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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

- * How to save for retirement at every age
- * 5 mistakes to avoid if you're going guarantor
- * Create an 8 step Christmas savings plan

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,

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How to save for retirement at every age

Retirement is a huge milestone that affects everything from your family and social life to your finances. Plus, with the average Australian living to the age of 82.8 (that's 80.7 for men and 84.9 for womenⁱ), it's a life stage that can continue for two decades or longer. So it makes sense to spend a bit of time planning and investing in the kind of future you'd like to enjoy.

No matter how old you are now, or where you're at with your financial goals, it's possible to put plans in place to optimise your retirement years. We've compiled a decade-by-decade guide on how to get started, and the steps to take for peace of mind now and financial wellbeing in the future.

The beginning of your working life: your 20s

It's likely you've finished your studies, you're entering the workforce and your newfound income is being pulled in every direction. There are student loans to pay off, rent and utility bills to budget for, and parties to attend.

Retirement seems a lifetime away, and that's exactly why it's a good idea to start planning for it now – time and compound earnings are on your side. Start early, adopt good budgeting and mindful spending habits, get savvy with your super and make plans to ditch your debts.

Major life changes: your 30s

This could be your biggest decade, as far as life changes go. Statistics show many of you will get marriedⁱⁱ, have kidsⁱⁱⁱ and buy a house in your 30sⁱⁱⁱ. You'll also likely move up in your career and, with a potentially higher salary, you can set serious financial goals.

If you have extra cash, you could consider getting a bit more aggressive with how much

you invest, including the amount you channel into your super. And remember getting good financial advice now can help set you up for the future.

At the top of your game: your 40s

In this decade, you'll likely be at your peak earning years^{iv} with a salary that's potentially higher than ever before. But that doesn't mean you should splurge too much or enjoy living expenses beyond your means – you probably still have debts to repay before you retire, like your home loan. And there's a chance you may be doing these things on your own; divorce is common among Aussies at this stage of life^v.

Statistically speaking, you're at the top of your financial game, so look for ways to maximise your earnings while setting realistic long-term financial goals for your retirement.

The golden years: your 50s

Your golden years are a time when you can focus on, well, you. But it shouldn't be to the detriment of your future you. Retirement may not be far away and saving for financial goals is now a priority.

If your super and investments were impacted by economic events like COVID-19, you may need to adjust your retirement plans, but now isn't necessarily the time to try to outplay the market.

The good news is there are many strategies to help, like personal super contributions – particularly if you made use of the Federal Government's early release scheme. Trying to stay fit and healthy will also help you enter this phase with enough energy to carry out your retirement plans, while considering putting money away in an emergency fund in case unexpected medical expenses arise.

Nearing retirement: your 60s

Statistics show that this is the decade you'll finally say goodbye to the workforce^{vi}. With your last days at work just around the corner, this is the time for retirement lifestyle planning. Picture what you want to be doing in the next stage of your life once you stop work.

But it's not the time to get complacent – budgeting for both day-to-day and emergencies continues well into your retirement, along with the need for insurance. Think about how you can earn extra money through hobbies and passions when you have more free time at your disposal.

We can help you plan and prepare for retirement at any life stage, so give us a call today.

- i Australian Bureau of Statistics (2020): Marriages and Divorces, Australia
- ii Australian Institute of Health and Welfare (2021): Mothers are older, smoking less and having healthy babies
- iii RealEstate.com.au (2020): Average age of Aussie first-home buyers closer to 40 than 20, research reveals
- iv Australian Bureau of Statistics (2019): Employee Earnings and Hours, Australia
- v Australian Bureau of Statistics (2020): Marriages and Divorces, Australia
- vi Australian Bureau of Statistics (2020): Retirement and Retirement Intentions, Australia



5 money mistakes to avoid if you're going guarantor

If you're going to balance the future of your home or property on someone's reliability to pay their own mortgage, make sure you're across the risks.

Nearly 40% of Aussies said it took them between two and five years to save for a deposit on a home, while 25% said it took them between five and 10 yearsⁱ.

