

Financially speaking

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Living the good life

With inflation rising and the cost-of-living soaring, many of us are looking at ways we can reduce our outgoings and live a little more prudently.

Watch the cents and the dollars will take care of themselves, the old adage goes. And, with the cost of living increasing, there are a number of things you can do to save a bit here and there. Remember, it all adds up...

It doesn't have to be a full-on modern-day replication of *The Good Life* (although the world conjured up by that classic British sitcom does hold a fair amount of appeal today!). That being said, if you do want to don your best 70s outfits and live a self-sufficient lifestyle, then you'll probably do well at the moment.

So, here are seven ways you can channel your inner Tom and Barbara and save a few dollars over the coming months.



Grow your own vegetables

Apparently, here in Australia, around 4.7m of us¹ are growing our own food – and it holds a lot of appeal, too. Not only is there a strong sense of satisfaction from growing your own produce, but you can also save a decent amount on grocery bills. If you are growing your own veggies, however, be careful. Research from Macquarie University² revealed a fifth of Australian homes' soil might have toxic trace metal contamination. This is more likely to occur in older, painted, inner-city homes, but there's an easy way to check. Macquarie University offers Australia's only

soil-checking service so you can make sure your veggies are safe.



Check for lost money

Lost money may sound more like Treasure Island than real life, but according to the government's Moneysmart site, there's around \$1.5 billion in lost shares, bank accounts and life insurance waiting to be claimed. And some of it could be yours. Checking is easy – simply visit moneysmart.gov.au/find-unclaimed-money, put your name in and – hopefully – bingo!



Make use of discounts & voucher codes

There's no shame in using discounts and voucher codes – in fact, there's more shame in not using them today. You'd be surprised at just how many discounts you can access via your banks, insurance companies and phone provider. From discounted gift cards – the definition of 'free money' – to codes offering discounts on clothes, electronic goods and pretty much everything else imaginable, you can save some serious money if you put the time in. If you can't find a code through conventional means, a Google search can often turn up something useful.



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Fuel app

If the pandemic hadn't limited our travel, fuel costs have certainly done so now. We're seeing unprecedented prices at the pumps, so any saving is a good one. A number of organisations – some government, some fuel retailers – have apps that enable you to see the local fuel prices at a glance. Some even allow you to lock in a price, meaning you can have some comfort knowing what to expect when you drive up to the fuel station.

Budget well

Okay, so this may not have the immediate appeal of finding lost money, but it can be just as effective. Because, in essence, it's exactly what you are doing. If you budget well, you have control over how much you're spending and, more importantly, how much you're saving. It's surprising how easily things add up when you're not on top of those outgoings, and, as the saying goes, you can't manage what you can't measure. Your Financial Adviser can help you with some effective budgeting tools.

Select new appliances carefully

What difference does a star make? As it turns out, quite a lot when it comes to electrical appliances. The more stars, the more energy efficient it is, and the lower the energy consumption number, the cheaper it will be to run. You can calculate the

cost savings between appliances³, but one extra star on a dishwasher can make a 30 per cent difference to the running costs and a 23 per cent saving on a fridge freezer. So, with energy costs going through the roof, it's well worth considering the star ratings when you're next in the market for white goods.

Check you're actually using what you're paying for

We're living in a subscription society and pay by the month for everything from TV streaming channels to calorie-counting apps. If you don't go through your bank statement line by line, you should. Who knows, you may still be paying for that streaming platform you haven't watched for six months, or maybe your kids or grandchildren 'accidentally' signed you up for a game on your tablet.

Taking control of your day-to-day spending

Unfortunately, financial windfalls are extremely rare – the odds are stacked against a lottery win smoothing out the challenges the current environment is serving us. But you can make a pretty significant impact on your cash flow and overall finances by taking a few of these seemingly small actions. Over time, as the saying goes, they all add up.

However, be warned: once you start saving, it can become rather addictive!

¹ diggers.com.au/blogs/learn/4-7-million-australians-are-growing-their-own-food

² sciencedirect.com/science/article/pii/S0160412021002075

³ energyrating.gov.au/calculator



Will you be able to live the retirement lifestyle you want to?

Australians, on average, are living longer than ever, thanks to better health and medical advances. That means the longer you live, the more money you will need for your retirement.

Whatever your plans, it's vital you have a strategy in place so that you can build your retirement savings as much as you can before you retire. In a groundbreaking survey of over 12,000 Australians in conjunction with CoreData, it was found that 92% of those with an adviser have greater control over their financial situation*.

Decide on your lifestyle

When it comes to focusing on your retirement plans, taking the longer view does make a difference. 88% of advised clients said that their Adviser's help had allowed them to be free from financial worries*. While you may be focused on mortgage payments or rent, family needs and work pressures now, it's a good time to look to your future. Thinking about where you want to live. Will you be downsizing? Moving to the beach, bush or staying put?

