne, accessible at: https://www.savorthebook.com



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