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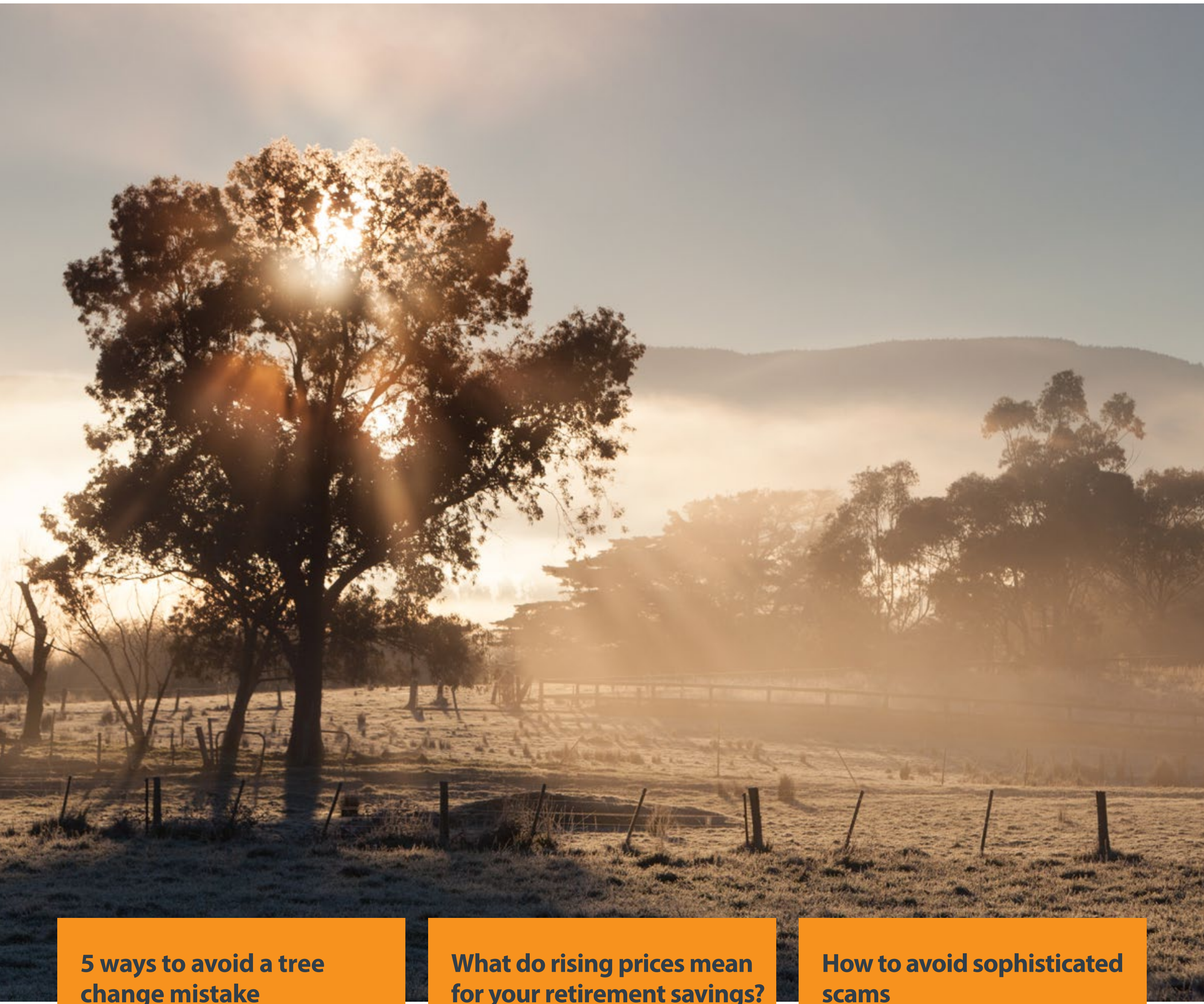
Welcome to the Winter 2022 edition of Now & Next



5 ways to avoid a tree change mistake

Moving to a regional area is a great way to spread out and take a breath of fresh air. Yet the reality of a tree change may be significantly different from your expectations. If you're thinking of moving to a regional area, we set out the important things you need to do before you start packing.