Figure out how much you need

Once you have decided how and where you want to live, you will need to set up a plan to achieve what you want.

Start catching up now

You might find that you are further behind than you thought for your ideal retirement lifestyle – this is often the case. However, it is never too late to make a change. You could be at the peak of your earning potential, so you have a real opportunity to save more and make up for lost time.

Don't put it off

Putting your plans in place for retirement early really does deliver. 89% of those that had a Financial Adviser felt that receiving advice allowed them to live their desired lifestyle*. Most importantly, it was found that the benefits of advice or the 'advice dividend' was felt across age, wealth and gender – removing long-held beliefs that advice only benefits wealthier or older Australians.

Financial advice makes a difference

Contact us for more information.

Here are some of the things you should look at to see if you are on the right track:

- **Superannuation** – is your super invested appropriately? Do you need to contribute more now so that you have enough for the future?
- **Investments** – if you have managed funds, shares or property, are they invested strategically to help accommodate your changing lifestyle?
- **Insurance** – do you have the appropriate level of life and income insurance? Are you and your family covered if anything happens?
- **Daily finances** – are you spending money on things you don't use? If the kids have moved out, are there ways you can scale back?



The case for a balanced portfolio

Investing in a globally diversified portfolio with a mix of equities, bonds, alternatives, property and cash has proven a sound strategy for long-term wealth creation says Pental's head of multi-asset Michael Blayney.

Contrary to some claims, the balanced portfolio isn't dead.

Periods of volatility and changing correlations are a normal part of the market cycle, and that is what's happening now, says Michael Blayney, head of Pental's multi-asset investments team.

"While there are clearly a lot of headwinds to equities at present, Australia is fortunate that the local market is more reasonably valued than many offshore markets. Also, the resources weighting of the ASX helps provide a partial hedge against inflation," Blayney says.

Blayney's fund remains modestly underweight equities. But he says Australia, in a relative sense, is one of the more attractive markets globally. Rising yields have hurt fixed income investments, but on a forward-looking basis Australian 10-year bonds now yield more than 4 per cent for the first time since 2014.

"This higher-running yield provides an attractive level of income relative to cash, and a cushion against the impact of any further increases in yields," Blayney says.

"While we retain an underweight allocation to bonds in portfolios generally, we do see Australia as relatively attractive compared to other major bond markets."

Opportunities

Times of market volatility tend to throw up opportunities.

"While we're not at the point, yet, of seeing 'bargains' like March 2020 or late 2008, the market falls have led to lower valuations across a range of asset classes," Blayney says.

Now is a good time to rebalance, whereby assets are trimmed after strong price increases and topped up after falls, he says. "It is one of the simplest and best ways to incrementally improve

long-term outcomes. In the present environment, this would naturally lead investors to trim cash and alternatives and top up cheaper equity and bond holdings."

Blayney says equity markets tend to fall about one year in three – meaning they rise the other two.

"Investing in a globally diversified portfolio – with a mix of equities, bonds, alternatives, property and cash – has proven a sound strategy for long-term wealth creation over many decades, through wars, pandemics and a host of economic crises.

Conversely, panicking after large market falls and selling has, generally, been a wealth-destroying activity for investors. You see classic examples of that behaviour at work in 2008 and early 2020. While we've been somewhat underweight equities and bonds in portfolios this year, these are relatively modest positions in the context of our long-term strategic asset allocations.

We continue to believe investors should 'stay the course' in respect of their long-term strategies."

Source: This information has been prepared by Pental Fund Services Limited (PFSL) ABN 13 161 249 332, AFSL No 431426 and is current as at June 22, 2022. PFSL is the responsible entity and issuer of units in the Pental Multi-Asset Target Return Fund (Fund) ARSN: 623 987 968. A product disclosure statement (PDS) is available for the Fund and can be obtained by calling 1300 346 821 or visiting pentalgroup.com. The Target Market Determination (TMD) for the Fund is available at pentalgroup.com/ddo. You should obtain and consider the PDS and the TMD before deciding whether to acquire, continue to hold or dispose of units in the Fund. This information is for general purposes only, should not be considered as a comprehensive statement on any matter and should not be relied upon as such. It has been prepared without taking into account any recipient's personal objectives, financial situation or needs. Because of this, recipients should, before acting on this information, consider its appropriateness having regard to their individual objectives, financial situation and needs. This information is not to be regarded as a securities recommendation. Read the full article here: pentalgroup.com/education-and-resources/michael-blayney-the-case-for-a-balanced-portfolio

Thinking ahead? Let's talk about strategies for creating a positive financial future.

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