

Now&Next

WINTER 2023
ISSUE 15

- Get happy!
- What's in store for rising prices?
- How to stay cyber safe



Welcome to the Winter 2023 edition of Now & Next



Get happy!

Long, dark winters can bring on the blues – so here's a dose of happiness. We reveal what happy people have in common, according to The Harvard Study of Adult Development, and suggest how you can replicate their success.



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Cybercriminals and fraudsters are constantly finding new and creative ways to scam us. Here are some of the most common cyber scams – and the surprisingly straightforward ways to protect yourself against them.





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“Happiness is a habit – cultivate it,” said 19th-century American philosopher and artist Elbert Hubbard. And it seems he was right.

The Harvard Study of Adult Development, one of the most comprehensive longitudinal studies ever done, found a key ingredient for happiness is building and maintaining good relationships. Although external factors and your genes have an influence on your emotions, solid friendships help pick you up.

Statistics show two in five Australians¹ experience depression or another mental issue at some time in their lives, so getting happy is something we could all try. Here’s what the data tells us.

The Harvard Study

The Harvard Study of Adult Development² has found striking similarities across the happiest of its participants. The study, which began in 1938, began by tracking two groups – young white men attending Harvard University, and kids from disadvantaged or troubled families in Boston neighbourhoods.

While researchers updated the study to include an equal number of female participants, in 1938 most residents of Boston were white. So, it’s worth noting that the study isn’t ethnically diverse.³

What makes us happiest?

The study found that, overwhelmingly, the happiest people are those who manage to form warm connections with others. They don’t need to have loads of friends, just relationships where they feel safe and loved. These connections help them get through life’s difficulties – and give them someone to enjoy the good times with.⁴

1 <https://www.abs.gov.au/statistics/health/mental-health/national-study-mental-health-and-wellbeing/latest-release>

2 <https://news.harvard.edu/gazette/story/2017/04/over-nearly-80-years-harvard-study-has-been-showing-how-to-live-a-healthy-and-happy-life/>

3 <https://www.mckinsey.com/featured-insights/mckinsey-on-books/author-talks-the-worlds-longest-study-of-adult-development-finds-the-key-to-happy-living>

4 <https://news.harvard.edu/gazette/story/2017/04/over-nearly-80-years-harvard-study-has-been-showing-how-to-live-a-healthy-and-happy-life/>

Good health is also correlated with happiness.⁵ And, conversely, happiness is good for our health. The study found that people with healthy relationships with others are happier as they get older⁶ and less likely to get chronic illnesses such as coronary disease, arthritis and type 2 diabetes.

Having fame, wealth and power doesn’t guarantee happiness, according to the data. Interestingly, the study found that if achievement is an important value to you, it can contribute to your sense of satisfaction. But those people who sacrificed relationships for work turned out to be the least happy of all.⁷

External factors

So, is happiness all up to you? Well, not quite. Your environment also contributes. The World Happiness Report⁸, a survey which has ranked the state of global happiness since 2012, compared well-being across countries based on three dimensions:

1. life evaluations – on a scale where the best possible life is 10 and the worst is 0,
2. positive emotions – laughter, enjoyment and interest, and
3. negative emotions – worry, sadness and anger.

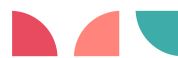
In the 2023 report, stable countries with strong social services and support – namely, Finland, Denmark and Iceland – topped the survey. Australia was at number 12 – beaten by the Kiwis at 10, but ahead of Canada [13] Ireland [14] and the US [15].⁹ And it’s no accident that Afghanistan, ravaged by war and whose people are now experiencing widespread poverty, rated last.¹⁰

Finally, while extreme wealth won’t buy you happiness, having financial security can help you avoid stress and solve problems faster.¹¹

How to build your happiness

Based on the data, here’s how to increase your happiness:

- Stay in touch with people who bring you joy. Email, call or see them face to face – and do it frequently.
- Build new relationships by joining a group with similar interests to yours, as you’re more likely to connect with people who have things in common with you.¹²
- Find a form of exercise you like to lift your endorphins (feel-good hormones). Listening to music can also help boost your mood – so pop on your headphones and get moving!



How we can help

Financial advice is all about helping you to live your best and happiest life. We can help you budget, build wealth and make sure your income is covered adequately to avoid stress in case things go wrong.

5 Daily Functioning, Health Status, and Happiness in Older Adults | SpringerLink

6 <https://www.mckinsey.com/featured-insights/mckinsey-on-books/author-talks-the-worlds-longest-study-of-adult-development-finds-the-key-to-happy-living>

7 <https://news.harvard.edu/gazette/story/2017/04/over-nearly-80-years-harvard-study-has-been-showing-how-to-live-a-healthy-and-happy-life/>

8 <https://worldhappiness.report/>

9 <https://worldhappiness.report/ed/2023/world-happiness-trust-and-social-connections-in-times-of-crisis/>

10 <https://worldhappiness.report/ed/2023/the-happiness-agenda-the-next-10-year/#fn10>

11 Microsoft Word - FinancialScarcity_SPPS_accepted_November1_2021.docx (hbs.edu)

12 <https://worldhappiness.report/ed/2023/the-happiness-agenda-the-next-10-year/#fn10>



What's in store for rising prices?

What's the outlook for inflation – and how can you save on everyday expenses?

Australians have been struggling with inflation for more than two years now. So, what's causing these sustained price hikes?

One driver is a shortage of materials or commodities. Natural disasters can trigger shortages – many of us recall last year's big floods on Australia's east coast which destroyed crops and pushed up the price of fruit and vegetables. Other times it's geopolitical disruptions, such as Russia's invasion of Ukraine, which squeezed Europe's energy supply and interrupted the export of Ukraine's raw goods to global markets.

