Don't roll the dice, Get advice!

Prepare for Life

Spring 2024

IN THIS ISSUE

Freshen up your personal & professional life

As the seasons change and the air fills with the promise of renewal, it's the perfect time to have a clean out—not just for your physical space, but for your life and career as well.

Spring cleaning isn't just about dusting shelves and organising files; it's about refreshing your mindset, optimising your processes, and ensuring that both your personal and professional worlds are in top shape. Here are some ideas to help you revitalise your life as we move into the warmer months.

Declutter your physical and digital environments

Start with your physical workspace. Clear out the clutter that has accumulated over months of hard work. A tidy workspace not only improves productivity but also clears mental clutter, allowing for better focus and creativity. Organise your files, shred unnecessary documents, and create a system that makes everything easily accessible.

Extend this decluttering to your digital life. Clean up your email inbox by unsubscribing from unnecessary emails and set up rules to automatically organise emails into folders. Streamline your phone by deleting unused apps, grouping them by categories as well as reviewing your contacts and deleting old ones. Make sure everything you need is being backed up properly.

Streamline your life and get organised

Next, it's time to look at where you spend your time. Spring cleaning your life means being ruthless with your time management. It's said that a small portion of our time and effort (20%) generates a significant part of our results (80%) so focus your efforts on those activities that yield the most effective outcomes. Evaluate your commitments and activities—are they truly adding value to your personal or professional growth? Learn to say no to tasks or obligations that don't align with your goals or values. This will free up time for activities that truly matter.

Then it's time to get organised. Allocate time for the important stuff. Review your calendar and update it with both personal and professional commitments. Prioritise self-care and relaxation alongside business meetings and deadlines. This balance ensures you remain productive without burning out and it's vital to have time in your life for the things and people that you care about.

Polish your skills and connections until they shine

Investing in yourself is key to staying competitive. Commit to ongoing professional development by planning to attend workshops, webinars, or conferences relevant to your field. Think about what areas you need to work on and update your skills and knowledge to stay ahead of industry trends and innovations. This can be as easy as listening to a regular podcast on your commute.

Networking is also crucial. Refresh your professional network by reconnecting with contacts, attending industry events, and actively building new relationships. Your network can provide valuable support, advice, and opportunities for growth.

Taking the first step to transformation

Spring cleaning your life is not just a seasonal chore; it's a transformative process that sets the stage for success throughout the year. By decluttering your physical and digital spaces, streamlining your life, honing your processes at work, and committing to ongoing growth, you set yourself up for greater productivity, efficiency, and personal fulfillment.

Take the first step today. Start small with one area—whether it's organising your desk or updating your LinkedIn profile. Each step, no matter how small, contributes to the bigger picture of a rejuvenated business and a balanced life.

Remember, spring cleaning is not just about tidying up—it's about creating space for new opportunities, ideas, and experiences. Embrace this time of renewal and watch as your life flourishes.

How do retirement income options compare?

Retirement is filled with opportunities and choices. There's the time to travel more, work on long-delayed personal projects or volunteer your help to worthwhile causes.

You also have a host of choices to make when it comes to funding your new life away from paid work. Here are four different options to consider.[i]

Account-Based Pension

An account-based pension (ABP) using your superannuation is one of the most common retirement income options. The amount you receive depends on the balance of your account and the drawdown rate you choose, subject to the minimum pension requirements set by the government.

Some considerations:

- **Tax benefits –** Investment earnings, capital gains and withdrawals are tax-free, unless you have an untaxed component within your super.
- **Payment flexibility –** Subject to pension minimums, most super funds allow you to adjust the payment amount and frequency, and even make partial or full lump-sum withdrawals if needed. You can also return to work and continue to receive a pension.
- **Longevity and market risks –** You might outlive your account balance, especially if your withdrawals are high or your investment returns are poor.

Transition to Retirement

A transition to retirement (TTR) strategy allows access to some of your superannuation while still working, if you have reached age 60 (based on current rules).[ii]

Some considerations:

- **Flexible work options –** You can reduce your working hours and supplement your income from your super.
- **Limits on pension rates –** Similar to an ABP, there is a minimum annual pension rate. However, there is also a maximum annual withdrawal of 10 per cent of your TTR account balance.
- **Reduced retirement savings –** Drawing on your superannuation while still working means your retirement savings might grow more slowly.

Annuities

An annuity is a financial product that provides a guaranteed income for a specified period or for the rest of your life. There are various types of annuities, including fixed, variable, and indexed annuities. You can purchase annuities or lifetime income streams using your superannuation.

Some considerations:

- **Predictable income –** Provides a stable income stream, which can be reassuring for financial stability and provide an income for as long as you live.
- **Lack of flexibility –** Once you purchase an annuity, the terms are generally fixed and you cannot alter the income amount. There's a restriction on capital withdrawals or in some instances no access to capital at all.
- **Inflation risk –** Fixed non-inflation-linked annuities may not keep pace with inflation unless specifically indexed to inflation.

Innovative Retirement Income Stream

An Innovative Retirement Income Stream (IRIS) is provided by a newer range of products. These were introduced after changes to regulations designed to deliver more certainty to retirement income by paying a pension for life without running out of funds.

