

Advice Matters

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Economic and market update

ANZ Wealth Chief Investment Office November 2017

Solid macro outlook supports markets

- Returns in November across most asset classes sustained strong performance. US economic data remained solid with considerable momentum carrying into 2018.
- The minutes from the US Federal Reserve (Fed) suggest interest rates will rise in December as economic growth is solid and the labour market continues to strengthen. The Fed Chair nominee Jerome Powell is widely viewed as a good choice to succeed Ms Yellen and his appointment suggests that the Fed's approach to gradually raise interest rates and reduce its balance sheet will likely continue.
- The European recovery is broadening and strengthening. Strong German economic growth and improved conditions in France and Italy saw preliminary 3Q GDP revised up to 2.5% as the manufacturing PMI for the Eurozone hit 60 and unemployment fell below 9%.
- Chinese growth continued to ease as policy remains directed towards reducing inefficient production and debt across a number of industries. Despite this, the macro outlook for emerging markets appears solid.
- Low inflation globally, and accommodative messages from central banks contributed to the positive returns in many fixed income markets.
- Improved outlook supported Australian shares, crossing the 6,000 mark in November for the first time in almost a decade.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (pa)
Australian Shares	1.7	14.7	10.5
Global Shares (hedged)	1.7	22.1	15.6
Global Shares (unhedged)	3.2	20.5	19.4
Global Emerging Markets (unhedged)	1.2	29.3	11.5
Global Small Companies (unhedged)	3.2	20.4	21.4
Global Listed Property	2.6	9.9	10.7
Cash	0.1	1.8	2.4
Australian Fixed Income	0.9	4.0	4.3
International Fixed Income	0.2	3.8	5.0

Source: JP Morgan & ANZ Wealth, 30 November 2017.

Indices: Australian Shares - S&P / ASX 300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia Net, Global Emerging Markets - MSCI Emerging Free Net in AUD (unhedged), Global Small Companies (unhedged) - MSCI World Small Cap ex Australia, Global Listed Property - FTSE EPRA/NAREIT Developed Rental Index ex Australia (hedged), Cash - Bloomberg Bank Bill, Australian Fixed Income - Bloomberg Composite Bond All Maturities, International Fixed Income - Barclays Global Aggregate Bond Index (hedged).

Please note: Past performance is not indicative of future performance.

Currency

Exchange rates	At close on 30/11	% change 1 mth	% change 12 mths
AUD/USD	0.76	-1.0	2.7
AUD/euro	0.64	-3.4	-9.4
AUD/yen	85.0	-2.6	0.9
Trade weighted index	63.6	-2.0	1.9

Source: Bloomberg & ANZ Wealth, 30 November 2017. All foreign exchange rates are rounded to two decimal places where appropriate.

Please note: Past performance is not indicative of future performance.

GENERAL ADVICE WARNING

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Financial Planning



HOW TO de-clutter your finances

Follow these tips and start the new year with clutter-free finances.

With the new-year upon us, now is a good time to clean, de-clutter and renew your finances for a fresh start to 2018. Here are a few simple steps to help kick-start your de-clutter and organise your finances.

Clean out your wallet

The first step to de-cluttering your finances is to clean out and re-organise your wallet or purse. Most of us carry our ID, credit cards, money, store cards, bus passes, and other important things in our wallets on a day-to-day basis. Having a clean and organised wallet can create a positive flow on effect to all other areas of your finances. So take 2 minutes each week to clean out and process those crumpled up receipts, organise your notes and loose change, and ensure you carry only the cards you need.

Check your spending leaks

This can be an eye-opening experience and also help identify areas where you can easily save money. To recognize the leaks, try tracking all your earnings and spending over a set period - usually a month. If you pay for everything using your credit or debit card, review your latest bank statement and use it to look at your expenses.

Next, highlight any unnecessary purchases, frivolous spending patterns, and interest or late fees that can be avoided. Once identified, calculate how much this is costing you on a yearly basis and direct this money towards more important areas of your budget such as savings or paying personal debts.

Draw up a budget

One of the most important steps when taking control of your finances is to set a budget and stick to it. Budgeting is simply balancing your expenses with your income. A good budget will help to establish the foundation to financial success. There are many budget tools online you can use to create a budget and track your progress.

