crest FINANCIAL SERVICES

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Welcome to the latest edition of our client newsletter,

Our articles cover a range of topics which we hope you will find interesting. We aim to keep you informed of changes as they happen, but we also want to provide ideas to help you live the life you want – now and in the future.

If you would like to discuss any of the issues raised in this newsletter, please don't hesitate to contact us.
In the meantime stay warm and we hope you enjoy the read.

All the best,
Crest Financial Services

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Have we reached the bottom?

Shane Oliver
Chief Economist and Head of Investment Strategy

Although it's unlikely that we've seen the worst in sharemarkets, we do expect them to improve by the end of the year. In this article we look at the drivers behind market performance as well as the RBA's likely move to cut rates in the coming months, and the economic impacts of the oil price drop.

Outlook on the RBA's decision to hold interest rates

The culmination of global economic turmoil and reasonably solid economic data within Australia has prompted the Reserve Bank of Australia (RBA) to leave interest rates on hold following the first meeting for 2016. We expect the RBA to cut rates by approximately 0.25% in the coming months from its current position of 2%, providing some further help for the Australian economy.

How is the plunging oil price affecting our economy?

There's good news and bad news to come from the plunging oil price, which has come down by 70-80% in the past couple of years. The bad news for Australia is that we're a net energy exporter and therefore a lot of our gas contracts will now export at much lower prices – there is also a flow-on effect to the Federal Government in terms of reduced tax revenues as a result. The good news; businesses and households that rely on oil and petrol as an input are seeing big savings. For instance, the average Australian household is saving roughly $700 a year on petrol.

Have we seen the worst in markets?

History discredits the saying 'As goes January, so goes the year' with only a 30-40% chance that a poor January sharemarket performance will precede a poor year as a whole. Given current concern that global growth may linger for a while and that it will take a while for central banks to spring into action, it's too early to say that we've already reached the bottom for shares. We are expecting more volatility in the short-term however, I see shares moving higher by year-end.

About the Author

Shane Oliver

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Dr Shane Oliver, Chief Economist and Head of Investment Strategy at AMP Capital is responsible for AMP Capital's diversified investment funds. He also provides economic forecasts and analysis of key variables and issues affecting, or likely to affect, all asset markets.

Retirement rolls around faster than you think

New research shows one in three Australians think retirement is too far away to plan for. That's a big mistake. Take it from me, the day when you're ready to hang up your work boots is likely to roll around far more quickly than you anticipate, and it pays to be prepared.

If you think time passes more quickly as you get older, you're absolutely right. It turns out there's a whole range of scientific reasons for this, but the impact on our finances can be profound especially when it comes to saving for retirement.

A study by Roy Morgan Research found, not all that surprisingly, about 70% of 20-year olds believe retirement is too far off to worry about - and they're probably right. At that age I'd be more inclined to concentrate on building personal skills and qualifications to enjoy a rewarding career rather than focusing on retirement.

When is it too late?

The big worry is that in the critical pre-retirement years between ages 50 and 54, almost one in five people still reckon retirement is too far away to bother making plans. Don't be fooled – this is a critical window of time where you can make a big difference to your retirement savings.

In our busy lives it's easy to put saving for retirement on the back burner. But the fact is, time marches on for all of us. Waiting until your mid-forties or fifties to start growing your superannuation makes it a lot harder, but not impossible, to accumulate a decent nest egg.

Conversely, the earlier you start building super savings, the more compounding returns do the heavy lifting for you, so if you are comfortably on the path to retirement, spread the word – especially with your grown up children. It's easy to get caught up in raising a family and paying down a mortgage, but with the right strategies they can continue to save for retirement even during the years where cash might be in lesser supply.

Ideas for saving

Saving for tomorrow doesn't have to mean giving up a lot today. Salary sacrifice – where part of your pre-tax wage is paid into super rather than receiving the money as cash in hand, is a tax-friendly way for many workers to save for retirement.

For some ideas on the different ways to grow your super, take a look at the government's MoneySmart website. It features a handy 'Super Contributions Optimiser' calculator with suggestions on the various ways to contribute to super based on your age and annual income.

Nevertheless, retirement planning is too important to rely solely on an online calculator. Seeking expert advice makes a lot of sense, particularly if you've left your run a bit late.

Speak with us today about the best way to grow your nest egg.

– by Paul Clitheroe AM

Paul Clitheroe AM, co-founder and Executive Director of ipac securities limited, Chairman of the Australian Government Financial Literacy Board and Chief Commentator for Money magazine.

Pressed for time?

When it comes to achieving work-life balance, many Australian families aim to strike the balance between time and money.

If you dream of living your ideal life and achieving that elusive balance between spending time at work and being with your family, you're not alone.

These days, finding time to do it all can be challenging. In fact, around 40% of women and 30% of men report feeling often or always rushed or pressed for time[i] when trying to satisfy the demands of work and family life.

Much to do, so little time

These days, with more time pressures but still only 24 hours in the day, it's no wonder people feel stretched.

The regular 9 to 5 work day has been replaced with earlier starts, later finishes and time spent at the office on weekends.[ii]

Since 1985, full-time weekly hours have increased by almost three hours for men and two hours for women with men working an average of 42.3 hours in place of 39.5 and women working 38.6 hours instead of 36.4.[iii]

Between 1997 and 2006, Australians' overall leisure time decreased too. And in the 14 years to 2011, time spent on personal care increased by about 35 minutes a day. On the positive side, daily domestic activities consumed about 5 minutes less or 30 hours annually.

The biological-clock effect

When it comes to the workforce as a whole, times have clearly changed. One hundred years ago the only occupation category with a majority of female workers was domestic work .

Today's picture is very different with more women spending more time in paid work, not only earning more but occupying workforce-majorities in many occupations.

While the working habits of some men have changed in recent years, it's young working mothers who are the most pressed for time. More than 60% feel they do more than their share of household tasks, compared to 50% of working women without children.

Who gives the most?

Despite added time pressures, more young Australians are donating their time. In 2006, 32.2% of people aged 18–24 volunteered; 4% more than in 2002. Similarly, 3% more of those aged 25–34 donated their time during the same period.

Cost of clocking on

These days with more people live beyond metropolitan areas, a large chunk of time is consumed just getting to work and home again. Sydney commuters spend the most—a weekly average of 5 hours and 42 minutes and Brisbane workers consume 5 hours. Melburnians spend slightly less—4 hours and 48 minutes while those in the Northern Territory take half the time: 2 hours and 24 minutes a week.

Time, money—like more of both?

It's no surprise that balance often comes down to a struggle between the age-old counterparts, time and money.

But there may be ways you can create more time. Forward planning and goal setting are powerful tools for creating balance. Speak with us about uncovering opportunities. You may be able to buy yourself more time by creating a plan for putting money aside or even considering earning a living on your own terms if being your own boss is a possibility.

i NATSEM Income and Wealth Report, Race against time—How Australians spend their time.

ii NATSEM Income and Wealth Report, Race against time—How Australians spend their time.

iii NATSEM Income and Wealth Report We can work it out, Australia's changing workforce.