



your **money** your **future**

Newsletter June 2015

Welcome to the latest edition of our client 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 a variety of issues including the impact felt by the “sandwich generation” where studies have shown that life expectancies are continuing to increase, how to get your children on track financially, and ideas for your next holiday.

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

In the meantime stay warm and we hope you enjoy the read.

All the best,

The Team at Hanmoore



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Easing the strain for the sandwich generation

The 2015 Intergenerational Report (IGR) confirms that the majority of us can expect to live longer than people in previous eras, but it's the so-called 'sandwich generation' who may feel the squeeze financially.

The sandwich generation are those baby-boomers, usually aged in their fifties and sixties, who are caught between caring for elderly parents and supporting adult children who may be studying or saving for a first home.

While I think it's great news that we're living longer, clearly it can increase the challenge of funding a comfortable life for longer.

With this issue in mind, the really interesting IGR findings include both male and female average life expectancy jumping significantly by 2055, with males expected to live to 95.1 years and females to 96.6 years. Also, the number of Australians aged 65 and over is likely to more than double by 2055 compared to today. That means there could be as many as 40,000 people aged 100 and over by 2055 and being 60 myself, I could be one of them!

All this means that at a time in their lives when they could reasonably expect to be kicking back and enjoying some financial security and leisure time, the sandwich generation is now highly likely to have increased demands on their finances and other resources.

Caring for elderly parents

Supporting seniors who require a high level of day-to-day care can be particularly challenging, and at some point you may need to consider an aged care facility. If you are thinking of placing parents into aged care, I recommend you seek assistance from a good financial adviser who can discuss this with all of you, including the different options around funding accommodation.

If you decide to have your ageing parents live with you, it might be worth considering a bigger home or adding a granny flat to your existing property.

This option can give seniors – and you – some independence and personal space, but also means if anything should happen to your elderly parents, you're not far away.

Supporting adult children

Then there are the adult children you may be supporting... If this is the case, try to establish some ground rules so everyone contributes to running the household – both practically and financially.

Help those children who are studying to get into the habit of paying their way. Some parents put the 'boarding' money their child pays them into a savings account, so they have a useful lump sum for when they do finally move out.

If like a lot of baby-boomers you have experienced an adult child leaving home,

only for them to return later in order to save for a deposit or some other reason, try to make sure you don't fall back into the old parent/dependent child relationship. This time around, share the responsibility of the cooking, cleaning and laundry – the arrangement should be a mutually beneficial one!

Caring for yourself

If you have been sandwiched into caring for elderly parents and supporting adult children, then it's important to try and take time out so that your relationships, career, financial and personal lives aren't adversely affected. Asking other relatives, or indeed paying a service to help share the burden once in a while, can give you a well-earned break.

If you're the ham in the sandwich in your family, then having a financial plan in place will help you save for holidays, a new car and some luxury items, as well as help fund your retirement – whenever that may be.

– by Paul Clitheroe AM



Paul Clitheroe AM, co-founder and Executive Director of ipac securities limited, Chairman of the Australian Government Financial Literacy Board and Chief Commentator for Money magazine.



Give your kids money smarts

Children learn a lot from their parents when it comes to money—arm yours for financial success.

When it comes to money, your own behaviour and attitudes can strongly influence your kids. Help your kids to be money smart by demonstrating positive money habits and teaching them valuable lessons as they grow older.

Teaching money smarts

Money management has always been important for children to learn about, especially as they grow into young adults and face the big wide world out there! It's even more the case today, in an ever-growing digital world—kids are trained to become consumers from a young age.

What's more, it can be hard for kids to understand what they can't see. And shopping online—where there's no exchange of physical cash—makes it easy for kids to miss learning about the real value of money.

The good news is the desire to buy things does provide an opportunity to encourage healthy financial habits though, like saving, budgeting and working to earn their money. The best principles to teach kids just vary at different ages.

Here are some tips for building money smarts no matter what age your kids are.

Young children

Making money tangible for young children can be helpful. Your child may benefit from seeing money visibly accumulate in a jar. You can convey the way money works by playing games that show your child how many coins are needed to buy particular items—and how spending reduces the quantity of money in the jar.

Primary school kids

When children reach school age, introduce more practical examples by connecting household jobs they do with money as the reward. It can be a good time to set up a savings account for your childⁱ and to learn basic goal setting and budgeting.

