



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

## Spring Newsletter 2017

Welcome to the Spring edition of our newsletter.

Our articles cover a range of topics which we hope you will find of interest. These articles may not impact on you directly but from previous feedback many of you have found these to be of benefit for family members and friends. We would encourage you to forward any relevant articles on to them as you see fit.

If you would like to discuss any of the information outlined please do not hesitate to contact us and please remember that your feedback is always appreciated.

Wishing you a wonderful Day.

Kind Regards,

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# Prepare for retirement without missing out today

If you're looking for a way to start saving for your retirement, but still enjoy your lifestyle today, you're not alone. Recent research shows 54% of Australians aged 55-64 want the same thing.<sup>i</sup>

No doubt you already have a cashflow system in place, but perhaps it's time to revisit it. It could be the first step to achieving your retirement goals, and really can make a difference to your bottom line.

Some of the things you can do to fine-tune your cashflow, and make sure it's working as hard for you as possible, include:

- **Reviewing your goals**

Make sure you're clear on what you'd like to achieve now, and in retirement, so you know what you're aiming for.

- **Reviewing your spending habits**

Take a step back and look at how your money is coming in and going out of your account. This will give you a clear idea of where you can find ways to manage your expenses more tightly and add more to your savings.

- **Looking for new ways to manage your money**

There are new tools and systems regularly becoming available, helping you streamline the management of your money. Do some research to find one that suits you, so you can keep on top of your money with less effort.

## **Live for today, plan for tomorrow**

We can also help you take a fresh look at the way you're managing your money. We can work with you to improve your spending and saving habits, with the aim to help you achieve longer term goals. You'll:

- Have access to an expert who can cast a fresh eye over your cashflow, and help you set it up for the future.
- Get a better understanding of your spending habits alongside someone who can analyse where the sticking points are.

- Create a workable budget that fits your lifestyle and priorities.
- Save money by exploring the different saving options available to you.
- Save time with access to tools and tips that can help organise and automate the management of your money.
- Stay on track with agreed regular check-ins, to make sure you continue to head toward your goals.
- Have help to meet other goals once your cashflow is in check.

## **Make a start with these small steps today.**

After all, if you look after the cents, the dollars will look after themselves.

<sup>i</sup> The Interpreters. AMP Segmentation and Goals research 2017. 1955 respondents.





# Simple money steps for women

The same approach to managing day-to-day money can be applied to long-term investments.

It was Carrie Bradshaw, of *Sex and the City* fame, who said: 'I like my money where I can see it – hanging in my closet.'

While that might sound trite, it's not far from the truth for many women. Most of us are more comfortable dealing with day-to-day money and the tangible things it can be used for, than longer-term financial investments, such as super, which seem to exist only on an annual statement.<sup>i</sup>

By contrast, research has found men are more likely to hoard their money than women,<sup>ii</sup> and enjoy seeing their long-term finances accumulate.

But by using the knowledge that comes from managing day-to-day money, women, too, can take control of their financial future.

## The relationship women have with money

Contrary to popular opinion, most women don't lack confidence when dealing with money – in fact, more than 50% of women across all age groups describe themselves as very organised in managing everyday money.<sup>iii</sup>

The majority of women list providing for the day-to-day needs of their family as their top money priority, followed by providing for their children's educational costs, having a comfortable retirement, living life to the fullest and saving for a holiday.<sup>iii</sup>

## The disadvantages women face

Having a comfortable retirement is high up among women's money priorities,<sup>iii</sup> but as most women would know they face some unique challenges to building an adequate retirement nest egg.

Among full-time workers, men in Australia earn around \$17,000 more than women each year in their base salary, but this extends to \$27,000 when assessing total remuneration, including super, overtime, bonus payments and other discretionary pay.<sup>iv</sup>

The result of these lower earnings – along with women taking time out of the workforce

to raise children or to look after ageing parents – is that at retirement age, women have less super on average than men: \$180,013 compared with \$321,993.<sup>v</sup>

In fact, across all age groups, Australian men have more super, and a quarter of women have no super savings at all.<sup>v</sup>

## How to take action

Luckily, you don't need to be a financial expert to address this imbalance. And research has shown that women in general have a great deal of resilience in overcoming financial challenges.<sup>vi</sup>

There are some easy steps you can take by adapting behaviors from your day-to-day money management, to get some small wins for your financial future.

## Check your super balance

If part of your regular money routine is to stay on top of your account balances, you can do the same with your super balance.

Most funds let you check your balance online – if your super's with AMP then login to My AMP at <https://secure.amp.com.au/wps/portal/sec/login/> via desktop or the app to see how much you've got.

## Do a lost super search

If you're on a tight budget where every dollar counts, you'd want to find any extra money belonging to you, right?

The same situation can apply to your super, as you may have lost super sitting in an account you've forgotten about from previous jobs. Search for lost super at <https://www.amp.com.au/amp/info/campaigns/super-search> to boost your retirement savings here.

## Consolidate your super

Just as you probably wouldn't set up multiple savings accounts to save for the same holiday, it doesn't make much sense to have multiple super funds.

Consolidating your super will make managing it easier and may also reduce the amount you pay in fees.

## Consider topping up

Once you know your super balance you can determine whether you're on track to have the kind of retirement you want at [www.amp.com.au/super/supersimulator/#/](http://www.amp.com.au/super/supersimulator/#/)

If you decide you want to give your super a boost, consider setting up a salary sacrifice. Salary sacrifice is an easy, set-and-forget way to add to your super, with the money coming directly out of your before-tax pay.

