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Edition 1, 2018

The business of being busy

If you want something done, don't ask a busy person

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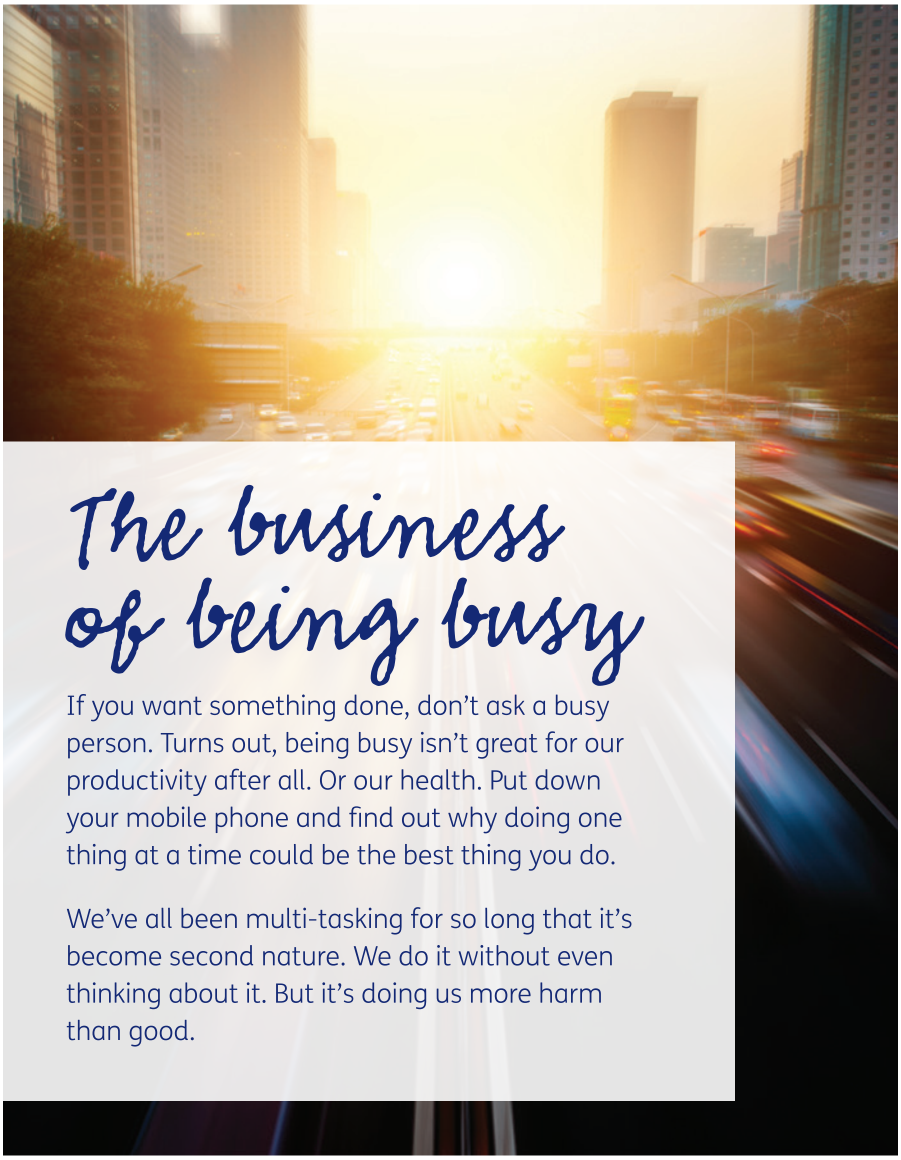

The business of being busy

If you want something done, don't ask a busy person. Turns out, being busy isn't great for our productivity after all. Or our health. Put down your mobile phone and find out why doing one thing at a time could be the best thing you do.

We've all been multi-tasking for so long that it's become second nature. We do it without even thinking about it. But it's doing us more harm than good.

What's so bad about doing more than one thing at once?

When time is money, paying attention to a single thing feels like a luxury, even a self-indulgence.

