



**BELLWETHER**  
WEALTH STRATEGISTS  
INVESTMENT • RETIREMENT • INSURANCE



## June 2018

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 how to make money by turning your unwanted goods into cash and provide you with information on how to deal with financial stress and now's the time for tax planning.

If you would like to discuss any of the issues raised in this newsletter, please don't hesitate to contact us on 08 7123 2939.

In the meantime we hope you enjoy the read.

All the best,  
The team at Bellwether Wealth Strategists

### **Bellwether Wealth Strategists**

Suite 4, 8 Greenhill Road  
Wayville SA 5034

**P** 08 7123 2939

**E** [enquiries@bellwetherws.com.au](mailto:enquiries@bellwetherws.com.au)

**W** [www.bellwetherws.com.au](http://www.bellwetherws.com.au)



# How to deal with financial stress

## – nearly 1 in 3 affected

Close to one in three Aussies is feeling the pinch financially, with money worries reportedly leading to sleep loss, conflicts in relationships, isolation, as well as a range of other things.<sup>i</sup>

These were the findings from the inaugural Financial Stress Index, compiled by global research firm CoreData on behalf of Aussie group, Financial Mindfulness, which indicated financial stress is not only being experienced by low-income households in 2017.<sup>i</sup>

### Findings from the research

Statistics from the Financial Stress Index revealed the following about financially-stressed Aussies:<sup>i</sup>

- More than 66% felt money worries led to feelings of fear, anxiety and/or depression
- More than 60% felt their physical health was affected by financial stress
- About 75% said they argued about money with their partner or family
- More than 70% said they had problems sleeping due to money concerns
- Nearly nine out of 10 said they often avoided social functions due to financial stress.

### What defines financial stress?

According to the Australian Bureau of Statistics, there are two financial stress indicators—these include financial-stress experiences and missing-out experiences.<sup>ii</sup>

#### Examples of financial-stress experiences:

- You're unable to pay various bills on time
- You spend more money than you receive
- You can't raise \$2,000 in a week for something important
- You seek assistance from friends, family or welfare and community groups.

#### Examples of missing-out experiences:

- You're not able to afford a night out once a fortnight
- You can't afford a week-long holiday once a year
- You can't afford friends or family over for a meal once a month
- You aren't able to cover any recreational activities.

### Actions that could help turn things around

#### Create a budget

Writing down what you earn, owe and spend could help you to create a workable budget, and at the same time let you quickly identify areas where you could be saving.

#### Save a bit of money regularly

Even a small amount of cash deposited on a frequent basis could go a long way towards your savings goals. In fact, 41% of Aussies say they save just a little at a time.<sup>iii</sup>

#### Pay cash and avoid credit card use

Credit cards are handy but they'll often cost you as they typically charge high interest rates on top of the amount you've already taken out.

#### Put some emergency cash aside

This will help next time you bust your phone or need a last minute trip to the dentist. Plus, an emergency fund means you won't have to rely on high interest borrowing options.

#### Talk money with your partner

One in two Aussie couples admit to arguing about money<sup>iv</sup>, so if you haven't already, sit down and make sure you're

on the same page, and that both parties' goals are being considered.

#### Call other providers

You more than likely have several product and service providers, and figures show you could save more than a grand annually on energy alone just by switching from the highest priced plan to the most competitive on the market.<sup>v</sup>

#### Consider the value of a back-up plan

Whether it's life insurance, income protection (which provides up to 75% of your income if you can't work due to illness or injury), or contents insurance to cover items that may be lost, damaged or stolen, there are a range of insurances that could help should the unexpected happen.

#### Care about your future income

The government's Age Pension alone is unlikely to be able to cover a comfortable or even modest lifestyle in retirement<sup>vi</sup>, so putting a little extra into super could reduce the potential of further financial stress later on.

### Where to go for assistance

If you or someone you know are feeling financially stressed, there is help and information available. We are always here to assist. Alternatively, visit the beyondblue website or phone Lifeline on 131 114.

i CoreData / Financial Mindfulness Financial Stress Index – 2017 full press release

ii ABS – Household Expenditure Survey, Australia: Summary of Results, 2015-16

iii ASIC's MoneySmart – How Australians Save Money table 1

iv Finder – Heated conversations: 1 in 2 Aussie couples argue about finances

v Mozo: Sick of high energy bills? Aussies willing to change providers could be saving over \$1,000 a year

vi The ASFA Retirement Standard – June quarter 2017

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# Now's the time for tax planning

With not much time remaining to the end of the financial year, now is the time to start some serious tax planning.

Getting ready for tax time should go well beyond bundling receipts into a shoe box for your accountant. The run up to 30 June is a critical time for investors to take a good look at their investment portfolio.