Before-tax super contributions are generally taxed at 15% and because this is typically lower than most people's personal income tax rate, it may be possible to reduce what you pay in tax.

You can nominate the amount you want to contribute, either as a one-off payment or from each pay, and it can be arranged by your employer's payroll office. It can also be easily cancelled at any time should your financial circumstances change.

## Next steps

By adopting these tools it's easier to take control of your financial future. Or for more help you can check out the Women's Money Toolkit at [www.moneysmart.com.au](http://www.moneysmart.com.au), which provides tips and tools to help you manage your money across a range of life stages, such as buying a home, starting a family, caring for elderly relatives, preparing for retirement and even following the loss of a partner.

***But if you'd like the help of an expert in managing your long-term finances, speak to us.***

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i <http://www.womensagenda.com.au/talking-about/opinions/stop-the-fear-based-messaging-when-discussing-female-financial-literacy/VZyKWueJB39>

ii <https://link.springer.com/article/10.1007%2Fs11205-014-0756-x>

iii <http://www.financialliteracy.gov.au/media/558801/women-and-money-across-the-generations.pdf>

iv [https://www.wgea.gov.au/sites/default/files/BCEC\\_WGEA\\_Gender\\_Pay\\_Equity\\_Insights\\_2016\\_Report.pdf](https://www.wgea.gov.au/sites/default/files/BCEC_WGEA_Gender_Pay_Equity_Insights_2016_Report.pdf)

v [http://www.abs.gov.au/ausstats/abs@nsf/Lookup/by%20Subject/4125.0--August%202016--Main%20Features--Economic%](http://www.abs.gov.au/ausstats/abs@nsf/Lookup/by%20Subject/4125.0--August%202016--Main%20Features--Economic%20)

vi [https://www.academia.edu/31292558/WOMEN\\_AND\\_MONEY\\_IN\\_AUSTRALIA\\_ACROSS\\_THE\\_GENERATIONS](https://www.academia.edu/31292558/WOMEN_AND_MONEY_IN_AUSTRALIA_ACROSS_THE_GENERATIONS)



# Should you lend money to family?

## What you should consider before handing over your hard earned savings

You're probably fairly used to helping your family out with a little extra cash here and there. Whether it's pocket money for doing chores, or money to pay phone bills, go see a movie or buy clothes, for example.

But what happens when they put their hands out for help to buy the big ticket items? They might want some money to buy a car, pay for a holiday or even get a deposit together to buy their first home.

The question is, even if you can afford to help your family financially, should you? It could provide them with a helping hand that'll really make a difference, but you also must ensure your needs are looked after and you're not leaving yourself short.

### Here are some things to think about:

- **Discuss how the money is going to be used.** Is it something they could save up for or do they genuinely need your help?
- **Decide if you want the money back.** Even if you can afford it now, think about whether you might need the money for other expenses or commitments later.
- **Agree on the terms of when and how the money will be repaid.** If you decide on a loan, discuss how and when the loan could be repaid by, plus whether you will impose any sort of penalty (such as interest), if it's not repaid on time.
- **Write it down.** This might sound overly formal, but it sets the ground rules for making a true commitment to repay the loan.
- **Talk early and often to identify potential issues as they come up.** Don't wait until minor issues, such as late payments, become more serious.

- **Give them a refresher on managing money.** This is a good way to really embed the principles of needs versus wants. Ask your family to work out how much they could put aside by using the AMP savings calculator.<sup>i</sup>
- **Ask for advice.** If you're lending a significant amount of money, you might want to check with your solicitor if there could be legal repercussions, including what happens to the loan if your child gets married or is in a de facto relationship.

### Providing financial support in other ways

#### Gifting

It's a great, tax-free way of helping your family when they need financial help.

Just make sure you think carefully about whether your gift will put a dent in your retirement savings and if you'll have enough for the lifestyle you want to lead when you wind down from work. Try the AMP retirement simulator to find out how much you'll need.<sup>ii</sup>

Also consider the impact on your Centrelink entitlements. If you're receiving benefits, such as the Age Pension for example, a loan or gift to your child may impact on your payments and your financial security. You must tell Centrelink about any gifts or transfers within 14 days of when they have occurred.

#### Going guarantor

This is one way to help your family own their tomorrow whether it's buying a car or first home, but be careful not to put your own home or lifestyle at risk in the process. Make sure you only go guarantor for an amount that you can comfortably afford to pay if your family defaults on payments.

#### What else to consider

Whatever option you choose to help support your family:

- Make sure the loan or gift is within your budget and won't affect your everyday lifestyle or retirement.
- You and your family might be interested to know that the new AMP Bett3r Account can help you manage your money with pay, save and spend accounts.<sup>iii</sup>
- Consider taking out insurance to cover you, or your family member, in the event of unforeseen circumstances.
- It's a good idea to get in contact with us if you would like to discuss your circumstances.

<sup>i</sup> [www.amp.com.au/personal/tools-and-calculators/savings-calculator](http://www.amp.com.au/personal/tools-and-calculators/savings-calculator) or budget calculator at [www.amp.com.au/personal/tools-and-calculators/budget-planner-calculator](http://www.amp.com.au/personal/tools-and-calculators/budget-planner-calculator)

<sup>ii</sup> [www.amp.com.au/amp/info/systems/calculator-updates#/?](http://www.amp.com.au/amp/info/systems/calculator-updates#/)

<sup>iii</sup> [www.amp.com.au/personal/banking/products/everyday-accounts/amp-bett3r-account](http://www.amp.com.au/personal/banking/products/everyday-accounts/amp-bett3r-account)