Newsletter - January 2023

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 5 ways to create your own good fortune this Lunar New Year and provide you with information on How to trick yourself into saving money and Guide to your preservation age.

If you would like to discuss any of the issues raised in this newsletter, please don't hesitate to contact us.
In the meantime we hope you enjoy the read.

All the best,
Planet Wealth

Planet Wealth
18 Boronia Dr Glen Waverley Vic 3150
P 1300 004 254
E info@planetwealth.com.au
W www.planetwealth.com.au
Facebook Planet.Insurance.Australia
Twitter alisplanet

Planet Wealth Pty Ltd (ACN 137 467 362) as Trustee of the Planet Insurance and Financial Planning Unit Trust ABN 15 757 194 605 is an Authorised Representative and Credit Representative of AMP Financial Planning Pty Limited ABN 89 051 208 327 Australian Financial Services Licence 232706 and Australian Credit Licence 232706. Any advice contained in this document is of a general nature only and does not take into account the objectives, financial situation or needs of any particular person. Before making any decision, you should consider the appropriateness of the advice with regard to those matters. If you decide to purchase or vary a financial product, your advisers, our practice, AMP Financial Planning, its associates and other companies within the AMP Group may receive fees and other benefits, which will be a dollar amount and/or a percentage of either the premium you pay or the value of your investments. Ask us for more details. If you no longer wish to receive direct marketing from us please call us on the number in this document and if you prefer not to receive services information from AMP, you may opt out by contacting AMP on 1300 157 173. To view our privacy policy visit www.amp.com.au

5 ways to create your own good fortune this Lunar New Year

The Year of the Rabbit is here! If you're wondering about your chances for money and success, things you do yourself could play a part.

The Lunar New Year kicks off on 22 January 2023, as we usher in the Year of the Rabbit. Ancient traditions tied to this event are believed to encourage health, wealth and prosperity for the year ahead. If you're looking for additional ways to enhance your good fortune, here are some money tips you may like to consider.

Spring-clean your finances

For many people, traditional preparations for Lunar New Year might include cleaning the house, with the idea to sweep away ill fortune and make room for good luck. It may also be an ideal time for a financial clean-up.

One way to do this could be to create a budget for yourself or update the one you have currently. Having a clear view of your income, expenses and any luxury items you like to indulge in may help you to identify where you might cut back so you're able to create a solid foundation for building wealth in 2023.

Create your own luck

The fifth day of the Lunar New Year festival is generally the Welcome Day for the God of Wealth. While people make offerings to the God of Wealth, there are beliefs that great wealth is earned and to be wealthy you must work hard and work smart.

With that in mind, it may be possible to create your own luck by planning ahead and tucking money away for a rainy day, emergency event or future investment. A little honey pot could give you peace of mind and reduce the need to apply for a loan or ask someone you know for money in the future.

Reduce lingering debt

Just like a rabbit is known for being curious and high spirited, they are also active diggers, so whether you were born in the year of the rabbit or not, if you have any debt, now may be a good time to dig yourself out and minimise any debt you might have.

While it may not be possible to completely rid yourself of debt in 2023, you could set yourself a goal to work towards, whether it be paying off a personal loan or credit card.

Be wise about the future

An old Chinese proverb says it's wise to "dig the well before you are thirsty", meaning there's wisdom in preparing for the inevitable.

This idea can also be applied to your superannuation. Making additional contributions now, if you're in a position to, could help you to achieve the financial future you're hoping for. If you want to know more about what you might do in this space, look into the different super contribution types, limits and benefits.

Seek appropriate guidance

Rabbits are often considered skillful, kind, patient, and very responsible. Whether you identify with these traits or not, seeking a bit of guidance, so you're financially on track to make 2023 a prosperous one, may be a good idea.

Check in with us to find out how we can help you create your own good fortune this Lunar Year.

In the meantime, happy Lunar New Year to all!

© AWM Services Pty Ltd. First published Jan 2022

How to trick yourself into saving money

Impulse purchases and buyer's remorse often go hand in hand. But if you take a week (or a month) to reflect on your spending, you could see a noticeable boost in the funds accumulating in your savings account. Enter, the Seven-day Rule.

Don't reply to text messages after you've had a glass of wine and take a deep breath before confronting someone when you're upset. These are both common social strategies relied upon to make you think – with reflection and clarity – before making a rash decision that could cost you something you value. Think of the 'Seven-day Rule' as the financial equivalent of pressing pause on your reply or putting your phone down before hitting send.

Impulse purchases

Most of us have been in a situation where we spot something shiny and expensive that we'd really like to have: a new phone, some make-up, an expensive outfit, or maybe a new pair of skis. But in these impulse situations we often spend money based on emotions, rather than our budgeting goals. We get swept up in the excitement of having a new toy.

Many of us go ahead and make the purchase. In fact, 84 % of all shoppers have made impulse purchases, with this equating to almost 40 % of all money spent on e-commerce.[i]

Research also shows that about half of us regret the purchase almost as soon as we've made it.[ii]

Delay gratification

The goal of the 'Seven-day Rule' is to stop impulse purchasing and give yourself a 'cooling-off' period to think about how much joy the item will bring to your life. You're not denying yourself – you're just delaying the potential gratification.

