

# INSIDE

JANUARY 2019

FINANCIAL MATTERS AFFECTING YOUR LIFESTYLE



## Healthy and Wealthy New Year

As holidays and the New Year has been and pasted it's easy to be distracted from your financial goals. But this is actually the perfect time to put a few simple plans in place for a positive start to the New year.

New year's resolutions have a bad reputation, and for good reason. So let's agree up front that we won't think of financial preparations for the new year as "resolutions". Instead this is a powerful opportunity to set things in order, re-group and look back to ensure things are on track, and of course to re-balance and plan for the year that is about to begin.

Best practice around reviewing your finances for the new year begins with a calculation of your net worth. Save this somewhere so it's easily accessible next year, and you'll have a simple and effective way to measure your progress against a set goal. Include all of your assets (property, cash etc.) and liabilities to calculate a final figure.

Next, pick a couple of items from your financial portfolio, whether they be credit card or mortgage, superannuation

accounts or insurance policies etc., and do some research to find out whether you're getting the best possible deal. Interest rates, fees and risk profiles should be checked at least every few years for each of your accounts. Just as compound interest can be enormously effective over time, so too higher fees and costs can result in far less wealth at the end of your investment period.

Spend some time getting to know your investments. How much is in your super? How is it invested? Are you on target to achieve your final goal? What difference could you make by re-balancing certain investments, etc.? Ask questions and seek clear and relevant answers as if you're looking after the world's most important managed fund because you are. Then, depending on your stage of life:

### Up to 40 years old

- Consider maximising the effects of compound interest and perhaps even saving a little tax by salary sacrificing a small amount – perhaps \$20 to \$50 a week – into your super. A little now adds up to a lot later. Be wary not to exceed contribution caps though.
- Check that your investments are allocated correctly to match your risk profile and the fact that you have several decades to ride out any market turbulence.

- Analyse your insurance needs and check you have the correct levels of cover. You possibly have people that rely on you to provide for them. Make sure you, and they, are suitably protected.

### From 40 to 60 years old

- It's time to start knocking down that debt, so make that a priority for the next few years and track your success using your net worth document.
- Insurance is vital at this stage of life as you'll likely have dependents and major responsibilities, such as a mortgage. Check you are insured to the right level.
- Consider what you can do at work, or outside of work, in order to improve your earning potential.
- Analyse your superannuation and figure out whether you need to begin maximising contributions, but don't exceed the maximum allowed annually.
- Depending on your comfort with risk and your time left in the market, your portfolio's risk/growth exposure should be constantly fine-tuned.

### Pre-retirees and retirees

- How long will your income last? How are your investments performing? This is perhaps the most important period of life to ensure your portfolio and income stream are balanced for your lifestyle.
- Is your estate protected? Organise a will and power of attorney if you haven't already done so.
- Put some money aside to enjoy yourself whether it be for travel, a hobby, a course or simply a night out to dinner every so often. You have earned it.

- High, quick returns and sometimes tax-free benefits.
- Share, mortgage or real estate investments, 'high return' schemes, option trading or foreign currency trading.
- No risk or low risk investment, as you can sell anytime, get a refund for non-performance, have insured or 'guaranteed' transactions or swap one investment for another.
- Inside information, the opportunity to invest before a public float or discounts for early bird investors.

### Overseas operators

Many investment scammers operate from overseas or offer overseas investments as their activities are illegal in Australia. Overseas scammers target Australians as ASIC does not have international jurisdiction to prosecute them.

### Fake websites

Many scammers use the internet to make their investment appear legitimate. They use highly sophisticated websites and issue online press releases that make false claims of outstanding corporate performance. They even provide some victims with logins to view fake investment balances and growing returns.

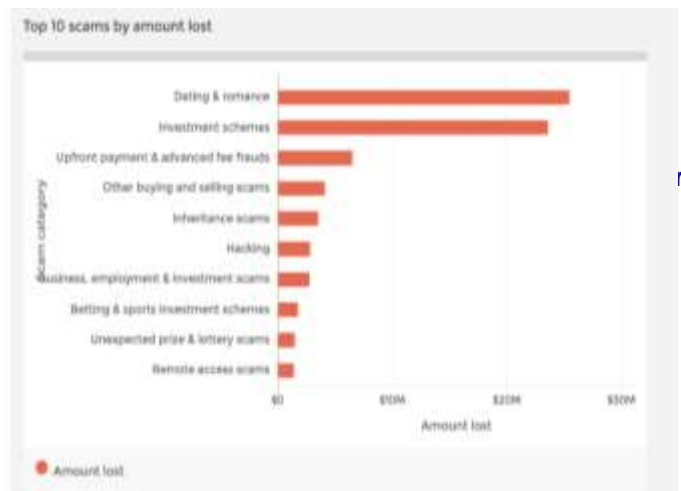
### Passing your call along the line

Investment scammers use a team of less experienced staff to make the initial call. The junior staff follow a tight script to check your interest. The more senior people are called 'closers'. They are extremely skilful sales agents and their job is to make you feel compelled to close the deal and send your money.



A phone call or email 'out of the blue' offering you a not-to-be-missed investment opportunity could be a turning point in your life. If you say 'yes' to the deal and the offer is a scam, you could lose thousands of dollars or end up with enormous debts. Investment scams are often so professional, slick and believable that it is hard to tell them apart from genuine investment opportunities. Below are some tips to break down how investment scams work and warnings on current scams.

