



Tailor-Made Autumn Newsletter

You may be surprised to learn that a couple who are 65 have a 51% chance that at least one of them will live another 25 years to the age of 90! (Source: JP Morgan Asset Management).

The reason I raise this forecast is that it is likely that you will have a friend or family member who is concerned with the longevity risk of their retirement savings. Put simply, "will my money last my lifetime?" We have included two articles in this month's newsletter that helps discuss the issue of an ageing population and how you can prepare. I must confess getting educated about Aged Care options and the importance of budgeting are not the most exciting topics but they highlight the critical need of planning ahead and are well worth a read.

Of more local news, we would like to congratulate team member Emily Jenkins who completed a 42km walk in early March to raise funds for the Holly Burns Foundation (<https://greatillawarrawalk.com/individual/individual-1193>), fantastic effort!

It would also be remiss if I did not touch base on the recent Royal Commission into Financial Services. We welcome the recommendations and the abolishment of Grandfathered commissions and the greater scrutiny banks and other institutions will be under. Also, education standards will be raised with advisers having to be degree qualified plus undertaking a professional year.

With an election due in May and debate heating up about franking credit refunds, negative gearing changes etc, please be rest assured that we are available to answer any questions.

Ben Hatcher - Principal

Tailor-Made Financial Services

10/65 Princes Highway

(PO Box 272)

MILTON NSW 2538

P 02 4455 7800

E ben.hatcher@tmfs.com.au

W www.tmfs.com.au

Facebook TMFS1



Here's how to lead a happier life

From our beaches and outdoor lifestyle to our democracy and cultural diversity, there a lot to feel happy about in Australia.

However, living a happy life doesn't always come easy. Concerns about money, relationships and the future can often stand in the way of living the life you want. The good news is there are ways to take charge of your happiness.

Measuring happiness

It may sound simple – but what is happiness? How do we quantify happiness?

The World Happiness Report, published by the United Nations Sustainable Development Solutions Network, uses six key variables to determine a country's happiness levels:

1. Income
2. Healthy life expectancy
3. Social support (having someone to count on in times of trouble)
4. Generosity
5. Freedom
6. Trust (measured by the absence of corruption in business and government).

Countries that rank highly in these six areas tend to have 'happier' populations, with individual's reporting higher life satisfaction.ⁱ

Australia ranked highly in the World Happiness Report 2017, coming in equal ninth place with Sweden.ⁱ Norway was first, followed by Denmark, Iceland, Switzerland, Finland and the Netherlands.

Canada and New Zealand were just ahead of Australia, in seventh and eighth place, respectively. The US fell to 14th in 2016 (from third in 2007) due to reduced social support and increased corruption.ⁱ

So, as a country we're doing well – but what about happiness on a personal level?

Achieving happiness each day doesn't need to be an elusive goal. By building a sense of purpose, strong personal relationships and financial control, you could be well on your way to maximising your happiness.

A sense of purpose

Off the south coast of Japan lies Okinawa, an archipelago that boasts some of the longest living people in the world.ⁱⁱ Along with various other lifestyle factors, their pursuit of other goals lead to a sense of wellbeing and give more meaning to life.

Okinawans have a strong sense of purpose – what they call their 'ikigai'.ⁱⁱ An ikigai is what drives you to get out of bed every day, your reason for being. It could be sharing your knowledge and skills with others, looking after your family, cooking delicious food, playing a sport or musical instrument, or advocating for others.

Finding an ikigai, whatever it might be, and trying to live it each day could increase your happiness.ⁱⁱⁱ Ask yourself, what is my passion? How do I find meaning in life? When do I feel most at peace or energised?

Strong personal relationships

Enjoying close relationships with caring, supportive people is a key ingredient of wellbeing.^{iv} Having someone by your side to share your thoughts, dreams and fears with, and who makes you feel loved and valued, can help you overcome the obstacles life throws your way. But where to start?

Think about who you reach out to – or have reached out to in the past – to connect and share with. Keep in touch with these people, and put in the effort to rekindle any relationships you've been too busy for lately.