What do rising prices mean for your retirement savings?

Prices on everyday essentials like food, petrol and medicine have increased significantly, impacting us all. Managing these price hikes is even more difficult when you're living on a fixed income. We unpack how we got here and set out some things you can do to increase your buying power.

How to avoid sophisticated scams

While technology has unfortunately made scamming more common, the new schemes making the rounds are generally variations of ones you might already be familiar with. We step through the latest scams and what you can do to try and protect yourself and your finances.

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1 Consider your lifestyle

Moving out of the city to a regional or rural setting can mean fewer people and a slower pace of life. Fewer people can mean that access to medical centres and hospitals will be harder to come by. The same goes for specialist doctors, a service you may require as you get older.

Also, the things you like to do for fun should align with your chosen surroundings. If bush hiking is your passion, then you'll be right at home living outside the city. But if you like sampling new restaurants or attending cultural events, your choices will be more limited.

2 Give it a go before you commit

If you've got someplace in mind, it's worth spending extended time there. You may be able to do an extended home swap or hire a home through something like AirBNB to see what the reality of day-to-day life is like. Ideally, you'll do it more than once, testing out life in different seasons and getting to know the people who will become your neighbours.

3 Think about your network

When you leave one area, you're leaving behind the relationships you've built with everyone from friends to colleagues to neighbours. While technology makes it easier than ever to keep in touch, distance impacts relationships. Think carefully about how you're going to make new friends.

4 Choose a suitable property

Regional properties may look idyllic but it's also important to consider the practical aspects.

Severe weather events in the last few years have highlighted the impacts of bushfires and flooding. Would you be able to manage if you had to evacuate quickly? What about the costs of insurance? Similarly, heating and cooling costs can vary greatly based on your location.

Getting older means that accessibility and easy maintenance are a priority. And as the range of trades and materials that you're used to may be more limited in a regional area, select a property that will be suitable for your long-term needs.

5 Have a backup plan

Moving your whole life can be expensive. Moving it back if you change your mind can be a financial disaster. Ensure you have a backup plan in case things don't go the way you expect. You may not be able to sell your property in the new community as quickly as you'd like, or you may be priced out of the market back in the city.

Having a comprehensive plan for your financial future can be invaluable not only in plotting out your money but also in preparing for unforeseen eventualities. This can prevent a minor hiccup in your plan from turning into a tragedy.

Talk to your financial adviser

If you're considering a tree change, your financial adviser is a helpful sounding board. We can explore your financial options and put in place plans to protect your wealth and wellbeing.

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Prices on everyday essentials like food, petrol and medicine have increased significantly, impacting us all. Managing these price hikes is even more difficult when you're living on a fixed income. We unpack how we got here and set out some things you can do to increase your buying power.

Inflation refers to the rising costs of products and services over time. It's a case of too many dollars chasing too few goods. And there are plenty of reasons why we're experiencing record rates of inflation. These include COVID-related supply chain disruptions, Russia's invasion of Ukraine and past stimulus actions like government spending and low interest rates. The result is that Australian inflation is growing at its fastest rate in 20 years[1], with consumer prices in Australia rising 5.1% for the year ending March 2022[2]. We're feeling the pressure, yet we're doing better than the US where consumer prices surged 8.5% over the same period[3].

Inflation of 5.1% means, on average, you need $105.10 today to buy what $100 bought you 12 months ago. In Australia, the Australian Bureau of Statistics measures inflation, that is, increases to the cost of living, using the Consumer Price Index. Across 11 categories, the prices for thousands of necessary goods and services are tracked every month. The 11 categories are food, alcohol and tobacco, clothing and footwear, housing, household furniture and services, health, transport, communication, recreation, education and insurance and other financial services.

