

Welcome to Collins Financial Planning Xpress

Collins Financial Planning's purpose is to provide you, our client, with information and advice that will assist you to understand, enhance and therefore secure your financial future and lifestyle.

Collins Financial Planning Xpress aims to highlight and inform you of various issues in what we hope is in a readable but technically accountable medium.

Past issues can be found on our website www.collinsco.com.au under the tag **Wealth Creation** they are well worth a browse as they hold a wealth of information.



Our Christmas issue takes on expenses and how to control them, topical for this time of year. We hope that it provides some short but interesting holiday reading.

We take this opportunity to wish all our readers an exceptional Christmas and New Year and hope that we may inspire you to plan for your financial future.

Our office will be closed from Friday, 22 December 2017 and will reopen on Monday, 08 January 2018.



Mark Ducret
Responsible Manager
Collins Financial Planning



In This Issue

- Making Christmas A Time Of Joy For You
- Holiday Without Financial Baggage
- How Much Money Do You Throw Away?
- Managing Your Eternal Life On Social Media
- Start Planning Early To Get What You Want!
- How The World Celebrates Christmas

Making Christmas a time of joy for you

Seriously, not many people really look forward to Christmas. Do you... really?

The stress involved in organising and preparing meals, buying gifts or arranging a Christmas party can have the opposite effect to what most of us would like to achieve at this time of year. And the financial anxiety that can eventuate when credit card bills arrive in January can be a most unwelcome reminder.

The good thing is that you get another chance each year to do things differently so you can have a different and much better Christmas this time around. Here are some ideas:



Create a Christmas budget

It's a good idea to start a Christmas savings account early in the year that relieves the financial pressure. But if you worry about spending too much, suggest changes to the way that you and your family or friends exchange gifts—perhaps giving to children only, buying gifts under a set figure, or buying for just one person each in the group (aka 'Secret Santa'). An even better habit is to leave your credit card at home when you go shopping. By taking only cash you will be sure to stay within your limits.

■ Start shopping for gifts early.

Any benefits of "retail therapy" are soon lost as we push through overcrowded shopping centres looking for the perfect gifts for our loved ones. If you have left your Christmas shopping too late, make a list of the gifts you need in advance so you don't waste precious time "browsing" or exceed your budget. Or maybe do most of your Christmas shopping from the comfort of home – go online!

■ The alternative—Post-Christmas sales

Maybe not the best option for kids, but instead of buying gifts before Christmas pop a pre-paid voucher in a card giving your adult family and friends the option to choose their own gift from the Boxing Day or New Year sales. This helps you stick to your budget and your dollar will go further.

■ Share the joy and the load

If family or friends are coming to your house for a Christmas meal, share tasks with your guests rather than doing everything yourself. Ask everyone to bring a plate to create a buffet-style meal. Arrange an activity that will help everyone to enjoy their time (such as backyard cricket or pool games). Games that can be played at the table may help to avoid any problems caused by difficult family relationships.

■ Swapping a Christmas getaway

It's said that a change is as good as a holiday, so if you're yearning to get away from it all this Christmas but think you can't afford it, why not house-swap for the holidays? There are plenty of services available. Type "house swapping services" into your favourite search engine. The opportunities are enormous!

Like anything, when you plan ahead, you remove a lot of the pressure... Christmas is no different. Merry Christmas!

Holiday without financial baggage

We all need something to look forward to and for many the lure of discount airfares and package deals are irresistible; with luxury holidays high on the agenda.

And why not? We all love a holiday and what's more, happiness, apparently, is not just in the holiday itself, but in the planning of it too.

Research conducted by Roy Morgan Research concluded that people with an overseas holiday planned are optimistic about the future. Not surprisingly, there's a demonstrated link between optimism and health and well-being.

But it's not just the planning; it's how you fund your trip that has the biggest impact.



Alex and Tony are both in their mid-40s. Alex talked of their dream to visit Europe. With a hefty mortgage, they couldn't see how they could afford such a holiday without refinancing their home. To their surprise, we suggested they consider a savings account tailored to meet this specific goal. These accounts are opened with a small initial sum, and pay bonus interest to encourage regular deposits.

Assisted by their local travel agent the couple planned the holiday of their dreams. They paid the upfront deposit, and with our guidance, selected a suitable account to save up the balance. An agreed amount was automatically transferred from each of their salaries every fortnight to this new account.

Eighteen months later, Alex and Tony sent us a selfie taken while sipping coffee beneath the Eiffel Tower. Saving for something upfront may be considered somewhat old-fashioned. These days, there is a variety of options for funding the trip of a lifetime. Some people sell assets like share portfolios or the 'mid-life-crisis' jet-ski that never got used. Many others turn to credit cards or holiday loans.

Holiday loans are unsecured personal loans lending up to \$50,000 over terms of up to seven years. They're quick to establish and approved cash is easily accessed. Interest is calculated at personal loan rates, i.e. lower than a credit card.



Jules and Paul financed their holiday using a holiday loan and returned with some fantastic memories. They also came home to a sizeable debt. Many returning holiday-makers experience a kind of depression known as Post-holiday blues. Seriously – you can Google it!