The idea is surprisingly simple: If you see something you want to buy, but haven't budgeted for it, walk away for a week.

Over this time, ask yourself if you really need the item. If, after seven days, the answer is yes, you can go back and buy it. If you've forgotten about it, then your time away from the stores has saved you from facing buyer's remorse.

Cooling-off period

When you've put the item back on the shelf (or closed that online shopping browser), do a few things:

- Write what you want to buy on a piece of paper, along with the price, date and store name.
- Stick the note on your fridge, so you can re-address it in a week.
- Do some further research online – chances are you can find significant discounts or better models elsewhere.
- You could then consider transferring the cost of the item from your everyday bank account to your savings account.
- Do you really want to buy that jacket in a week and spend money that is now going toward a larger savings goal, like purchasing a new car?

The '30-day rule'

The Seven-day Rule concept won't work for every purchase you make, so set yourself a financial hurdle – say, walk away if the item in question costs more than $100. Then make this hurdle scalable: if your potential purchase is $300 or more, elevate the cooling-off period to 30 days.

Giving yourself a month to evaluate your spending also means you have the time to set yourself a financial challenge. Say you have your heart set on a pair of shoes that costs $350. Rather than taking the money from your savings account, why not see if you can save that amount from scratch?

For example, you'd need to set aside around $12 a day for 30 days to save $350.

For more budgeting tips, contact us today, we're here to help.

i,ii https://www.invespcro.com/blog/impulse-buying/

© AWM Services Pty Ltd. First published Jan 2020

Guide to your preservation age

If you're thinking about retiring, it can be helpful to understand what your preservation age is and how it affects your ability to access your super.

What is preservation age?

Your preservation age is generally the earliest age you can access your super, and it's calculated based on your date of birth. It's called preservation age because your super is a preserved benefit – locked away until you reach a certain age. You can find out your preservation age below.

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From 1 July 1964	60

Once you reach your preservation age and meet a condition of release such as retiring, you can start accessing the retirement savings you've been accumulating during your working life. It's worth noting preservation age is different from the Age Pension eligibility age, which also depends on your birthday. Age Pension. eligibility is currently set at 66.5 years but will change to 67 years on 1 July 2023.

Do I have to retire when I reach preservation age?

No. Your preservation age doesn't need to be the age you retire unless you want it to be. If you're willing and able, it's possible to carry on working beyond your preservation age.

If you continue working, you can keep building up your super by making personal deductible contributions, or if you are an employee, this can also be achieved through employer contributions (using the Super Guarantee rate, if eligible), or salary sacrifice contributions.

What can I do once I reach preservation age?

If you've reached preservation age and meet a condition of release, you can access your super. Some options have restrictions on the amount of super you can access. Here are some common options:

Starting a transition-to-retirement (TTR) income stream or pension

Under this condition you can access some of the super you've saved via regular payments once you reach your preservation age, while continuing to work full-time, part-time or casually.

Retiring from the workforce

Once you've met a retirement condition of release, there are no restrictions and you can access the full amount of your superannuation savings. The definition of retirement can be different depending on your age:

Retirement before age 60
Once you've reached your preservation age, and you're permanently retired, you will be able to access your superannuation without restrictions. You'll likely have to make a declaration to your super fund that you don't have any plans to work (for an income) again.

Stopping an employment arrangement after you reach 60

From age 60, you can leave your job (but not officially retire), and don't have to make any declaration about your future employment intentions. You can access your super and, if you wish to at some point, return to work. However, any earnings or contributions accrued after you leave your job can't be accessed until a fresh condition of release is met.

Turning 65
Whether you're still working or not, once you've reached 65, you can access the full amount of your super.

There are also some specific circumstances not related to retirement, such as financial hardship, where the law allows early access to your super, even if you haven't reached preservation age.

What's the best way to access my super?

This will depend on your circumstances, the kind of lifestyle you want and how long you'd ideally like your savings to last.

Drawing on your superannuation in the form of a pension is a common option. A pension is a series of regular payments made as a super income stream. There are different types of pensions to suit your needs and circumstances such as transition to retirement pensions or account-based pensions (also known as allocated pensions).

You can also choose to receive your super via an annuity, or as a lump sum. Find out more about the different types of retirement and superannuation pensions. An account-based pension or annuity is a retirement income stream that pays out your super savings but will stop once your super savings are depleted, or if you convert your income stream to a lump sum.

It's worth considering how withdrawing super can affect your tax, and any Centrelink payments (including the Age Pension). Remember, your super is entirely separate to the Age Pension. Depending on your financial situation, you may be entitled to a full or part Age Pension from the government, or nothing at all.

Where can I get more help?

Doing your research and making a plan for your retirement can help ensure you're making the most of the options available. You may like to speak to us today for more help.

© AWM Services Pty Ltd. First published Jul 2021