1 ABC News, Inflation is growing at its fastest pace in 20 years. Is it making you behave differently? 8 May 2022, accessed 10 May 2022.

2 ABS, Consumer Price Index, Australia, March 2022, accessed 10 May 2022.

3 Trading Economics, United States Inflation Rate, April 2022, accessed 10 May 2022.

> As prices rise, it's wise to consider cutting back your non-essential spending and regularly reviewing your budget to ensure that your money is being spent on the things that are your highest priority.

How the price hikes compare[4]

	Annual price rise to March 2022
Transport	13.7%
Food and non-alcoholic beverages	4.3%
Health	3.5%
Recreation and culture	3.0%

Inflation is particularly challenging if you are on a fixed income as your dollar has less buying power than you expected when you set out to retire. Where retirees are feeling the most pain is with food, petrol and healthcare prices.

Some relief in the 2022-2023 Federal Budget

To meet cost of living pressures, in March 2022 the government announced these short-term measures:

- A one-off payment of $250 was paid to concession card holders in April 2022.
- The 2021-22 low and middle income tax offset increased by $420 but hasn't been extended into the 2023 financial year.
- Fuel excise on petrol and diesel was halved for six months until 28 September 2022.

And from 1 July 2022, concessional patients will reach the Pharmaceutical Benefits Scheme (PBS) Safety Net quicker. It's expected to take approximately 12 fewer scripts to reach the safety net, and when you do, you'll receive PBS medicines at no cost for the rest of the calendar year.

General patients will also reach the safety net quicker (by approximately two fewer scripts) and receive PBS medicines at the concessional co-payment rate of $6.80 for the rest of the calendar year[5].

What does the future look like?

The current price spikes are certainly painful but aren't expected to continue long-term. The Reserve Bank of Australia took action in April 2022 to help quell inflation by increasing interest rates by a quarter of a percentage point. And they have promised that more action is coming. Increasing interest rates helps to slow the economy, reducing demand for goods and services. Lower demand tends to lead to lower prices and inflation usually falls as a result.

The likelihood of future interest rate rises may provide more opportunities for people chasing higher incomes. Higher interest rates are potentially good news for investors in term deposits, savings accounts and new bonds.

What are your options?

While it may be tempting to dip into your retirement savings to help cover these extra costs, this can have a long-term impact on the size of your balance. Drawing down extra now will mean that there will be less available to you in the future.

As prices rise, it's wise to consider cutting back your non-essential spending and regularly reviewing your budget to ensure that your money is being spent on the things that are your highest priority. Budgeting is one of the best tools to manage economic strife, helping you to track areas where prices have increased and where you can cut back or replace with a cheaper alternative.

If you are concerned about the impact of inflation on your investments, your financial adviser can review your portfolio with you. They can help you consider types of assets that are expected to increase their value over time, growing your long-term purchasing power. Your financial adviser can also model the impact that drawing down more of your savings could have on your retirement savings.

Talk to your financial adviser

Times of high inflation can be very disruptive. It can be helpful to talk to your financial adviser about the options available to you and the impact on your retirement plan.

4 ABS, Consumer Price Index, Australia, March 2022, accessed 10 May 2022.

5 National Seniors, 2022 Federal Budget winners, 29 March 2022, accessed 10 May 2022.

How to avoid sophisticated scams

While technology has unfortunately made scamming more common, the new schemes making the rounds are generally variations of ones you might already be familiar with. We step through the latest scams and what you can do to try and protect yourself and your finances.

> Unprofessional looking emails can be a sign that something is amiss. Look out for emails that have odd formatting or broken images.

