WELCOME TO OUR SPRING EDITION OF FFP NEWS

Welcome to the latest edition of FFP News.

September brings with it the beginning of Spring and hopefully some warmer weather despite the recent wet and chilly end to Winter. The excitement of footy finals both locally and country wide is also in the air and we wish all teams in our local sporting finals the best of luck.

Many Australians should now hopefully also be receiving tax refunds, if they haven't already, which may help ease those rising cost of living blues.

Unfortunately though, the temporary cut to the fuel excise will soon come to an end, which will again see petrol prices rise and homeowners across the country await to see if interest rates will again rise when the Reserve Bank of Australia meets again this month.

As always, we are here if you are needing to discuss any of your financial planning needs and welcome you to call us any time.

Inside this edition of FFP News we take a look at investment cycles - what they are, what causes them and why investors need to be wary of them. We also look at saving for your retirement when in your 40s and the importance of reviewing your personal insurance.

We also wish to advise that our office will be closed on the following public holidays:
Friday, 23rd September 2022 for the AFL Grand Final public holiday; and
Tuesday, 1st November 2022 for the Melbourne Cup public holiday.

Kind regards,
Rhys, Michelle and Michelle

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Investment cycles - why investors need to be aware and wary of them

Cyclical fluctuations are a key aspect of investment markets. Most are driven by economic developments but are magnified by swings in investor sentiment.

Periods of poor returns invariably give way to periods of great returns and vice versa. The key for investors is to not get thrown off by cyclical fluctuations.

To learn more about investment cycles take the time to read an article by Shane Oliver, AMP's Head of Investment Strategy & Chief Economist. (Published 10th August 2022).

Simply copy and paste or enter the below link into your preferred web browser to learn what Investment Cycles are, what causes them and why investors need to be aware of them.

Link - https://www.ampcapital.com/au/en/insights-hub/articles/2022/august/Investment-cycles-why-investors-need-to-be-aware-and-wary-of-them

How to save for retirement in your 40s

Retirement can start to feel closer when you're in your 40s. Fortunately, there's still plenty of time to make decisions that could have a positive impact on your future financial wellbeing.

By the time you're in your 40s you'll potentially be earning more money than you may have previously - but you may also have unexpected or unwelcome expenses, like divorce. At this age you might also put retirement planning on the backburner in favour of more pressing financial commitments, such as your home loan and kids' school fees. Use these potential life changes as the impetus to re-evaluate your assets and income and look at how you can maximise savings for your retirement.

In your 40s, retirement age is still at least 20 years away and, while that seems like plenty of time, your decisions now can help secure your financial future.

Calculate how much you'll need for retirement

Keep tabs on how much you're likely to need in retirement by checking the retirement standards published quarterly by the Association of Superannuation Funds of Australia (ASFA)[1].

According to ASFA's March 2022 figures, individuals and couples around age 65 who are looking to retire today would need an annual budget of around $46,494 or $65,445 respectively to fund a 'comfortable' lifestyle.

Set realistic financial goals

While your financial goals in your 20s and 30s may have been idealistic, as you get closer to retirement, they should become realistic. It's time to develop a clear plan for your savings, with achievable short, mid and long-term targets working toward your overall retirement goal.

Live within your means

Your 40s are typically peak earning years. It's important you consider funnelling some of this cash into actively saving for your retirement.

Become more mindful around spending on big-ticket items as well - before a splurge, try taking a day to give yourself time to think about how much you really need the item. You'll be surprised at how often you decide it's not essential to your life, and the money you save can be added to your retirement savings instead.

Review your investments

Your super might be ticking along, but what about other investments? It's not too late to start saving and investing.

Aim to be debt free

Entering retirement with debt means juggling repayments with a high interest rate, which will eat into your retirement income.

To enter retirement debt free, look at paying off your home loan before you retire. Preparing for retirement in your 40s might mean getting a better deal on interest rates or creating a budget that allows you to make extra contributions to your home loan, above your minimum monthly repayments.

Make sure you pay off your credit card balance in full each month so you don't accumulate interest. Be cautious about borrowing money that you won't be able to pay off in a short period of time.

Update your insurance

Whether there's an unexpected emergency or you suffer an ongoing illness, having the right kind of insurance can help create peace of mind when you need it most.

Review your private health insurance to make sure it's still right for your needs, particularly if your circumstances have changed or you have a growing family.