Post-holiday blues seems to coincide with the fading of the tan and the unwelcome arrival of loan statements. With little incentive to save for the holiday before they left home, the couple had zero incentive to pay for it once they'd returned.

The Huffington Post suggests that to beat post-holiday blues, simply plan your next trip. Dispirited, Jules and Paul couldn't even dream about another holiday. They were left depressed and servicing a loan that impacted their lifestyle for years to come.

Conversely, Alex and Tony returned from their big trip refreshed and debt-free.

With proof that it works, the couple drew up a new budget and savings strategy a few weeks after getting home. Having ticked Europe off the list, they're eagerly anticipating their next adventure in South America. We're looking forward to following their travels on Facebook!



How much money do you throw away?

While the move is on to become a cashless society, notes and coins are likely to be with us for some time yet. 'Touch and go' payments may be increasing, but for many small purchases most of us still rely on good old cash. And because it's easier to hand over a note for each purchase than to scramble in our pockets or purses for the correct change, by the end of the week we often end up with a hefty pile of low value coins. These coins are such a pain that, according to one survey, 93% of respondents admitted to throwing away five cent pieces, with 29% even ditching ten cent pieces.

Okay, so tossing away a dollar's worth of small change each week won't put much of a dent in your future wealth, but at least consider dropping those coins into a donation box. Combined with thousands of other peoples' donations your spare change can make a real difference to the services that charities provide.



There are, however, other areas where we effectively throw away money, and in amounts that can really add up:

- **Food:** On average Australians throw away around one third of the food we buy.
- **Gas and electricity:** When was the last time you shopped around for the best deal on your gas and power bills? You could save hundreds of dollars a year.
- **Gift cards:** Often end up at the back of a drawer until they expire, or you may only spend part of the total value.
- **Impulse buying:** How much do you spend on clothing you don't wear and stuff you don't use?
- **Lunches:** Even if you skip the smashed avo, a takeaway lunch cost much more than one you make yourself.

In most of these cases the solutions are pretty obvious.

- Only buy the food you will use. A few loose carrots and apples might be a better buy than the kilo bags that start to rot in the crisper. If you regularly have a surplus of some foods find recipes that use them. Soups and casseroles are a great way to use up all sorts of ingredients.
- Compare what other gas and electricity retailers are offering.
- Have a good look at your credit card statement. Were all your purchases necessary?
- Place your gift cards in front of your credit cards to remind you to use them instead.
- Make your own lunch. Many people can easily save \$10 or \$15 per day with every little effort. Once any impulse buying habits are under control, this could be the supercharger of your savings.

Will implementing these changes make a real difference? Let see.

Imagine that you adopt some of these suggestions and as a result save an average of \$60 per week. Stashed away in a savings account earning an interest rate of 2% per annum for 20 years, those modest weekly savings will grow to over \$76,700. Contributed to an investment that provides an average return of 7% pa and you could be looking at having around \$136,000 in 20 years' time.

Does that give you a better idea of how much money you could really be throwing away?



Start planning early to get what you want



Australians are living longer. According to the World Health Organization, we enjoy the fourth best life expectancy in the world behind Japan, Switzerland and Singapore.

Great news for Millennials! Your life expectancy has been tabled at 81 for men and 85 for women. Astounding advances in medical technology could mean you will live much longer! With all that living to be done, how on earth will you fund it?

Well there's always the Bank of Mum and Dad, right?

Doubtful, you see, according to a 2017 joint survey by National Seniors Australia and Challenger, the main issue concerning older people is ensuring they have regular and sufficient income.

This is because they are also living longer and are structuring their affairs to ensure they don't outlive their savings. Your parents are healthier and more financially savvy than their own parents were and they're considering their options.

It might seem like an historical event now, but self-funded retirees took an unexpected hit during the Global Financial Crisis (GFC). Ten years on, and investments have still not recovered. A recent report by the SuperGuide announced the top-performing super fund for the last ten years to June 2017 earned an average of 6.1%. That's not much.



It's probably not a good idea to rely on an inheritance either. From the survey mentioned above, only 3 percent of respondents planned to leave their savings to their children.

A combination of longer life expectancy and sluggish investment growth has seen many retirees opting for strategies like downsizing their homes to supplement retirement income.

It's common to live with Mum and Dad to save a healthy home deposit. Sometimes parents even offer financial assistance to give their children a leg-up into their first home. As a result, it's quite reasonable to assume there'll be further help later on.

These days, it's increasingly likely that you'll find your parents are simply not in the position to give further help, much as they'd like to.

But independence is empowering! It means taking control.

Borrowing from family can be awkward; they may want a say in how you spend the money, or it can leave you feeling you must consult them before making decisions.

Controlling your own destiny might be challenging, but financial self-reliance is rewarding. You just need to know where to start.

Financial advisers consider your income, expenses and financial goals. They work with you to tailor a plan to manage debt and develop a good savings habit to put you on track to getting what you want.

Contribute even the smallest regular amount and you'll be amazed at what you can achieve.

This is because interest is calculated on your savings balance. Regularly topping-up your balance – even once a month – really boosts your savings as the interest combined with your contributions compound one on top of the other, over and over. It's like free money!

