



December 2020

Welcome to the latest edition of our 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.

In this edition we discuss

- * 2020 - the year that united us
- * The right times for financial advice
- * How to budget for your social life in retirement

If you would like to discuss any of the issues raised in this newsletter, please don't hesitate to contact us.

In the meantime we hope you enjoy the read.

All the best,

The team at Hanmoore



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2020 – The year that united us

As we rang in the new year, who would've guessed what was in store for our country, and the world for 2020? We're reflecting on the year that brought us together and changed all of us in some way.

Rediscovering mateship

2020 started with many parts of Australia battling horrific bushfires that seemed determined to destroy our countryside, wildlife, homes and livelihoods. Brave firefighters and volunteers fought tirelessly while the rest of the country rallied together with food and clothing drives, charitable donations and disaster relief programs to support people who'd lost their homes. Mateship was well and truly alive.

Solidarity and starting over

Just as we were emerging from the smoke-filled skies, COVID-19 landed on our shores.

Every aspect of life has been touched or changed by it. How we work, travel, socialise, educate our children, our

finances, job security, life goals and economic stability. We've had to re-learn how to do it all differently and live in an ever-changing world.

We've hunkered down in solidarity and stayed home to protect each other. Many of us rediscovered a slower pace and joy in the simple pleasures of life. We appreciate what we have, and if we can, we're saving more than beforeⁱ, rather than spending on things we don't need.

As our freedoms reduced, unemployment and financial pressures increased. Research from AMP showed almost a quarter of us weren't financially prepared for the pandemicⁱⁱ, and it's made us focus on getting that rainy day fund up and running – to help reduce the risk of getting caught out again.

A focus on finances

We've entered our first recession in 30 years, with industries such as airlines and tourism going out of business, seemingly overnight. The government has responded with a range of payments and initiatives to help Australians.

But that financial support comes at a price, with AMP Chief Economist Dr Shane Oliver

suggesting it could be at least 10 years before the budget is back to surplus. As the government's financial support eases, it may be worthwhile taking steps to increase our individual financial security, such as creating good money habits and having clear goals.

The new normal

2020 has been a year of doing things differently. Masks and hand sanitiser are part of our everyday routine and words like quarantine, COVID testing and social distancing regularly pop up in conversation. All unimaginable a year ago. 2020 demonstrated how quickly things can change. It's also brought into focus how being financially prepared can help us cope with whatever comes our way.

And as 2021 looms on the horizon, there's no doubt we'll be happy to say goodbye to the negative effects of COVID-19 on our health and wealth. But look forward to taking into the next year a better handle on our money, a more connected community and newfound gratitude for the simpler things in life.

i abs.gov.au ABS

ii AMP Financial Wellness, Behavioural Architects, August 2020

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The right times for financial advice

COVID-19 has created uncertainty everywhere and impacted not just our health but our wealth too. From millennials to retirees, we've had to review our finances and adapt to the changing environment.

We've seen volatile share markets, slashed dividends on bank stocks, record-low interest rates and sectors like airlines, tourism and traditional retail struggling to survive. On the other hand, online shopping and e-commerce have surged, and more people are saving now than before the pandemicⁱ.

During this uncertainty, many people have found their financial adviser to be a critical source of guidance and a valuable sounding board. In many cases, the adviser-client relationship has been a long-term connection. It's built over many years and based on trust and confidence that the adviser has the client's best interest at the centre of every decision.

Demand for advice doubles

The financial advice industry is full of examples of clients reaching out to their advisers in recent months, leveraging these long-term relationships at a time of worry and crisis.

Recent research from the Investment Trends 2020 Financial Advice Report showed three in four financial advice clients had been in contact with their adviser to discuss the impact of the COVID-19 pandemic.

Advisers are also fielding an unprecedented number of calls from potential clients who are confused by the current markets and understand they need help.

The instability of recent times has undermined the confidence of those who are retired or are about to retire, with many wondering if they'll be left with enough superannuation savings for a comfortable retirement. But those who have a relationship with an adviser can rely on the fact their adviser knows them well, understands their unique circumstances and life goals, and can deliver advice tailored to them.

Advice for different life stages

Financial advice can be helpful at a range of life stages, not just when thinking about retirement. Some common things advisers can help navigate financially are:

- saving for and preparing to buy your first home
- getting married or starting a family
- budgeting and money management
- growing wealth
- estate planning
- planning for retirement
- retirement and aged care.

We can help with practical financial advice in all these scenarios. But more importantly, we can help you focus on your individual financial priorities and goals and create a plan to achieve them. It's been a challenging year but solid financial advice can assist you to make the best possible decisions, and take action that is appropriate to your circumstances.

Life's journey has many twists and turns and points at which priorities change. We are with you every step of the way.

ⁱ <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product>
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How to budget for your social life in retirement

Have you considered what's on the agenda, such as how often you see yourself eating out and whether you want to travel domestically or afar?

If you're in or approaching retirement, you may be prioritising things such as living costs, utility bills, health care and even potentially helping the kids out with their future financial goals.

With many Australians looking at a retirement (which in reality, could span a few decades), another thing to give some thought to is keeping some money aside for your own recreation and social life.

What activities are on your to-do list?

Think about what you enjoy doing, what you're likely to want to do more of, or even get into with more time on your hands.

- **Eating out** - restaurants, beach barbecues, picnics, food fairs
- **Travel** - interstate breaks, overseas holidays, road trips, caravanning
- **Entertainment** - cinemas, concerts, events, stage shows
- **Sport** - golf, tennis, cycling, yoga, Pilates
- **Hobbies** - fishing, sailing, photography, drawing, woodwork
- **Volunteering** - hospitals, soup kitchens, animal shelters

- **Club associations** - Rotary, Leagues, Surf Life Saving
- **Tournaments** - trivia, bridge, chess.

How can you budget for the things you enjoy?

If you need a guide, the Association of Superannuation Funds of Australia (ASFA) benchmarks the annual budget needed to fund a comfortable and modest standard of living in retirement, with figures based on an assumption people own their home outright and are relatively healthy.

According to June 2020 figures, individuals and couples around age 65, looking to retire today, would need an annual budget of \$43,687 and \$61,909 respectively to fund a comfortable lifestyle, or \$27,902 and \$40,380 respectively to live a modest lifestyleⁱ.

According to ASFA, a comfortable retirement lifestyle would enable an older, healthy retiree to be involved in a broad range of leisure and recreational activities, whereas a modest retirement lifestyle would enable an older healthy retiree to afford more basic activitiesⁱⁱ.

How much are you likely to spend on recreation anyway?

According to research, singles and couples (aged 65 to 85) living a comfortable lifestyle in retirement would spend about \$184 and \$277 of their weekly budget respectively on leisure and recreationⁱⁱⁱ.

This takes into account a broad range of recreational activities, including^{iv}:

- Lunches and dinners out
- Domestic and international holidays
- Movies, plays, sports and day trips
- Things like streaming services
- Club memberships.

Making your money go further for the fun stuff

- Make use of your Senior's Card for transport concessions and other discounts
- If going overseas isn't in your budget, you could consider a road trip interstate
- Pack a rug, food basket and esky, and head to the park or beach for a picnic
- Swap a visit to the day spa with a DIY manicure and candle-lit bubble bath
- Have the troops over for a poker night or take turns hosting dinner parties
- Find cheap accommodation on Airbnb or consider listing your own place to earn money while you're away.

Talk to us if you'd like to check you're on track for an active and satisfying retirement

i, ii ASFA Retirement Standard table 1

iii, iv ASFA Retirement Standard - Detailed budget breakdowns - June quarter 2020 page 4

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