Are you part of the ‘Sandwich Generation’?

This is the generation caring for their ageing parents while also supporting their own children.

If so, here’s some ways to help you better survive being sandwiched between the two.

What is the ‘sandwich generation’?
The global phenomenon of the ‘sandwich generation’, which describes the generation responsible for the welfare of both their ageing parents and their own children, is thought to affect over 1.5 million people in Australia.

As a result, many people in the prime of their earning careers are finding themselves financially and emotionally stretched as they work hard to meet the needs of both their parents and children. And while it’s a difficult position to be in, for many it seems unavoidable.

With the life expectancy of Australians continuing to rise (we’re currently the third longest-living nation in the world[1]) and adult children choosing to stay at home longer to save for their own home, the squeezed middle continues to grow.

Facing up to the challenge
While being part of the sandwich generation may feel overwhelming, it’s worth facing up to the challenge by putting in place an action plan to best manage the situation.

Often this will mean planning in advance, being honest about your financial and emotional objectives, and sometimes having difficult conversations.

Firstly, sit down, either by yourself or with your partner, and think about what you want from the next few stages of your life.

As Peter O’Callaghan, Partner at MSI Taylor Wealth Management puts it:

“Financial objectives are always underpinned by emotional objectives. It’s about deciding what’s important to you, what your priorities are, and establishing a flexible strategy that will empower you to achieve your goals.”

This may involve having some open and honest conversations with your dependents about your expectations, and how you can work together to find a way forward. It can also mean investigating what resources are available to you within and outside the family, such as government benefits.

Importantly, try not to lose sight of the longer-term picture even when the here-and-now is demanding you to. While being part of the sandwich generation may feel overwhelming, it’s worth facing up to the challenge by putting in place an action plan to best manage the situation.

Keep your retirement goals on track
If you have a limited capacity to save money, salary sacrifice into your superannuation is a great way of boosting your savings rate, suggests O’Callaghan.

“By setting up a salary sacrifice arrangement with your employer, you are able to start saving straight away. The strategy is highly flexible, which means you can adjust the level of contributions to suit your changing cash flow needs,” he says.

“Salary sacrifice does not require borrowing, yet it provides an immediate ‘return’ in the form of an upfront tax saving. This is represented as a net increase in the amount saved.

“It’s a really smart way of boosting long-term savings while staying focused on the demands of the present,” he says.

Make sure your savings work hard for you
It’s easy to forget about saving when life comes with so many expenses, but saving a little today pays off in the long run, especially if you have a good investment strategy in place.

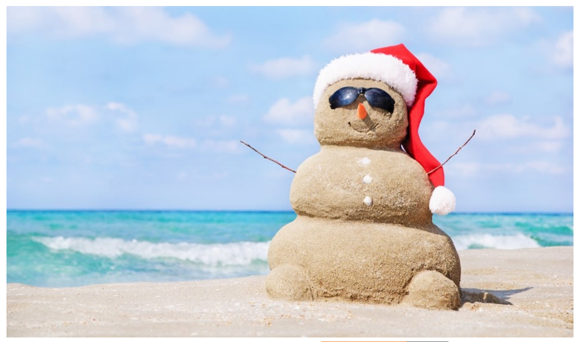
It’s important to choose an investment asset allocation that suits your risk profile and objectives.

“If you have more than five years to invest,” says O’Callaghan, “Use an asset allocation with a weighting towards growth assets to ensure a return in excess of the inflation rate.

“A well-diversified managed fund lets you access a broader range of investments, and/or asset classes chosen by an investment professional. If you have a preference for a particular investment there will likely be a fund that suits you.”

Good advice can help
It may seem like a long road, but if you face up to your situation by putting the right processes in place, you can navigate from being stuck in the middle and successfully come out the other side. For good advice tailored to your situation, it can help to speak with your financial adviser.

(Source: Colonial First State)



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Matt’s Message

Another year has flown by so quickly and as we close out 2018 we reflect on the changes and challenges that the industry has faced over the last 12 months. The Royal Commission has captured a lot of interest and we will advise you of the outcomes which are due in a final report next year.

In November we held our Keeping You In Touch Seminar on the Gold Coast and Sunshine Coast for the year and I would like to thank all of those that were able to attend. It was a pleasure to see you all there, and we hope to see you at our next KYIT mid-year 2019.

I would like to extend our support to those affected by the unpredictable weather around our state. From fires to drought to flooding, Mother Nature has certainly thrown everything at us this year. Our thoughts are with those affected.