Re-evaluate your bank accounts

Another simple step in re-organising your finances is to re-evaluate your current bank accounts. Do you have an inactive bank account with a balance less than \$5.00 that you no longer have a use for? Are you getting charged a monthly account-keeping fee for multiple accounts? Or maybe you need to re-structure your accounts to allow for a new savings goal. Look at consolidating these bank accounts, automate bill payments and pay money towards your savings first. This will keep account fees at a minimum and reduce possible overdue notices and expenses.

Consolidate and eliminate any unwanted personal debt

After you have re-evaluated all your bank accounts, the next natural step is to re-examine your current debt position. Do you have more than one personal loan or credit card that you are having difficulty in managing? If so, there is no time like the present to look into consolidating your debts or reviewing your mortgage to ensure you are getting the best value for money and to get things back on-track.

Remember, once you have consolidated your personal debts, such as credit balances, cut the card up and close the account to get rid of any temptation to fall into any old habits.

Review your insurances

When was the last time you reviewed your health, general or personal insurances? Do your policies meet your current needs and circumstances? Reviewing all your insurances could save you money and reduce your premium costs by allowing you to take advantage of recent industry enhancements, legislative changes and loyalty or multiple policy discounts.

Now is the perfect time to jump online and do some research, or consult with a financial planner to check on your current policies and look at alternative solutions.

Review and consolidate your super

Superannuation can be one of the largest assets we own, and if you have more than one super account you may be paying duplicate and/or unnecessary fees from money that should be accumulating to help fund your retirement. It is never too early to review, grow and consolidate your super - your future self will thank you for it.

There are a number of tools that can assist you. Check out the my.gov.au website or the ATO super seeker calculator to help you search for lost accounts and consolidate your funds online. Alternatively, you could make an appointment with a financial planner to do the heavy lifting for you. A good financial planner will provide you with a customized solution that best suits you, as well as complete all the paperwork on your behalf.

Remember, there's no time like the present to take charge and 'de-clutter' your finances. Being financially organised can help fast-track your financial goals.



WHO GETS YOUR SUPER IF YOU DIE?

If you pass away suddenly, your superannuation may not necessarily go to the people you want. Many people do not realise that under Australian law, the trustee of your super fund could actually have control over who gets your money when you die. So how do you make sure your super goes to the right people?

The law on super fund death benefits

Unlike the rest of your assets, your super fund is not covered in your will. This is because you don't actually own your super fund – it is being held for you by a trustee. Legally, the trustee has responsibility for how your death benefit is awarded.

Most super funds allow you to nominate the person or people you want your death benefit to go to, and depending on the type of nominations you make, your super fund trustee may legally have to abide by your wishes.

However, if you fail to nominate anyone, the decision will be made by your trustee. While your trustee will usually award your death benefit to one or more of your dependants or to your estate, there are no guarantees of this. Even if they do, it is likely to take a lot longer for the beneficiaries to receive their money. It can also be the cause of fighting within your family, as some of your dependants may not receive what they think they deserve.

This is why it's highly advisable to nominate the people you want your super money to go to in the event of your death.

Who can be a beneficiary of your super fund?

Legally, only your dependants can be named as beneficiaries of your super fund. Super death benefits recognise dependants as:

- A spouse
- Children of any age, including adopted children
- Anyone else who depends on you financially, or who you have a mutual financially dependant relationship with, such as a relative who lives with you.

You can't nominate anyone who isn't classed as a dependant to benefit from your super fund. The only way non-dependants can benefit is if you name them in your will and nominate your estate as the beneficiary of your super fund.

Nominating your estate means that your super fund becomes an asset when you die, and can be divided up according to your instructions in your will, by your personal legal representative.

How to nominate beneficiaries

The first step is to check that your super fund allows you to nominate beneficiaries. If so, there are two types of nomination you can make:

- **A Binding Nomination.** Under a binding nomination, your trustee legally has no say in where your super death benefit goes – they have to pay it to either the dependants you have nominated, or your estate. Binding nominations only last for three years, and your super fund

should let you know when a binding nomination is about to expire. If you die without renewing it, your death benefit will automatically be paid to your estate and divided up according to your will.

- **A Non-Binding Nomination.** A non-binding nomination only acts as a guide to where your money should go – your trustee still has the final say, and is not legally obliged to abide by your wishes, although most will take them into account.

Can you change your super fund beneficiaries?

You should review your nominations every time your personal circumstances change, to make sure your money will actually go to the people you want. If you get married or have children, you're likely to want to include your spouse and children as beneficiaries. Equally, if you get divorced, it's advisable to remove your ex-spouse as a beneficiary – otherwise, if you die, they could benefit and your new family or other chosen dependants could lose out.