But, contrary to our expectations, the more things we try and do at the same time, and the more complex those things are, the less likely we are to be effective. Here are some of the ways multi-tasking isn't all it's cracked up to be:

It's dangerous

It's no exaggeration that multi-tasking can be fatal. Driving while using a mobile phone affects our reactions more than alcohol, according to multiple studies, including the Transport Research Laboratory in the UK.

Using a mobile while walking is also risky – distracted pedestrians account for a growing proportion of road deaths. In Sydney and Melbourne, authorities are trying to reverse the trend with in-ground traffic signals that are more noticeable to walkers with their heads down. Others are less sympathetic. Honolulu in Hawaii introduced a law last year banning the use of smartphones when crossing the street.

It's unproductive

The very reason most of us do several things at once is because we believe we'll get more done. Unfortunately, multi-tasking has the opposite effect. It's the mental equivalent of running on a hamster wheel – you spend a lot of time and energy without producing much to show for it.

Multi-tasking doesn't generally mean doing two or more activities at the same time, but instead involves switching between them at rapid intervals. Adjusting between the activities takes the brain time and while that might only be a fraction of a second, it adds up to 40% lower productivity, according to cognitive scientist David Meyer of the University of Michigan.

It's harder to learn

When we shift quickly between multiple activities, each one distracts us from concentrating on the others. Not only that, but our brains process the information differently, changing the way we learn.

Instead of using the part of the brain that stores and remembers information, when multi-tasking we use the part of the brain responsible for processes and skills. Studies have found that multi-tasking reduces the level of information we remember about those activities.

It's tiring

Every time we shift our attention between activities, it uses energy – specifically, oxygenated glucose, which fuels our brains. The more we shift attention, the more tired we become. And the more brain power we use on switching focus, the less we have left to use for the task at hand.

Conversely, taking a break gives the brain a chance to recharge, restoring energy and providing resilience to get through the next session of work.

It's stressful

Rapidly switching between activities results in our bodies releasing cortisol, known as the stress hormone.

On top of that, the results of multi-tasking, such as reduced productivity and more mistakes, contribute to increased stress.

It reduces our judgement

Multi-tasking doesn't just change how we absorb and retain information, but how we think.

Complex thinking ability and creativity are reduced. We're more likely to make mistakes. And we're worse at screening out irrelevant information, which makes us even less productive, and open to further distraction. It could even change our brain over the longer-term.

It's rude

If you've spent time with a person who's more interested in their phone than in you, you'll know it's not a pleasant feeling. The greatest way to show respect is by paying somebody your undivided attention.

If multi-tasking is so bad, why do we do it?

Just as eating sugary food triggers a temporary high that encourages us to consume more, multi-tasking is physically rewarding even while it's causing harm.

We're biologically programmed to respond to distractions. They can help us escape a dangerous predator, or alert us to a distressed baby. The trouble is, modern life holds thousands more distractions than those that keep us safe. Being busy is a way of life, an expectation, and sometimes even a marker of status.

Put simply, multi-tasking is an easy and addictive habit to fall into.

Breaking the habit

Stopping multi-tasking altogether isn't likely to be a realistic goal for most people. However, knowing the impact it can have, and having ways to sharpen your focus when it counts, are steps in the right direction.

One of the single biggest differences is to turn off alerts and notifications on your computer, smartphone and other devices. Checking notifications releases dopamine in the brain, and the rush of finding something interesting cements the association, prompting us to keep on checking. Even ignoring a notification distracts the brain.

When you take some more time to smell the roses, you might be surprised how much better you feel – and how much more you get done. *

Too busy to plan for your financial future?

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Other ways to help focus on one thing at a time:

- ✔ Set a timer and focus on a single activity for 25 minutes to an hour.
- ✔ Take regular breaks, and let your mind wander – but try to stay offline.
- ✔ Use a blocking app, like Cold Turkey or SelfControl, to help if you need to.
- ✔ Write down distractions to free up your mind from remembering them.
- ✔ Group similar tasks, like responding to emails, instead of doing them as they come up.

SUPER CHANGES ON THE WAY FOR BOTH THE YOUNG AND MORE MATURE

Back in May last year in the 2017 Federal Budget, the Government proposed to make changes to superannuation laws in an attempt to improve housing affordability.