I would like to close by wishing all of our clients and their families a safe and joyful Christmas. The team at RIT Coastal thank you for your continued support throughout 2018 and look forward to seeing you in the new year.

Kind Regards,

Matthew Tuson

Matthew Tuson
Financial Adviser
RIT Coastal Pty Ltd

Market Volatility: An Overview

Many investors have become concerned when volatility occurs in global financial markets – particularly about the impact on their superannuation and other investments. In times like these, it is important to understand the causes of market movements and how to minimise your risk.

Why do markets fluctuate?
Markets are influenced by many things – industrial, economic, political and social factors can all have an impact. For example, consumer and business confidence affect spending and therefore company profits. Global trade and production naturally affect economic growth.

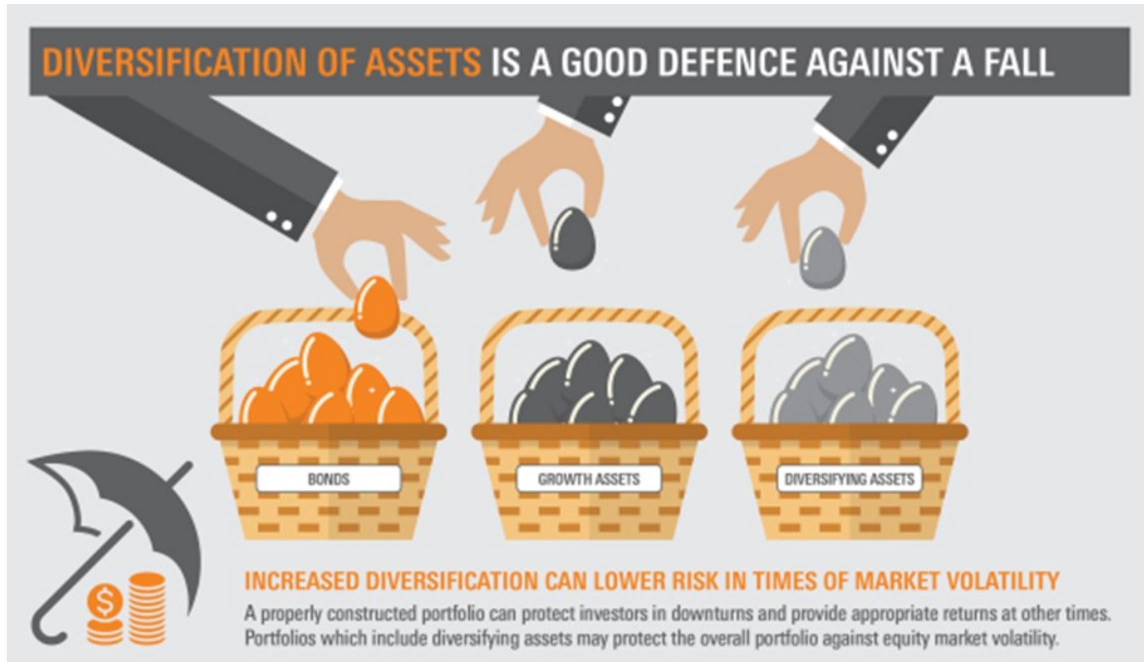
Poor political and fiscal decisions in some countries may lead to a flow-on effect in other countries who are owed money. And of course, natural disasters can cause major damage to any economy with no warning. During times of market volatility, it’s important to remember one of the fundamental principles of investing – markets move in cycles.

What is the effect of market volatility on super funds?

In times of market volatility your super balance may decline, but it is important to remember that markets move in cycles. Volatility is a natural part of the economic cycle. Markets are influenced by a range of factors and are inherently unpredictable.

The Australian Securities & Investments Commission’s (ASIC) MoneySmart states ”Don’t panic if the short-term returns are negative: remember that super is a long-term investment”[1]. History demonstrates that over the long-term, the general trend of share markets has been upward.

(Continued on page 2)



Keeping You In Touch 2018

In November 2018, the RIT Coastal team had the pleasure of meeting some of our lovely clients at our first annual Keeping You In Touch morning tea at Club Robina, and Maroochy River Golf Club.

It is always a great opportunity for our clients to meet the staff in person, hear about recent economic events and the forecast for the upcoming year.