What could be better? Only the fact that professional advice costs less than you might expect.

So, next time you need a favour from your parents, why not surprise them by asking for a referral to their financial adviser?

Managing your eternal life on social media

The Nearly 80% of Australians now use social media, with 59% of us accessing it either daily or most days. Facebook and Instagram have become our photo albums and repositories of family memories, and social media is no longer the province just of the young. People of all ages are sharing their lives with the world.

My But have you thought about how your social media assets should be managed when you die? And do you know what to do with the accounts of those close to you if they pass away? While not a legally recognised role, you may find yourself acting as someone's 'digital executor'.





Keep or delete?

The first question is whether to keep or delete the social media account.

Many social media platforms allow accounts to be memorialised. This means content can be retained and viewed by those with whom it was initially shared. It can be a nice way for a friend or family member to be remembered or to maintain a family archive.

Many people, however, would prefer that their social media presence disappears once they die. It's a personal choice, and an important one, so make sure that your loved ones know what your preference is.

That said, what you can do with an account will depend on the particular platform. For example, LinkedIn will remove the profile of a deceased member, but does not offer the option for the account to be memorialised.

Facebook, on the other hand, allows you to nominate a legacy contact – someone who can look after your account if it is memorialised. This includes responding to new friend requests and adding a final post to your profile.

Instagram accounts can be memorialised, but such accounts can't be changed in any way.

Twitter offers account deactivation, but does not provide account access to anyone, regardless of the relationship to the deceased.

Clearly, an important part of managing social media accounts after death is making sure the appropriate people know which sites you are using. Providing them with regularly updated details of your accounts will make life much easier for them.

Access all areas

As an alternative to going through the various processes for each site, and particularly if the aim is to have all of your accounts shut down after death, you can give a trusted person the login details and passwords for all of your accounts.

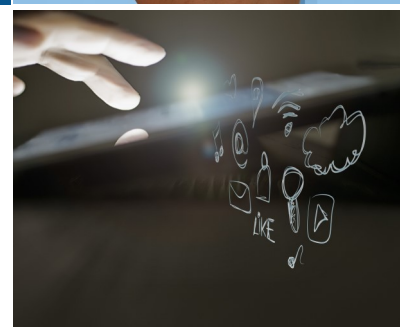
A number of password management services are available that allow your nominee to request access to all of the passwords you need to share. If, due to your death or incapacity, you don't block the request within a period of time that you stipulate, access will be granted. With some services you can also store other information, such as details of current insurance policies or social media accounts.



Talk to your significant others

Once you have your own plans in place and, most importantly, discussed them with your nearest and dearest, make sure you encourage all of your family, regardless of age, to provide their own instructions.

At a time of grief, it's better to know that you are carrying out a loved one's wishes, rather than trying to guess how they would want their social media legacy to be handled.



How the world celebrates Christmas



Beyond the rush of shopping, parties and the anticipation of holidays, Christmas still has the power to bring people together in the spirit of goodwill.

The practice of exchanging gifts has become traditional around the world and an essential ingredient of Christmas for millions of people around the world. Gift-giving may have originated with the story of the Three Wise Men who brought gold, frankincense and myrrh to Jesus, but it was also linked to St Nicholas, who evolved in many European countries into Santa Claus.

In different cultures around the world, the Christmas season is celebrated in a variety of ways.

- In Britain, groups of serenaders called "waits"

travelled from house to house, singing carols. These 19th century "songs of joy" are still among today's most beloved Christmas music

- Ethiopians still follow the old Julian calendar and celebrate Christmas on the original date of 7th January usually by going to church.
- In Japan Christmas is a time to spread happiness rather than a religious celebration. It is actually more like our Valentine's Day for the young Japanese. As so few Japanese are Christian, Christmas Day is not a national holiday in Japan.
- Christmas is known as Yule in Iceland and was first celebrated in ancient times as the winter solstice. The first recorded Christmas or Yule tree in Iceland was in 1862. As there were no evergreen trees growing in Iceland at that time, Icelanders made Yule trees using a central pole with branches attached to it and painted green.
- In Venezuela Christmas is an extremely colourful event with fireworks being a popular way to celebrate. It is customary for Venezuelans to exchange presents at midnight on Christmas Eve. Christmas fare includes 'Hallacas' which is a mixture of beef, pork, chicken, capers, raisins, and olives is wrapped in leaves creating a parcel for boiling or steaming.



That is all for this issue, Joyeux Noel. Feliz Navidad. Froehliche Weihnachten. Sung Tan Chuk Ha. Een Plesiergiege Kerfees, Buon Natale, Nollaig Shona, Jabulela Ukhisimusi,... or in other words,

Merry Christmas!

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 blog.collinsco.com.au

Contact Us

Give us a call for more information about our services.

Collins Financial Planning Pty Ltd
AFSL 227250
127 Paisley Street,
Footscray VIC 3011

T: (03) 9680 1000

F: (03) 9689 6605

E: financialplanning@collinsco.com.au

Visit us on the web at
www.collinsco.com.au/wealth-creation

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