To assist young Australians to enter the property market, the First Home Super Saver Scheme (FHSSS) gives first home buyers the opportunity to access some of their superannuation funds to pay for a home deposit. Secondly, a new 'downsizer contribution' will be available as an incentive for those 65 years and over to sell their home and invest in super with the aim of 'freeing up' more properties for the younger generations.

These two proposals have now become law. Below we discuss each change in more detail and illustrate how these new rules may be beneficial to you, whether as a first home buyer or a retiree looking to enhance your retirement savings.

ClearView's Technical Manager
Melinda Bendeich

First Home Super Saver Scheme (FHSSS)

The FHSSS allows individuals to effectively save for their first home inside superannuation. From 1 July 2017, voluntary contributions can be made of up to $15,000 per year and $30,000 in total into your superannuation account and you will be able to withdraw these contributions, plus deemed associated earnings, when you are ready to buy or build your first home.

The Government claims that this could boost house deposit savings by up to 30% compared to saving through a standard bank account given the tax benefits of using pre-tax dollars for contributions, the low 15% tax on earnings within super and the potential for higher returns in super funds relative to standard deposit accounts.

To be eligible for the FHSSS, you must be over 18 years of age and have never owned any type of property in Australia. However, if you are purchasing a property with another person who has previously owned property, the FHSSS is still available as it is an individual test.

The Australian Taxation Office (ATO) will administer the scheme and advise super funds of how much can be released after taking into account contributions tax. This release can be requested when you have a contract to buy or build your first home within the next 12 months.

Generally, withdrawals will be taxed at your marginal tax rate however a 30% tax offset will apply. Importantly, withdrawals will not be assessable by Centrelink or the Department of Veterans' Affairs and there will be no impact on payments such as Family Tax Benefits.

Case Study

Reagan rents a studio apartment and is on an annual salary of $100,000. She is keen to buy her first home.

If Reagan made an annual voluntary salary sacrifice contribution of $10,000 for three years and after allowing for 15% contributions tax, she would have $24,777 to withdraw from her super according to the First-home buyers' super saver scheme estimator tool (www.budget.gov.au/estimator/).

This is estimated to be $6,191 more than would have been available saving via a standard deposit account using after-tax salary.

Downsizer Contributions

Australians aged 65 and over who sell the family home to free up equity to fund their retirement will be able to make an additional contribution of up to $300,000 into super. Both members of a couple can take advantage of this rule for the same home, resulting in a total possible contribution of $600,000 per couple. This measure will apply where the contract for the sale of the home is entered into (exchanged) on or after 1 July 2018.

Contributions made under this new legislation will not count towards other super caps. Additionally, no work test or age restrictions apply but you must have owned your home for at least 10 years and it must be your principal residence.

It's important to be aware that you may risk losing some or all of your Age Pension. While the family home is exempt from the Asset Test, the $300,000 you contribute to super as a result of downsizing will be an assessable asset. This may impact your pension entitlements.

Finally, to be eligible to make a downsizer contribution, there is no requirement to purchase a new home. This may provide retirement planning opportunities that were not previously available to those over 65 years of age and retired.

Case Study

Frank and June are both 65 and are about to retire. They have owned and lived in their home for 20 years valued at $800,000. They own a holiday home on the coast and plan to relocate to this property at retirement.

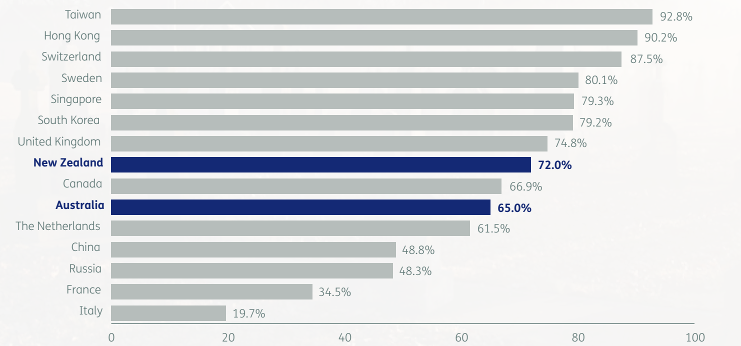
Upon the sale of their principal residence for $800,000, as they don't require the sale proceeds to purchase a new property, Frank and June are able to contribute an additional $300,000 each (total $600,000 from the sale proceeds) into super to help provide for their retirement. They are not limited by the standard $100,000 pa cap that normally applies to those 65 and over.