Your goals and needs may have shifted over the year, and your portfolio needs to keep up with the right blend of assets to meet your goals. Even if nothing has changed on the personal front, investment markets don't sit still for long.

Property investors in Sydney and Melbourne for instance, have enjoyed tremendous value gains over the past few years but this may mean the weighting of your portfolio is dramatically skewed towards bricks and mortar.

If that sounds like you, bear in mind rental yields on property are sitting at just 3.7% across our state capitals, and a significant chunk of your wealth could be tied up in low-yielding assets.

## Consider new legislation

The need to review your portfolio ahead of 30 June isn't just about market performance. It can also involve taking advantage of, or responding to, new legislation.

We've heard lots of speculation recently about Labor's plan to scrap cash

refunds for excess franking credits on Australian shares.

So far, this policy has been amended to include a so-called Pensioner Guarantee that will exempt full and part-time pensioners including those who are recipients of a self-managed superannuation fund.

Nonetheless, jumping the gun and altering your portfolio based on what may – or may not – happen further down the track is a gamble, and on this particular score it could be worth taking a wait and see approach.

In the meantime, plenty has happened in other areas that could directly impact your portfolio.

As a guide, since 1 July 2017 property investors can no longer claim the cost of travel to inspect a rental property. This could be a significant downside for investors who own an interstate property – especially if part of the appeal was a tax break on an annual trip to check out the property.

Also, from 1 July 2018, those aged 65 and over may be able to contribute up to \$300,000 from the sale of their main residence<sup>i</sup> to super without the money counting towards contribution caps.

Each member of a couple can take advantage of the \$300,000 limit, potentially adding \$600,000 to their combined nest egg. It could be an option worth considering if you're thinking about downsizing.

## Get your portfolio in shape for a new financial year

Fine-tuning your portfolio ahead of 30 June can mean paying costs, and capital gains tax<sup>ii</sup> may apply to any profit you make on the sale of an investment. The upside is hitting the new financial year with a portfolio that's in tune with your goals and lifestyle.

Set a date to speak with us to review your portfolio before the end of the financial year. It can be a valuable step to ensure your money continues to work hard for you.

– 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.*

i <https://www.amp.com.au/news/2018/march/new-rules-to-benefit-those-downsizing-for-retirement>

ii <https://www.amp.com.au/news/2016/may/what-is-capital-gains-tax>

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# How to make money by turning your unwanted goods into cash

Whether it's not-quite-right gifts you've been given or the results of an annual clean out, your trash might be someone else's treasure.

A survey by online marketplace Gumtree found that Australians received more than 21 million unwanted gifts for Christmas in 2017 with an average value of \$68 each.<sup>i</sup>

If that sounds familiar, you might be among – or might want to consider joining – more than 3 million Australians who plan to sell an unwanted gift, and move forward with fewer belongings and a bit of extra spending money.<sup>i</sup>

## Why sell secondhand?

Aside from unwanted gifts, a bout of decluttering or a good clean out can also unearth saleable items you've been holding onto.

Or perhaps you're feeling weighed down by material possessions and simply want to live with less.

Whatever the reason, the good news is that in 2017, secondhand sellers in Australia collectively earned \$36.2 billion.<sup>ii</sup>

And there are plenty of buyers, with 86% of Australians saying they prefer buying secondhand over brand new, with the main reasons being that they can save money, find something unique and reduce waste by recycling useful items.<sup>ii</sup>

With the high cost of housing, electricity bills skyrocketing and wages stagnant, cost of living pressures are another reason it makes sense to find a way to put a few more dollars in your pocket.

## Where to sell secondhand

Of the 9.1 million Australians who sold something secondhand in 2017, 7.5 million did so online.<sup>ii</sup>

Consider mass market websites like eBay, Gumtree or the Trading Post, search for local buy, swap and sell groups on Facebook or specialty sites relevant to the product you're selling.

If online isn't your thing, you could always hold a garage sale, or book a stall at a local market or fete.

## Tips for selling secondhand

Wherever you choose to sell your goods, there are a few tips you should remember to improve your chances of a successful sale.

- Do your research so you can set a realistic asking price.
- Provide a detailed – and honest – description of the item you're selling, including good quality photos. The more information you give the less chance there is for misunderstandings, which could bring the sale undone.
- Ensure you respond to potential buyer's questions quickly and update the description if necessary to actively manage the sale.
- Allow potential buyers to view the item, especially if it's expensive.
- Be prepared to negotiate.

## Happy selling!

i Gumtree, Unwanted Gifts Survey, 2017.

ii Gumtree, Secondhand Economy Report, 2017.

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