If you have a family member who wants to get into the market sooner than that, you may have discussed whether you'd be willing to speed up the process (if you're in a position to) by going guarantor.

This is where you use the equity in your own property as security for the loan they're taking out. It's essentially a promise by you (the guarantor) to the lender, that the borrower will make the necessary repayments and if they don't, or are unable to, you'll repay the loan for them.

While there may be benefits for the person you're going guarantor for (they mightn't need such a big deposit or could avoid paying lenders mortgage insurance), here are some things to avoid before making a decision.

1. Not knowing what you're signing up for

Depending on the lender (and each will have their own terms and conditions if they allow for this type of arrangement), you can use your property as security on someone's entire home loan, the entire loan amount plus additional costs, or limit the guarantee to a portion of the loan.

The role of guarantor will generally be limited to immediate family members, but may include siblings, grandparents and even former spouses, depending on your lender.

Meanwhile, how long you act as guarantor will depend, but once this person's loan has reduced beyond a certain level, you can ask to be removed as guarantor, although this will have to be approved by the lender and fees may apply.

2. Not considering changes in circumstances

You always want to hope for the best but over the term of this person's home loan, there could be a point where they lose their job or become injured or ill and be unable to make repayments for a while.

For this reason, you may want to find out if they have a back-up plan, any emergency cash stashed away or personal insurance (what type and how much).

If things don't go as expected, repayment of their home loan becomes your responsibility, so unless you have additional funds, worse-case scenario, you may have to sell your home to clear this person's debt and there could also be flow on affects regarding your credit report.

3. Not giving much thought to your own bucket list

Going guarantor reduces your ability to borrow funds, so it's important to think about whether you have other plans that could be affected – such as holidays or other big purchases.

You may also want to give some thought to your retirement. June 2021 figures (which assume you own your home outright and are pretty healthy) show individuals and couples, around age 67, who are looking to retire today, need annual budget of around \$44,818 and \$63,352 respectively to fund a comfortable lifestyleⁱⁱ.

With that in mind, you don't want a sudden liability, such as being called on as guarantor, to jeopardise your retirement plans.

4. Not expressing your expectations

Before making any decisions, it's important to discuss and consider:

- both parties' circumstances and expectations over the life of the loan
- having an agreement in place to help make sure everyone is on the same page
- how long you expect to be involved and what your exit strategy as guarantor might be.

5. Not exploring other financial avenues

There may be other financial avenues that could work better for you and the borrower depending on your situation.

Could you gift a deposit?

If you can afford it, gifting a deposit might be something you'd prefer to do. A good deposit will reduce the amount your family member needs to borrow, and the interest paid over the life of their loan.

Going down this avenue also means any loss you incur will be limited to the amount of the gift.

Bear in mind, if you happen to receive Centrelink payments (or are planning to in the future), you'll need to consider that a gift of this nature could impact your benefits, so do your research.

Could you go in as a co-owner?

When you buy a home with family members, you share responsibility for the costs involved while receiving the benefits of investing in property, depending on your arrangements.

It's important to understand that as a co-owner you are included on the loan and only own a share of the property. If you sign as a joint borrower, you're also equally responsible for the home loan so are equally liable for the entire debt with the principal borrower.

Again, it's a good idea to document each person's rights and obligations.

Could you let them save money by living with you?

If it's your child you're thinking about going guarantor for, you may be interested to know that many parents have adult children living at home rent-free to help them save for a homeⁱⁱⁱ.

With that in mind, you may prefer offering your child their old room for a while for low or no rent to help them get some more savings behind them.

Acting as a guarantor is a serious legal responsibility and you may be required to get legal advice before a lender will accept the arrangement. We're here to help.

i Finder - From down payment to dealbreaker: Average house deposit now exceeds \$100k (April 2021)

ii Association of Superannuation Funds of Australia (ASFA) Retirement Standard (June 2021)

iii Bank of Mum and Dad report 2021: Property boom puts parents under pressure



Create an 8-step Christmas savings plan

Make this Chrissy magical without spending a fortune by following a few simple planning strategies. Eight steps is all it takes to save money and reach your holiday goals.