In all cases the money you 'invest' goes straight into the scammer's bank account and not towards any real investment. The scammer will offer you:



## Warning on current Scams

### Centrelink Scams

The Australian Competition and Consumer Commission is warning the community to be aware of phone calls from scammers pretending to be from the Department of Human Services or Centrelink. The ACCC's Scamwatch has received over 2,200 reports of this scam since January 2016 with more than \$27,000 reported lost.

### Reclaim scams

Try to convince you that you are entitled to a rebate or reimbursement from the government, a bank or trusted organisation.

### Tax Scams

Tax scams claimed more than \$1 million in 2016. This is compared with 400 people who reported losing money in the 12 months previous, with \$1.6 million lost in total.

These incessant scams come in many guises but generally claim that you have underpaid your taxes and are required to repay the tax debt immediately or face frightening repercussions such as arrest.

### Hacking

Hacking occurs when a scammer gains access to your personal information by using technology to break into your computer, mobile device or network. The scammer tricks you into installing software that allows them to access your files and track what you are doing on your computer.

## How to protect yourself from Investment Scams

- Put your name on the Do not call register. This will remove your name from telemarketer phone lists and should reduce the number of calls you receive. To register your number and opt out of receiving telemarketing calls you can complete an online registration [www.donotcall.gov.au](http://www.donotcall.gov.au) or call 1300 792 958.
- Report the scam to ASIC or your local police (the name, location and contact details, if you have them)
- You can report scams to the ACCC via the Scamwatch report a scam page [www.scamwatch.gov.au](http://www.scamwatch.gov.au)
- Do not send any money to companies or individuals without getting independent financial advice before you invest
- Warn your family and friends so they don't get caught out.
- If you have any doubts about the identity of any caller who claims to represent a government department, contact the department directly using independently sources details.
- Never give your personal or financial details over the phone unless you made the call and know the number
- Any requests to send money via a gift card (such as iTunes) should be treated as highly suspicious as they are not considered a legitimate source of payment.
- Never send any money via wire transfer or any other means to anyone you do not know or trust.

## Statistics

### December 2018

Amount lost: **\$6 475 522**

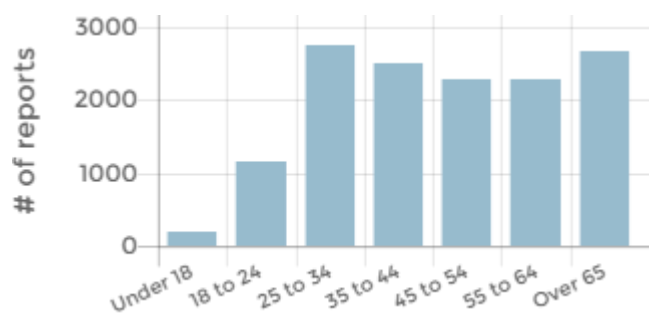
Number of reports: **20 756**

Gender impacted: **Female 53.9%, Male 44.4%, Gender X 1.7%**

Delivery method

- *Phone 60.8%*
- *Email 17.5%*
- *Text message 10.2%*
- *Internet 4.3%*
- *Social networking 3.1%*
- *Mail 2.2%*
- *Mobile Applications 0.9%*
- *In person 0.8%*
- *Not provided 0.3%*
- *Fax 0.1%*

### Age of people impacted



This data is based on reports provided to the ACCC by web form and over the phone.

## REVIEW OF THE PAST YEAR

- In addition to our 'Big Picture' analysis of key economic issues we feature a recap of the past year's economic performance together with an outlook for the economy for the coming twelve months.
- This economic assessment largely sets the scene for the discussion of the Big Issues. Because there are themes and trends that have evolved over the past year or year to affect economic performance. And clearly each one of us wants to know whether the same factors or indeed new factors are likely to dominate in the coming year.
- And for the second straight year the economy has played out generally as expected. Economic growth was 2.8 per

cent in 2017/18 and annual growth is currently 3.4 per cent. Inflation stands near 2 per cent, in fact underlying

- inflation is closer to 1.75%. Unemployment stood at 5 per cent in October (and finished 2017/18 at 5.3 per cent).
- On interest rates, last year we said: "the cash rate may remain at 1.50 per cent for most of the year." While we had pencilled in a possible rate hike in December 2018, clearly that was premature.
- While the economy has played out largely as expected, the share market and currency have not. The picture was more positive around mid-year, but both the Aussie dollar and share market are ending 2018 weaker than expected. Uncertainty about future global economic prospects has white-anted the share market – both here and abroad. And the combination of higher US interest rates and stable domestic interest rates have served to restrain the value of the Aussie dollar compared with the US dollar.

| FORECASTS               |             |             |
|-------------------------|-------------|-------------|
|                         | 2016/17     | 2017/18     |
| Economic Growth         | 2.00%       | 3.00%       |
| Underlying inflation    | 1.75%       | 2.00%       |
| Unemployment            | 5.50%       | 5.00-5.50%  |
|                         | MID 2018    | END 2018    |
| Cash rate               | 1.50%       | 1.50-1.75%  |
| Share market (All Ords) | 6,000-6,200 | 6,200-6,400 |
| Australian dollar       | US74-81c    | US75-83c    |

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**We are always available to discuss any questions or concerns you may have.**

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