Teens

As your child gets older, a weekend or holiday job can help them appreciate that working leads to earning money. It's also a good stage to help your child start setting goals, say to buy a new mobile phone, while meeting short-term expenses like buying snacks, clothes and going out.

Young adults

Once children are earning money on a regular basis, if they're still living at home, then it's time to discuss living expenses, including board and chipping

in for food and utilities. It's also an idea to develop their interest in building wealth for the future. Be sure also to cultivate an understanding and interest in their superannuation and how starting early can make a big difference.

Talking digital

Money lessons need to be adapted for digital spending. To do this it's a good idea to involve kids in the digital purchasing process when you're doing it yourself. Walk them through how it works and tell them the actual price so you can take this out of their pocket money, for example. It's also a good idea to take them to the ATM with you and explain that the money coming from the machine is reducing the amount the family has in savings.

It's never too late (or early)...

Investing from an early age can help build substantial wealth over time. So share our budget planner and speak with your kids about planning for financial success. Integrating money into your children's lives can be a positive experience—along the way they'll benefit from your knowledge and may even want to celebrate their achievements.

Our practice can create a budget and savings plan that could help.

Call us today.

ⁱ A parent/guardian can open an account in a child's name who is under 13 years of age, as long as they are a signatory. If the child is over 13 years of age, the parent/guardian must still open the account, but the child can be a signatory as long as the standard account opening requirements are met. Visa Debit, PayTag & AMPwave technology is only available to customers over 18.

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Planning a Winter escape

Australian getaways

Mid-winter is typically a time we start thinking about a holiday. The shorter days and cooler temperatures often have us dreaming of getting away from it all and taking some time out – preferably somewhere warm.

The fall of the Aussie dollar in the last couple of year's means staying local has become a more popular choice – with Australian residents taking nearly 6,000¹ more domestic trips in 2014 than in 2012.

So if a holiday is an important part of your lifestyle planning, what does Australia have to offer? We investigated some options for the traveller looking for something a bit different.

For the foodie

If giving your palate a strenuous work out sounds like your idea of heaven, then a 'Food Safari' trip could be ideal. From seafood to cheese, Wagyu beef to wine, Australia certainly has a lot to offer. Food safaris tend to be arranged through specialist tour companies where you can sample gourmet delights of your chosen region. Dining in celebrated restaurants, as well as meeting local farmers, artisans and growers of locally made produce, are all part of the experience. Some tours include cooking lessons, so you can even release your inner Matt Moran.

The great outdoors

The diverse landscape of Australia offers endless possibilities for those that enjoy being out and about. A popular option is a walking holiday – usually kept to smaller groups and ranging from four days up to up to two and a half weeks in length. It really just depends where you want to go and how long you want to walk for! Joining a group can take away the stress of having to figure out where you are going, and minimises the risk of getting lost or stranded – especially if you are heading outback. Plus you get the benefit of knowledgeable guides who can provide interesting insights into the history of the places you are walking through, enriching the entire experience. And if you want to add some luxury to your trekking adventure, look to glamping holidays – essentially luxury camping – featuring all the comforts of home in a canvas under the stars.

For those with sea legs

A sailing holiday can be something exciting and different – especially if you are used to vacationing on dry land. There are plenty of options – whether you are an experienced sailor or a novice. You can even be part of a flotilla – a group of boats all sailing together – so help is always close at hand if being on the high seas alone makes you a little nervous. The Whitsundays is a popular destination for sailing holidays – and with 74 tiny islands to explore, it's not hard to see why.

Hitting the road

Many people hire, or indeed own, a campervan. And it is an ideal way to travel around the country without paying for accommodation, and with the option of self-catering to boot. Many camping and caravan sites are situated in stunning locations. There are options for those who want isolation and tranquillity, as well as full resort style amenities – such as swimming pools and club houses. A great resource is www.campsaustaliawide.com. Wherever your destination you are bound to find somewhere to pitch up for the night here.

Off-piste

While the skiing season in Australia might not be as long as Europe, it's still very popular. Running from June to September, the New South Wales and Victorian Snowy Mountains become a hub of downhill activity. Many Australian's never get to experience snow – so it can be a very unique and unforgettable experience. So whether you are chasing the sunshine or after the big chill – staying domestic has plenty to offer.

Speak to us if you need help budgeting for your next holiday.

ⁱ <http://tra.gov.au/research/domestic-travel-by-australians.html>