There's no denying that much of Australia had to put their usual Christmas plans on hold in 2020, not only because of government restrictions on gatherings, but also because, for many, money has been tight. And this year it still might be. The good news is that doesn't mean you can't have a memorable festive season.

1. Set up your Christmas budget

Presents account for a large proportion of Christmas spending – in fact, Australians are forecast to spend \$11 billionⁱ on gifts alone this festive season – gift buyers expected to spend \$726 each, while other costs loom as well. Put together a comprehensive Christmas budget worksheet for the summer period.

Don't forget to factor in how these other expenses might impact your family:

- Food
- Drinks
- Entertainment
- Decorations
- Charity donations
- Parties
- Utilities

2. Prepare a Christmas savings plan

With a clearer picture of how much this holiday season could cost you, it's time to develop a plan to reach your savings goals.

Calculate how much money you need to put aside each week to meet your summer spending surge, then determine whether you can, realistically, reach this target.

Once you have an achievable plan in place, consider setting up or repurposing a separate account for your Christmas savings. Automate a weekly transfer from your day-to-day account to your Christmas account, so you don't have to think about moving money around. Keep track of your progress – you may be able to reach your goal sooner than you planned.

3. Start your Christmas shopping research

Given lockdowns and restrictions over the last two years, it's not surprising to hear that online shopping has surged across the country. In fact, it's up more than 23%, year on yearⁱⁱ. While it can be fun wandering around stores over the festive season, this can also be a time and money waster.

Consider making a list of gift recipients this year and allocating a present idea to each of them. Do some online research to determine how much each Christmas gift might cost you, and whether that's within your budget.

Christmas gifts on a low budget? Sometimes less is more – it's better to keep your purchases meaningful or consider homemade gifts.

4. Shop local for Christmas gifts

When it comes to buying Christmas gifts for friends and family in another city, state or country, consider retailers with a base in those destinations, to reduce delivery fees. Start planning and purchasing as early as possible – Christmas is a busy time of year for deliveries, this year more than ever, and growth in demand for online shopping may mean higher delivery fees for on-time arrival.

If you're using Australia Post, familiarise yourself with suggested 'send by' datesⁱⁱⁱ to avoid the express fees and time delays due to the already stressed system.

5. Track your savings progress

You're halfway through your 8-step Christmas savings challenge – it's a good idea to review your savings and make sure your goals are on track. If you're falling short, it's time to either:

a) revisit your budget and decide where to cut back, or

b) explore ways to boost your savings.

From selling extra 'stuff' you have lying around the house to discussing different plans with your utilities providers, there are plenty of novel ways to save more in a short period of time.

6. Start researching shopping deals

Take advantage of any pre-Christmas sales – but make sure you research those bargains first. Use the gift list you created, to avoid spontaneous and potentially budget-busting purchases.

Start by researching which retailers offer the best deals on these items. Do you need to travel across town to find an item (which will cost you time and money), or will a store near you match the price? Take your research digital and you may find a wider range and better deals in online stores, but be mindful of any delivery fees that may cancel out any bargains you find. By starting your Christmas shopping early, you might be able to snag some sizable discounts in the Black Friday sales.

7. Finish shopping and wrap your Christmas gifts

You've put up the tree, stocked up on drinks and sent out the cards – let the fun part of the festive season begin. If you discover you've neglected someone but cannot bear the thought of heading back into the stores, consider purchasing gift cards or vouchers (or a charitable donation) online. They can be emailed directly to friends or family members and used for something they really need.

8. Review your budget

With your main purchases out of the way, it's time to review your budget and check your Christmas savings account balance. Do you have enough for the Christmas groceries? Extra entertainment? A cheeky present for yourself? A New Year's Eve gathering?

Then again, it's never too early to start saving for 2022... travel is back on the agenda, after all, and we're all in need of a holiday.

ⁱ Roy Morgan (September 2021): Countdown to Christmas – Australians set to spend over \$11 billion on gifts

ⁱⁱ Australia Post (September 2021): Inside Australian Online Shopping

ⁱⁱⁱ Australia Post: 'Tis the season to be early

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