GRAVE DECISIONS:

LIFTING THE LID ON THE FUNERAL INDUSTRY

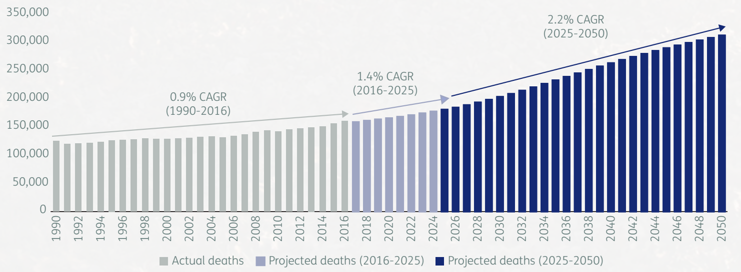
Death marks the inevitable end of life but for grieving families it's also the start of a journey through an often complex funeral industry.

Cremation statistics



Source: The 2015 NFDA Cremation and Burial Report: Research, Statistics and Projections (July 2015) and The Cremation Society of Great Britain (International Cremation Statisitcs 2014).

Mortality rates in Australia



Source: ABS (3101.0 Australian Demographic Statistics, Dec 2016) for Actual deaths and ABS (3222.0 Population Projections, Australia, 2012 (base) to 2101) for projected deaths.

Funerals are big business.

Australians spent an estimated $1.1 billion on funeral services, associated products such as coffins, and cemeteries and crematoria services in fiscal 2017, according to consultant IBISWorld.

But navigating the funeral industry after the death of a loved one is a major challenge given complex decisions often need to be made while under heavy emotional duress.

"It was a fairly cosy industry where established brands were dominant in their respective markets and didn't compete too heavily against each other outside of their patch," funeral industry consultant Martin Tobin, who previously led Victorian-based funeral company Tobin Brothers for twelve years, says. "But it's become really competitive over the past 25-30 years."

Traditional church burials, which can include expensive (and often profitable) items such as a service, coffin and headstone, have declined with falling church attendance, while simple funerals involving a home celebration and lower-cost cremations are on the rise.

But while some are seeking simplicity, others still want extravagance – although defined for a modern era. Celebratory, non-religious services, which include all the hallmarks of a big event such as catering and music, are also becoming more popular.

"We are now creating amazing events for people to say goodbye to their loved ones," says Carly Dalton, president of The Association of Independent Funeral Directors (AIFD). "People want really unique events at yacht clubs, restaurants, and vineyards, with lighting, audio-visual sound and all the technology."

Those providing the services are also changing. Small, family-run businesses dominated the industry until recently.

But InvoCare, which listed on the ASX in 2003, now holds almost 40% of the local market. It posted a 9.9% lift in operating earnings to $51.9 million in the first half of 2017. The company owns many well-known national brands after acquiring dozens of businesses over the years.

A new rival, Propel Partners, also recently listed on the ASX, and plans a similar acquisition strategy to InvoCare, which has become more constrained by the concerns of the competition regulator.

However, customers may not always benefit from the trend towards corporatisation, according to a recent University of Sydney Business School report.

It found the average price for a basic funeral in NSW had increased by 21%, or nearly $1,000, since 2009 to $5,758 in 2016. Higher prices are charged along the east coast, where the cost of land is higher, and by organisations that are part of the InvoCare group.

"While large providers such as InvoCare can exploit economies of scale for support activities or vertically integrate, the price of an InvoCare funeral was more expensive than other providers on average," the report said.

The report raised broader industry pricing concerns given few providers make their prices available online or in advance of a death.

However, Dalton says baby boomers are starting to shop around.

"The internet is playing a huge part in opening up the marketplace and allowing consumers to have more choice with regards to their funeral care options. Baby boomers and their families are looking for value for money and highly personalised services and they are not afraid to shop around and discuss their unique funeral care needs and requirements."

This is an important step given many families first meet a funeral director within 24 hours of a family member dying – a time when shock and grief can lead to quick decisions. However, family members preparing for a funeral should still ask for an itemised price list over the phone before meeting with a funeral director.