We would like to thank the clients that were able to join us this year, and we hope you enjoyed the day. We look forward to seeing as many of you as are able to attend at our next Keeping You In Touch in 2019. Look out for more information in upcoming newsletters

KYIT at Club Robina

KYIT at Maroochy River

Congratulations to Kathleen Bonnell our Lucky Door prize winner for this year!

Are my investments safe?

With share markets volatility, it's only natural to feel concerned about how fluctuations may impact your investments. Below are some points to consider during times of volatility when it comes to your investments:

Keep in mind the bigger picture

Super is a long-term investment. Shares, which usually form a large part of most balanced super accounts, are also generally a long-term investment. They are designed to provide capital growth over a period of five years or more. Think in years, not days.

The timeframe for super may be 20 years or more, so short term volatility shouldn't diminish the long-term potential of your investments. Growth assets (such as shares) tend to fluctuate in the short-term, but have historically provided excellent returns for investors over the long-term.

When share markets fall in value, it may be tempting to sell up. However, trying to time the market by selling now and buying back later is a risky strategy that rarely results in investors coming out ahead. By taking a long-term view of investing, you can ride out any short-term fluctuations in the market and take advantage of growth opportunities over the long-term.

Diversification

Diversification is one of the most effective ways of managing volatility. It can help deliver smoother, more consistent results over time. Your investment may benefit by being spread across a variety of asset classes, including shares (domestic and global), fixed income, cash, direct and listed property and alternatives.

This diversification should help soften the effects of any share market falls as some asset classes often tend to do well whilst others are struggling. Also, spreading your assets around means you are less reliant on any one asset class at any particular time.

Understand your risk profile

All investments carry some risk. How much risk you're willing to accept will be influenced by your financial situation, family considerations, time horizon and even your personality.

If market volatility has caused you to reassess the way you feel about risk, it's important that you see your financial adviser to discuss any necessary changes to your financial plan.

Understanding the implications of withdrawing your money

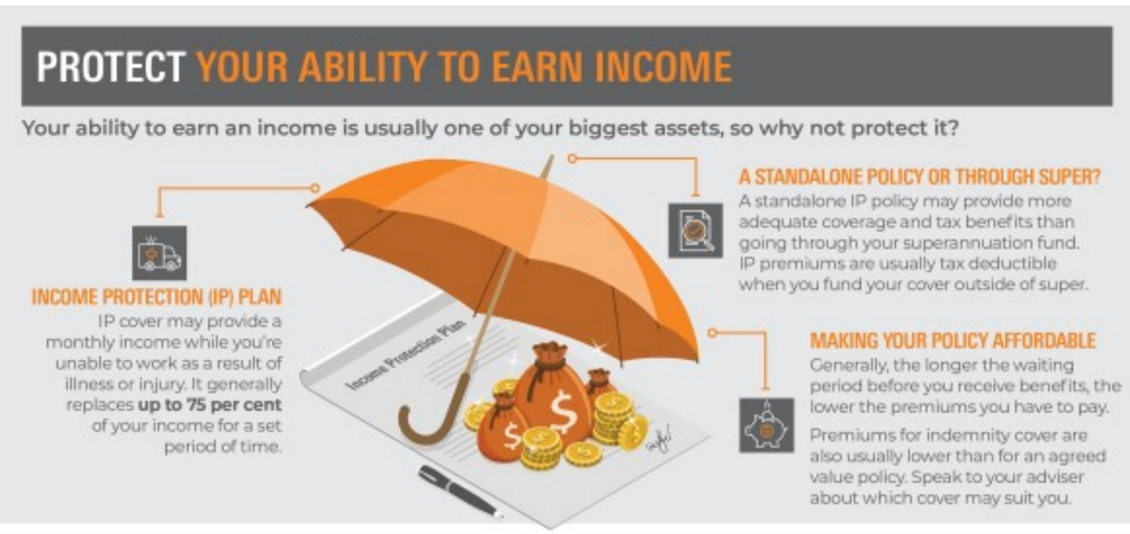
Before you withdraw from an investment you should understand all the implications, risks and costs involved.

- **Crystallising losses.** If the value of your investment is falling, you are technically only making a loss on paper. A rise in prices could soon return your investment to profit without you doing anything. Selling your investment makes any losses real and irreversible.
- **Incurring capital gains tax (CGT).** Make sure you know what your CGT position will be before selling any asset.
- **Losing the benefits of compounding.** If you're thinking about making a partial withdrawal from an investment, remember that it's not just the withdrawal you lose, but all future earnings and interest on that amount.