Join a group or club. From book clubs to sports teams, bushwalking groups to community advocacy organisations, joining a team that shares your passions is a great way to form a deep connection with someone – and even live your ikigai at the same time!

Financial control

Financial stress affects nearly one in three people in Australia, according to new research from Core Data, commissioned by Australian start-up Financial Mindfulness.^v

Importantly, Core Data's research showed that experiences of financial stress was not confined to low-income households but felt more widely across different salary brackets.^v These experiences of financial stress could include being unable to pay bills on time, afford a meal with friends or holiday, or raise sufficient funds in time for something important, among others.^{vi}

So, perhaps minimising financial stress isn't only about how much money you have – but how well you manage it.

While the idea of reviewing your finances and setting up a budget may provoke feelings of gloom, it could be an effective way to reduce your financial stress and increase your happiness.

If you need further assistance, we are here to offer guidance to help you to achieve your financial and life goals.

Reach out

Remember, it's not possible to be happy all the time. Many other factors play a huge role in our happiness. If things are getting you down, support is available. Contact beyondblue or call Lifeline on 13 11 14.

By finding your purpose in life, forming strong connections with others and achieving a sense of control over your finances, you can hopefully take charge of creating and maintaining your own happiness. And remember, you're already off to a good start simply by living in Australia.

ⁱ United Nations Sustainable Development Solutions Network (2017), World Happiness Report 2017

ⁱⁱ National Geographic, Blue Zones, Okinawa, Japan

ⁱⁱⁱ World Economic Forum, 9 Lessons from the world's Blue Zones on living a long, healthy life

^{iv} Australian Psychological Society (2016), APS Compass for Life Wellbeing Survey

^v Financial Mindfulness, Personal financial stress devastating Australian lives

^{vi} Australian Bureau of Statistics, 6560.0 Household Expenditure Survey, Australia: Summary of Results, 2015-2016

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Most older Aussies prefer home care over a nursing home

While nearly nine in 10 say they have a preference, less than five in 10 have discussed their wishes with their family. What about you?

According to a recent study by McCrindle, nearly 90% of Australians aged 50 and over said they'd prefer to live out their days in their own home, even though most admitted to not having given much thought to what support they'd need in order to do so.ⁱ

We look at some of the findings that came out of the research as well as what aged care options are available, so that you might be more informed around what avenues are available to you and your loved ones.

Preparation and planning are lacking

In a national survey of more than 1,000 Aussies aged 50 and over, responses revealed the following:ⁱ

- **46%** of older Aussies haven't discussed their wishes around their future care with anyone
- **75%** haven't taken any steps to ensure they'll receive their preferred means of future care
- **Around 40%** aren't confident they or the government will be able to sufficiently fund their care needs, with only 9% having a secure financial or savings plan in place
- **30%** have been involved in organising care for a parent in the past, but admit they had to make decisions quickly and with limited information.

Why conversations need to be had

Today there are more than 3.8 million Australians aged 65 and older (compared to 1.7 million 30 years ago), with that number expected to increase to 7.5 million in three decades' time.ⁱ

Australia's ageing population indicates that it's not just older people who need to prepare for future aged care needs, but all Australians, who need to talk to their families, while prioritising finances and ensuring they're informed about the services available.

In-home care the fastest growing sector

Over a ten-year period, the number of people receiving aged care in Australia grew from 189,000 to 249,000, with in-home care the fastest growing sector within the care industry, outperforming growth in residential care by five to one.ⁱ

Staying at home is a priority for many older Australians, with 74% indicating they'd likely use in-home care services and 82% saying they'd be prepared to pay for such services to live at home for longer.ⁱ

With 33% of older Aussies not aware that the government funds certain in-home care services, the research highlighted that there was a need for more awareness around aged care support.ⁱ

Aged care options available

More than 50% of Aussies over age 45 have previously or are currently dealing with aged care services for themselves, or on someone else's behalf, which is why considering your options in aged care earlier rather than later could provide you or a loved one with greater flexibility.

Each aged care service available in Australia has eligibility criteria and an assessment process which can be organised through the government's My Aged Care initiative.