Do different super funds have different policies?

While most super funds will allow you to nominate your chosen beneficiaries, they can have different policies on this. Ultimately the decision about how your death benefit is paid, and who it is paid to, depends on the governing rules of your individual super fund. You should contact your fund to find out what their policies are.

Your guide to looking and feeling great this summer



Summer time is almost here, and you may want to consider a few tweaks to your diet to look and feel your best. To help you on your way to having an amazing summer, we have put together a list of things to consider to keep you feeling fantastic.

Strict diets don't work

Pick up a magazine and you are likely to find a diet claiming to transform and cleanse your body for summer. This usually involves banning a lot of foods and strict rules around eating that can leave you feeling flat and disheartened.

Food is about enjoyment as well as nourishment. Labelling foods as 'good' and 'bad' can lead to guilt around eating particular foods and disordered eating patterns. Instead of deprivation, we need to focus on increasing the variety and quality of the foods in our diet. It's best for the bulk of the foods we eat to come from unprocessed foods like vegetables, fruit, lean protein foods, wholegrains, milk and yoghurt (or alternatives) and to steer clear of the highly processed foods most of the time.

Portion size is important

Choosing the right portion size is important for everyone whether you are at a healthy weight or wanting to shift a few kilos.

One quick way to determine whether your portion sizes are in check at meal times is to make sure your plate (or lunch container) is balanced:

1. Fill ½ of your plate with vegetables/salad
2. Fill ¼ of your plate with lean protein foods (red meat, poultry, fish, legumes, eggs)
3. Fill ¼ of your plate with slow release, high fibre carbohydrate food (brown rice, quinoa, grainy bread)
4. Add a small amount of healthy fat like olive oil or avocado

This is a winning combination for keeping you feeling energised, full for longer and to get the balance of nutrients our bodies need. For most people, its vegetables and salad that need a boost as their protein and carbohydrate portions are taking over.

Avoid having too much of a good thing

There are a number of healthy foods that we tend to eat too much of in one sitting. Although they are good for you in small amounts, overdoing it can push up kilojoule intake considerably. Consider the following:

Avocado

- It's a great source of heart healthy fats and vitamins, but if you are eating ½ an avocado in one sitting, it's probably too large a portion
- 30g or 3 thin slices is a healthy serve size

Nuts and seeds

- Unsalted nuts pack a nutrient punch coming from healthy fats, fibre, protein and a host of minerals and vitamins. They are high in kilojoules and it's easy to eat more than you realise
- 30g or a small handful per day (about 20 almonds or 15 macadamias or 9 walnuts)

Salmon

- This oily fish is a great source of Omega 3 fatty acids but pre-cut portions are often around 250-300g
- Aim for 120-150g per serve

Meat

- Lean red meat is a rich source of bioavailable protein, iron and zinc.
- 120g as part of a meal (or the size and thickness of your palm), and no more than 500g per week cooked red meat

Take note of what you are drinking, not just eating

Being well hydrated in the warmer months is important for feeling energised and alert, but try to choose your fluids wisely to maintain a

healthy weight. Liquid kilojoules add up and many beverages can contain the same amount of energy/kilojoules as a meal, without the fullness factor.

Soft drink, flavoured milk, flavoured waters and iced teas all contain high amounts of carbohydrate from added sugar and are best avoided. Even seemingly healthy drink choices like fruit juices and smoothies can be very high in kilojoules from naturally occurring sugar in fruit.

Alcohol is another big contributor of liquid kilojoules to the diet that can hamper weight loss efforts. Cutting down on alcohol can have a big effect on weight loss by eliminating excess kilojoules.

So, it's probably no surprise that water is the big winner as the primary fluid for hydrating your body. Get creative and flavour a jug or bottle of water with slices of fruit and torn herbs (watermelon, mint and lime is sublime!).

Take advantage of summer's fruit and vegetable bounty

Peaches, nectarines, cherries and mangoes are some of summer's biggest pleasures and certainly make it easier to get the recommended 2 serves of fruit in per day.

But the goodness doesn't stop there, with vegetables like tomatoes, zucchini, peas, beans and leeks all in peak season. So get creative with fresh produce and reap the benefits of increased vitality. Plant based foods provide many phytochemicals, vitamins and minerals which are integral to the healthy functioning of every cell in our bodies. Phytochemicals are beneficial compounds found only in plant foods and can protect against disease.

Contact your local Adviser