Key takeaways

- Super is a long-term investment designed to generate sufficient money so you can enjoy your retirement.
- Diversification is an important part of a long-term super investment strategy. To create the lifestyle you want in retirement, it may be necessary to invest in growth assets like shares so that your returns stay ahead of tax and inflation.
- It may be beneficial to ride out the bad times in order to achieve long-term growth.
- Your financial plan was designed exclusively for you to suit your investment objectives and risk profile. It's important to stay focused on your long-term goals.

(Source: Colonial First State 25th October 2018)



What is "Elder Abuse"?

How to protect yourself or your ageing relatives

More than 1.6 million Australians are affected by financial abuse each year, and three in four of these people are aged 50 or over.

Financial abuse can take many forms, from scams and fraud to emotional blackmail and theft – and it can be committed by strangers, friends or even family members.

Elderly people are particularly vulnerable to this kind of mistreatment and the impacts can extend beyond financial loss. For example, it can cause anxiety and depression, or prevent access to food, medical care and safety.

As our population ages, the risk is increasing for more people. This means it could be happening right now to you or someone you love.

Because it can be hard to spot financial abuse, it's worth taking some time to understand the risks before it's too late.

Who is at risk?

People are more at risk of being a target of elder financial abuse if they:

- are alone or isolated
- have a physical or mental disability
- have a limited understanding of finance
- experience language limitations or cultural barriers
- are part of the LGBTI community
- are reliant on others for their care
- have been subject to other types of abuse in the past.

(Source: Colonial First State Website)

What to look for

Threats and intimidation
Physically or emotionally pressuring an elderly person to sign over their assets

Fraud and scams
Falsely gaining an elderly person's trust in order to steal their money

Abusing family agreements
Entering into an informal agreement that has no legal backing

Improper use of funds
Using an older person's money for purposes that weren't agreed upon

Abusing power of attorney
The person with "Power of Attorney" uses this power to take the older person's assets

Inheritance impatience
Taking assets from an ageing relative while they are still alive – for example, stealing money

Guarantors gone wrong
Older parents acting as guarantor to children's loans may ose their home

Failure to provide care
When an arrangement to provide care for older relatives breaks down

Emotional blackmail
Demanding money in exchange for specific favours – such as access to grandkids

Theft
Thieves can exploit an older person's physical or mental vulnerabilities

Boost your Super with the Work Test Exemption

If you're a recent retiree and looking to increase your superannuation savings, here's some good news for you.

The Australian Government is proposing to make it easier for recent retirees to save more super by allowing them to contribute for a year without having to show that they've been 'gainfully employed'.

The current rules

Currently, anyone below 65 can contribute to their super regardless of whether they work or not. But those aged between 65 and 74 need to meet the work test before they can make super contributions. To pass the test, they have to show that they've been gainfully employed for at least 40 hours over 30 consecutive days in the financial year they plan to contribute.

The government has already given members with a total super balance of less than $500,000 some flexibility to further grow their super. These individuals can carry forward any unused amount below the concessional contribution cap of $25,000 on a rolling basis for five years starting from 1 July 2018. They can use their unused cap amounts from 1 July 2019. But people between 65 and 74 must still meet the work test before they can make these 'catch up' contributions.

The proposed measure

Now, to encourage this age group to save more for retirement, the government is proposing to give individuals who don't meet the work test an extra year to beef up their super savings. From 1 July 2019, those aged between 65 and 74 with a super balance below $300,000 will be able to make voluntary contributions in the first financial year that they don't satisfy the work test requirement. Once eligible, they don't have to remain under the $300,000 balance cap during the 12 month period.

The annual concessional and non-concessional contributions caps will continue to apply, but members can access any unused concessional contributions cap amounts they have carried forward.

The government will assess total super balances at 30 June of the financial year in which members last met the work test. So those who retire in the 2018–19 financial year may be eligible to make additional contributions.

(Source: RI Article Hub)

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Don't Forget to Update Your Contact details

If you have recently changed your address or phone number, please let us know so we can update your contact details.

We can also update this change with your Fund Managers, making the process of adjusting your details easier.

If you would prefer to receive our newsletters and other correspondence via email, please let us know so we can arrange this for you.

Christmas Office Hours

The RI Gold Coast Office will be closed from 12 noon on Monday 24 December 2018 and will re-open on Wednesday 2nd January 2018 at 9am.

On behalf of our staff, we wish you a Merry Christmas and a safe and Happy New Year.

We look forward to seeing you in 2019!