Many funeral homes and funeral directors help families during a naturally difficult time, but the key is paying for only those services you truly want and need. ✱

Speak to your financial adviser to make sure that you have the appropriate levels of insurance for peace of mind.

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Insurance can pay off – if it's the right type

Given the cost of even a simple funeral can amount to several thousand dollars, many people prepare or pay for their funerals in advance. It can alleviate much of the administrative and financial burden for grieving families but there are also potential pitfalls to avoid.

Funeral insurance is simply a form of life insurance that is marketed for a specific purpose – to pay for a funeral. However, an ASIC survey in 2014 found issues with the cost, design, marketing and sales of funeral insurance, which resulted in consumers cancelling almost 55% of policies in the first year.

The corporate regulator also found that premiums often increased sharply with age, trapping older people in an unaffordable product at a time when their income is fixed or falling.

Life insurance is a valuable and necessary form of protection for most people, however, the cost of a funeral is just one component to cover. A life insurance product should meet your specific needs while other forms of important insurance, such as total and permanent disability, trauma, and income protection, should also be considered when taking out a policy.

Prepaid funeral plans, which fix the cost in today's dollars, offer another increasingly popular alternative.

InvoCare manages more than $507 million in funds from people who have signed pre-paid funeral contracts and, in the 2017 half year, the company's sales of prepaid contracts exceeded redemptions by 24%.

Prepaid funeral plans are regulated by state and territory consumer affairs agencies, although the recent University of Sydney Business School's "It's your funeral" report also recommended the industry introduce a new standard to stop predatory practices such as 'up-selling' at the point of delivery.

Saving via a bank account remains an effective and simple strategy to pay for the cost of a funeral. See ASIC's Moneysmart website for a brochure comparing different investment strategies to pay for your funeral.

Travel savvy: how to save money and reduce your risk overseas

Retirement is the new gap year. Australians aged 65 to 69 spend more on travel than any other age group, and their combined spending on travel and leisure activities makes up 18% of their total annual expenditure, according to the Milliman Retirement Expectations and Spending Profiles (ESP) report.

Whatever your age, some advance planning can save you time and money when you travel overseas.

Plan for the best…

How you spend money when travelling can make a big difference to your holiday budget – and that's leaving aside the souvenirs you buy to bring home. Fees, charges, and foreign exchange rates can all eat into your funds.

There are ways to take money with you that lessen the sting in the tail. They include prepaid travel cards, which can be stocked before you leave home with multiple currencies, locking in exchange rates, and providing the convenience of a regular debit card.

Withdrawing cash from foreign ATMs can attract heavy fees, and buying currency at airports, hotels and tourist centres often offers the worst exchange rates. Prepaid travel cards may have a cash withdrawal option which provides better value. Don't forget to let your banks know where you'll be travelling before you leave, to avoid them blocking your card if they mistakenly think your international transactions are suspicious.

Being prepared can also help if a credit card is lost or stolen. Take a photocopy of the front and back of each card you'll take with you, as well as your passport and other important documents, and keep it with you somewhere safe that isn't your wallet.

Having a backup debit or credit card is also good protection. And always carry some cash for times when payment by card isn't available.

Prepare for the worst…

Whether your trip involves lounging by a hotel pool or hiking through the wilderness, there's one thing all travellers should have in common – travel insurance. The Australian government puts it bluntly: "If you can't afford travel insurance, you can't afford to travel."

Putting aside some extra funds for emergencies is helpful, but is simply no replacement for a comprehensive policy. If you become sick or injured while outside of Australia, the cost can quickly add up.

It pays to shop around when looking for travel insurance – not only can the price vary widely, but so can the terms and conditions.

Staying in touch

Being without a mobile phone can make it tough to call friends and family at home, or travel companions while you're away. But it's worth checking the costs to make calls, send text messages, or use online data internationally before you travel. Many mobile plans don't include international usage in capped costs, and those that do can gobble up the limits quickly.

Medicine

Protect yourself against falling foul of other countries' drug laws by getting a letter from your doctor listing any medication you take, together with its dosage, and a copy of your prescription. Keep all medicines in their original packaging when travelling, and carry them in your hand luggage. *

Want to make your travel dreams a reality?

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