Plan for your kids' futures

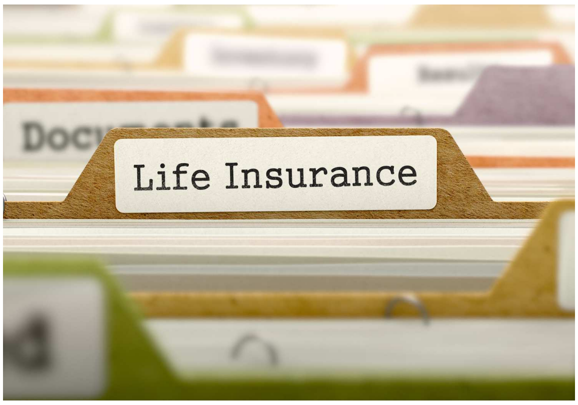
Your kids mean the world to you - we get it. But their education doesn't have to come at the expense of your retirement. As part of your retirement planning, consider setting up a separate savings account to fund things like your kids' education fees, so you don't have to dip into your retirement fund. As an alternative, aggressively paying down your home loan may give you access to a re-draw facility which could assist with education costs down the track.

If you would like any assistance with calculating your retirement savings goals or with planning your retirement - call us today on 03 5622 3005.

[1] ASFA Retirement Standard, March 2022 quarter (https://www.superannuation.asn.au/resources/retirement-standard)

Reviewing your personal insurance policy: when, why and how

Insurance might not always be top of mind, but it's important to review your policies regularly to make sure you've got the right cover.



Whatever your mix of cover - life, total and permanent disability, income protection and trauma - insurance can be an important part of protecting yourself and your family, now and into the future.

Thanks to the ability to pay for insurance through super, an estimated 94 per cent of working Australians have some level of life cover[1]. So it's a good idea to review your insurance regularly to make sure you have the right type of cover - and enough of it.

You probably don't think about your insurance regularly, but there are certain times when you should consider updating your policies to make sure they still reflect your lifestyle and insurance needs.

When and why you should review your insurance

Insurance works best when you have the right level of protection for your situation and as your life changes, so might your insurance needs. You should consider reviewing your cover whenever your situation changes, like:

- taking on a mortgage to buy a property
- having children
- getting married
- upsizing or downsizing your home
- getting a pay rise or take a pay cut
- starting a business
- experiencing a change in your health or lifestyle
- paying off your mortgage
- stopping supporting financially dependent children
- joining a new super fund that may provide automatic insurance cover
- retiring

How to review your insurance

Insurance is flexible and can be changed to align to your needs. Below is a step-by-step guide to reviewing what you have.

Step 1: Read your insurance contract

Refer to your product disclosure statement (PDS) and read it to fully understand what you're covered for (death, disability or injury for instance) and compare this against what you'd ideally like to be covered for.

Step 2: Check the insurance policy expiry date

Check if your insurance policy has an expiry date, and if so, make note of when it is so you're not caught off guard. It can be a good idea to set yourself a reminder a month or two before it's due so you can contact your insurance provider ahead of time.

Step 3: Know your beneficiaries

An insurance beneficiary is the person, or people, who will receive your insurance payout in the event of your death. It's important to make sure your beneficiaries are up to date so your money ends up in the right hands.

Step 4: Check if you have enough insurance

To help you work out the right level of insurance cover consider the following questions.

1. How much money would your family have if you were to pass away or become disabled? Consider the amount of money you have in super, savings, shares and other assets, and existing insurance policies as a starting point.

2. How much money would your family need if you were to pass away or become disabled? Consider the size of your mortgage and any other debts you have, as well as other costs such as childcare, education and day-to-day expenses you may be covering.

The difference between these figures should provide some guidance on the amount of insurance cover you may want to have. However, you might need to compromise between what you'd like and can afford.

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Reviewing your personal insurance policy - continued…..

Step 5: See if you have any other insurance policies

Like many Australians, you may have insurance through super. So it's a good idea to check this against other policies you might have outside super.

Then compare your cover, check whether you have any insurance double ups - if you have more than one super account with the same type of insurance, you may be paying for more insurance than you need.

Something to note on your TSC insurance, you'll most likely only be able to claim up to 75% of your pre-disability income, regardless of whether you have TSC cover within multiple super accounts.

Step 6: Compare insurance providers

If you're not sure whether you're getting the best deal, you might want to compare providers. Remember, there are other considerations to take into account aside from reduced premiums, such as what level of cover you get, any exclusions (like the treatment of pre-existing medical conditions) and waiting periods.

Also keep in mind if you do cancel your insurance, you might lose access to features and benefits, and you might not be able to sign back up at the same rate or with the same level of ease.

It's also important to disclose your situation to your insurer honestly, or the policy might be invalid if you do need to make a claim.

Step 7: Reduce or manage your insurance premiums

If affordability is a major concern, speak to your super provider or insurer depending on what type of insurance you hold, to find out how you can manage your premiums without losing your policy. You might be able to:

- reduce the mount you're insured for
- change how often you make a payment (if you don't hold insurance inside super)
- adjust your waiting and benefit periods

Changing your insurance policy can be complicated, so if you would like any further information or assistance reviewing your personal insurance, please give us a call on 03 5622 3005.

1 Rice Warner, Life insurance adequacy (https://www.ricewarner.com/life-insurance-adequacy/), paragraph 8.