Simply, scams succeed because they look real and catch you off-guard. Sometimes they're easy to spot, like an SMS littered with mistakes. Other times they may look so close that they'd confuse even a trained observer. Here are some tips for keeping your finances safe:

- **Look out for things that don't make sense.** Things like Australia Post asking you to pay for redelivery or your electricity provider asking you to pay an overdue bill with an iTunes gift card. Or a friend sending you a strange email or SMS.
- **Being sceptical is one of your best defences against scammers.** Whenever you're contacted unexpectedly – either through the phone, email or even in person – you should consider that it may be a scam.
- **A quick check can help verify the legitimacy of a request.** If you receive a message asking you to do something from a person or organisation you know, reach out to them to verify that it was actually them who sent the message. Contact the sender through a different channel. Don't use the phone number or email provided in the suspicious communication, rather get the number from your records or a web search.
- **Don't click on links you receive in a suspicious email or SMS.** Clicking a link may install malware, like viruses, spyware or ransomware on your phone or other electronic device. This is all done behind the scenes, so it is undetectable to the average person. Once the malware has been installed, it could collect your sensitive information, send out messages to contacts in your address book or provide a cyber-criminal with access to your information.
- **Hang up if anyone ever calls you asking for remote access to your computer.** Your internet provider will not need to access your machine remotely and the scammer is likely looking to install something malicious that will give them access to your sensitive information.
- **A strong password is one of the best things you can do to help secure your data.** As convenient as it is to repeat passwords, having a unique code for each account is the best way to keep everything secure. That way, even if the password for one of your accounts is compromised, your other accounts will still be safe.
- **Don't send sensitive information via email.** Because emails can be intercepted, try to avoid emailing information such as credit card numbers. Also take care with personal details such as your date of birth, signature and the details of your super and investment accounts.
- **Keeping your physical records secure.** Putting a lock on your mailbox and shredding anything containing sensitive information is a smart thing to do.

How to spot a fake

There are a lot of different ways that people try to separate you from your money. It's easy to find a high-quality logo online and mock up a fake document. Taking a moment to look more deeply can save you a lot of time mitigating damage in the future. Here are a few warning signs to look for.

- **Poor grammar and spelling are a red flag.** This is because scammers use misspellings to slip through anti-spam security systems. And because legitimate organisations generally avoid these types of errors.
- **Emails that aren't addressed to your name need a closer look.** If you received a letter asking you to do something and it didn't have any of your details on it, you'd be sceptical. The same goes for an email or an SMS.
- **Unprofessional looking emails can be a sign that something is amiss.** Look out for emails that have odd formatting or broken images.

Scammers love a ticking clock

A scammer is looking to pressure you into making a decision quickly. By pressuring you when you feel vulnerable, they hope that you will make an irrational decision which will allow them to extract money from you. This can include things like pretending to be law enforcement or a government agency threatening you with legal action or eviction if a bill isn't paid.

There are common scams where a scammer pretends to be a loved one who needs a medical bill paid or is stuck in a foreign country and needs you to send money to help them out. Or the scammer says they have embarrassing information about you. They will use this sense of urgency to encourage you to react without thinking things through. If you feel like you're being pressured into an action, you should take a step back, slow things down and talk it over with someone you trust.

Ultimately, if you're suspicious, don't send money and cut off the communication.

Talk to your financial adviser

Your financial adviser can help you protect yourself from scams. In particular, if you notice some suspicious transactions or communications about your superannuation or investment accounts, contact your financial adviser without delay.

The numbers

Gross Domestic Product increased

0.8%

in the March 2022 quarter.[6]

Consumer Price Index rose

5.1%

over the twelve months to March 2022.[7]

Households saved

11.4%

of their income during the March 2022 quarter, down from **13.4%** in the December 2021 quarter.[8]

Unemployment rate is

3.9%

at April 2022.[9]

CONTACT YOUR COUNT ADVISER AT:

6 Australian Bureau of Statistics
7 Australian Bureau of Statistics
8 Australian Bureau of Statistics
9 Australian Bureau of Statistics