Keep in mind that the costs of different aged care services vary and may depend on income and assets, as assessed by the Department of Human Services or the Department of Veterans' Affairs.

Help in your own home

If you're generally able to manage, but require some assistance, there are various home-care packages available that may help with things such as:

- getting dressed,
- catching transport,
- cooking,
- making modifications to your home, as well as a range of other things.

Short-term help

- **After-hospital (transition) care** – If you've been in hospital but need assistance while you recover, this type of service can be provided in your own home or 'live-in' setting.
- **Short-term restorative care** – This provides a range of services to help prevent or slow down difficulties with completing everyday tasks. It aims to delay or reverse the need to enter long-term care.
- **Respite care** – This service provides support for you and your primary carer when your carer has other duties to attend to, or when they're on holiday.

Residential aged care

This is where you live in full-service residences and receive ongoing care and support. If it's the best option for you, it's a good idea to research and visit several homes to find the right place for you.

ⁱ <https://mccrindle.com.au/insights/blog/older-australians-not-prepared-for-their-future-age-care/>
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6 steps to get your money stuff together

If you're like three out of four Australians, you may have started the year without a proper budget.ⁱ

Research indicates that over a third of us believe budgeting is too much effort and almost one in five Aussies say budgeting takes too much time.ⁱ

Here are some easy wins to keep you on the right track for 2019

1. Work out your goals

If you don't know what you're trying to achieve, you'll never get anywhere. And different goals need different strategies... saving for a new car is very different from building up your retirement income.

Take a few minutes to write down your goals for this year and beyond.

If your goal is to pay for this year's big trip, you'll need to start making some savings to free up some cash.

If your goal is to finance your upcoming wedding, you'll need to think about putting some money away in a fairly low-risk investment option.

If your goal is to buy a house, you'll need to work out where you can afford to live and how you're going to build up a deposit.

And if your goal is to put your kids through school, you'll need to start thinking about a long-term investment plan.

2. Go paperless

You might be the kind of person who enjoys paperwork. But for many of us the age of electronic commerce has been a game changer. Unless you want to, there's no reason to be receiving any bills or statements by snail mail.

You don't have to sort it all out today. Just make a point of every time a bill comes in, follow the simple instructions to go paperless—most suppliers offer an electronic option these days. In a few months the postie will only be stopping at your door with exciting purchases from Amazon.

3. Start a budget

We're all different. Some of us work best off a screen, some of us prefer old fashioned pen and paper.

If an Excel spreadsheet sounds too hard, there are a number of apps that can take the hard work out of paying, saving and spending.

4. Shop around for better deals

You wouldn't willingly pay more for an item of clothing when the store down the road is selling it for less. So when it comes to your home loan, your utility bills or your credit card why shouldn't the same rule apply?

Talk to your providers about whether you're getting the best deal for your particular circumstances. And if not, be prepared to take your business elsewhere.

5. Make a will

It doesn't matter what stage of life you're at, you don't want complications for your loved ones in the event anything happens to you. If your needs are fairly simple, you might want to consider setting up a will online. If your needs are a bit more complicated, your financial adviser, a solicitor or a public trustee can help.

And remember, if you experience major life changes like embarking on a new relationship, starting a family or splitting up with your partner, you need to make sure that your will is up-to-date.

6. Get your tax sorted

If you're the kind of person who's already got their receipts filed in date and alphabetical order, you can skip this bit.

But if you're like many of us, you tend to approach tax time with trepidation. Your receipts are all over the place, you've forgotten the work HR password to retrieve your payslip and you still haven't got around to looking into the Medicare levy surcharge.

It's time to get back to basics. Don't worry about how disorganised you've been in the past, focus instead on getting your affairs in order for the future. Create a simple spreadsheet for your tax receipts to make your next tax return much easier.

You'll be surprised at what difference a few really basic steps can make to your personal finances. A phone call here, an online form there...and before you know it, you'll be well on the way to getting your money stuff together this year and beyond.

If you need help getting your money stuff together, give us a call.

ⁱ <https://corporate.amp.com.au/newsroom/2018/january/new-year--new-financial-resolutions->
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