Some considerations:

- **Age Pension benefits –** Centrelink only counts 60 per cent of the pension payments received as assessable income and only 60 per cent of the purchase price of the product counts as an assessable asset until age 84 when it is reduced.
- **Certainty –** Some IRIS products offer a stable guaranteed income stream, providing financial security.
- **No minimum requirements –** IRIS products do not require an annual minimum amount, instead just requiring at least one annual payment.
- **Complexity –** Features vary widely between different IRIS products and may involve complex terms or conditions.

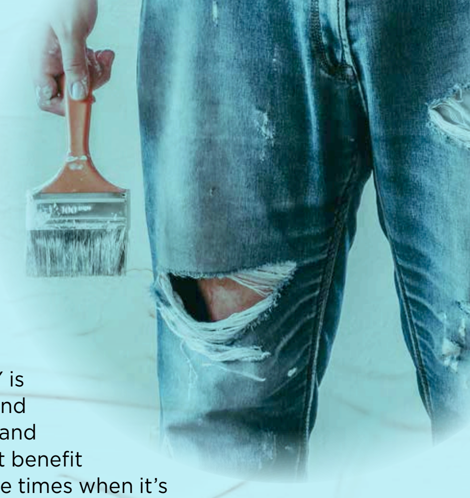
Next steps

How do these different options suit your personal needs and how would they affect your retirement income? Consulting with a financial advisor can help you navigate these choices and tailor a plan that best suits your needs. Speak to us so we can help you structure a plan to fund the retirement lifestyle you've worked so hard for.

i https://www.ato.gov.au/individuals-and-families/jobs-and-employment-types/working-as-an-employee/leaving-the-workforce/planning-to-retire#ato-Afteryouretire

ii https://www.ato.gov.au/individuals-and-families/jobs-and-employment-types/working-as-an-employee/leaving-the-workforce/transition-to-retirement

When DIY does not pay off



"If you want something done right, you've got to do it yourself"

Not necessarily! The appeal of doing it yourself is understandable. There is a great feeling that comes with doing something that challenges you, with being resourceful and learning a new skill, but there are some pitfalls to DIY and benefits from getting an expert involved sometimes.

We tend to be proud of what we create and place greater value on things we have made ourselves. There is a statistical difference between the dollar value someone places on something that they have built, compared to what another person would pay for it (this is for good reason known as the "Ikea effect" as it even applies to putting together flat-pack furniture).

Making DIY look easy

With all the information we have at our fingertips, encouraged by the appeal of learning a new skill and guided by the power of Google and YouTube videos, we are emboldened to give things a go. Whether it's fixing that dripping tap, troubleshooting the laptop that's playing up or even investing your hard-earned dollars, DIY has never looked so easy.

The growth in DIY

The DIY mindset seems to be one that is on the increase. When we think of DIY we tend to think of home improvement. This market has increased by almost 10 million dollars in the last ten years. The statistics reveal more than half of us are taking up the tools, with 55 per cent of homeowners deciding to take on home improvement and repair jobs rather than seek professional help.[i]

DIY can be a lot more than just picking up a hammer though, and our love of DIY also extends to our financials. The search for additional income in the wake of a global pandemic has seen an increase in traders keen to take the reins and invest for themselves. Over the past decade there has been a steady increase in the share of retail investors, with equity trades by a retail investor nearly doubling the volume from a decade ago. Equally, when it comes to setting ourselves up for retirement the number of people setting up self-managed super funds (SMSFs) continues to rise, increasing by around 9 per cent over the past 5 years.[ii]

Reasons to be careful

There is a lot more to lose if there is a problem with your financial situation than a tap that's leaking, so it's important to think about what is at stake when you manage any aspect of your own financials.

The bottom line is you want to be getting the best outcomes and that does not always happen if you are taking a DIY approach. For example, when it comes to investing, a number of academic studies have shown that DIY investors tend to underperform and that underperformance ranges between 1% to 10% per year.[iii]

Getting an expert involved

The trick with any form of DIY is to do your research, understand the task and what's involved, and acknowledge when you might benefit from a helping hand. There are times when it's OK to have a go yourself and times when it makes more sense to leverage the skills of an expert. You can still learn and gain skills that you can apply to future situations but it can make sense to maximise your efforts, leveraging the skills of the experts.

When it comes to your financial life, whether it's investing and growing your wealth, protecting your wealth, retirement planning or estate planning, there is a lot to know and consider, and consulting with an expert can really add value and help you avoid potential pitfalls.

Getting help does not mean being passive and not engaged though. The best outcomes are achieved when we actively work together in partnership to achieve your desired outcomes.

There is a world of difference between totally going it alone and maybe floundering a little, and getting advice and guidance to reach the best outcome. So, if you want something done right, sometimes it is best to call in the experts! We are here to help.

i https://public.com/documents/2023-the-retail-investor-report

ii https://www.morningstar.com.au/insights/retirement/246207/smsfs-continue-to-thrive

iii https://occaminvesting.co.uk/do-diy-investors-underperform/

We hope you enjoyed our quarterly newsletter Prepare for Life.

Please contact our office if you would like to discuss anything in this edition.

The team at
John Bellas Financial Services

JBFS
Don't roll the dice, Get advice!

John Bellas Financial Services Pty Ltd
80 Florence Street, Wynnum QLD 4178
PO Box 603, Wynnum QLD 4178
P 07 3396 4204
E jbellas@jbfs.com.au
www.jbfs.com.au