Labour shortages, too, can push up costs, as employers pay higher wages to entice and keep scarce staff. Since COVID-19, there's been a labour shortage in many countries, due to sickness and deaths from the virus and also fewer migrant workers and international students.

A greater demand for a product or service can also push up prices. Rents have risen across Australia as the number of new dwellings has not kept up with housing demand.¹³ In an attempt to control inflation, the Reserve Bank of Australia (RBA) has repeatedly lifted the cash rate to slow spending¹⁴ and reduce demand. But that's also pushed up the cost of mortgages and, consequently, rents.

Who's most affected?

Older Australians and low-income households are most affected by inflation, according to a national survey from National Seniors Australia. Renters are particularly struggling. Single people and larger households are more affected than two-person households.

Among homeowners, people in their 50s are struggling more than those aged over 60 – probably because more of that older age group have paid off their mortgage.¹⁵

Where we are now

Inflation rose 6.8% in the 12 months to February this year. Housing led the price rise, with costs up a whopping 9.9%. This was followed by price hikes in food and non-alcoholic beverages at 8% and then transport (5.6%).¹⁶

Australia's rate of inflation over the 12 months to February 2023.¹⁷

The biggest driver of housing price rises was the cost of new homes for owner occupiers, up by 13% due to rising costs for building materials and labour. Meanwhile, rents were also up by 4.8% in the 12 months to February 2023. Electricity prices soared in the same period, up by 17.2%.

Transport costs are still high, but the cost of petrol is easing. It rose 10.8% between January 2022 and January 2023, but only 5.6% in the 12 months between February 2022 and February 2023.

¹³ Inflation and its Measurement | Explainer | Education | RBA

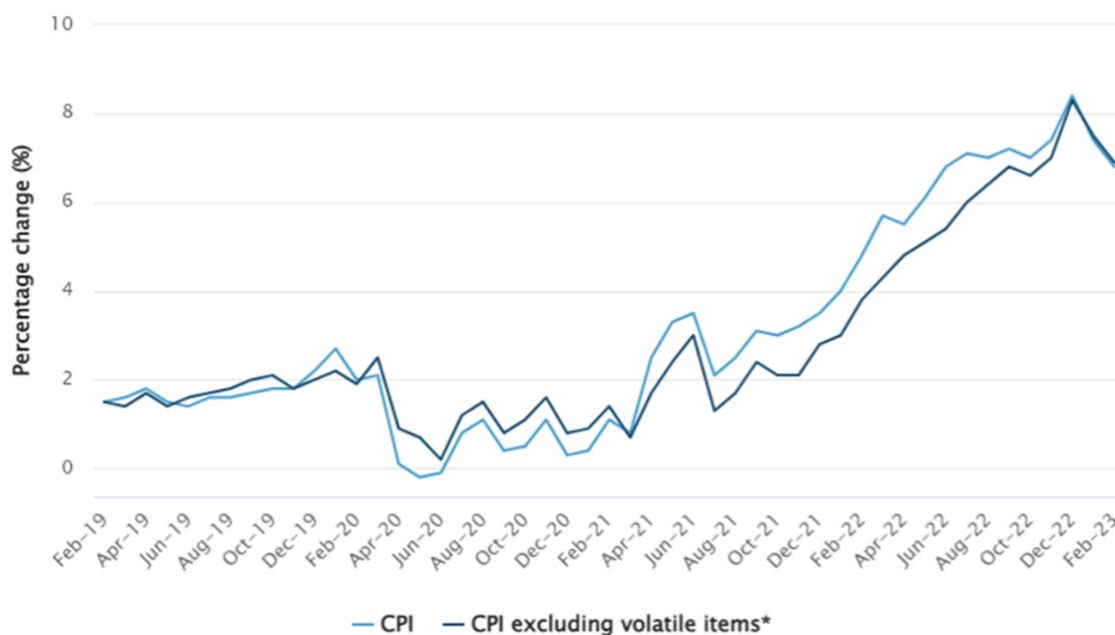
¹⁴ <https://www.fool.com.au/2023/02/08/if-inflation-has-peaked-why-does-the-rba-keep-raising-interest-rates/#>

¹⁵ How is the rising cost of living affecting you? – National Seniors Australia

¹⁶ Monthly Consumer Price Index Indicator, February 2023 | Australian Bureau of Statistics (abs.gov.au) Key Statistics

¹⁷ Monthly Consumer Price Index Indicator, February 2023 | Australian Bureau of Statistics (abs.gov.au)

All groups Monthly CPI indicator, Australia, annual movement (%)



*Volatile items are Fruit and vegetables and Automotive fuel

Source: Australian Bureau of Statistics, Monthly Consumer Price Index Indicator, February 2023.

The future of high prices

Inflation is now in decline but will be with us until at least 2024, says the RBA. The Reserve Bank forecasts a slow decrease in inflation over 2023, but it's still likely to remain between 4.75% and 3.25% through 2024.¹⁸ So, what can you do to manage higher costs of living?

Tips to save on common costs

Look for cheaper prices

- ▶ Apps such as Petrol Spy, Fuel Map Australia and Servo Track can help you locate cheaper petrol.
- ▶ Want to save on groceries? Use apps such as Frugl or Half Price to compare prices of major supermarkets.
- ▶ Try websites like Groupon for savings on a wide range of goods and services – from hotel rooms to clothing, technology, events, beauty treatments, meals and more.
- ▶ Need a new appliance or household item? Plan to buy it during end-of-financial-year or other seasonal sales.
- ▶ Use government help and membership discounts
- ▶ If you're over 60, get a Seniors Card.
- ▶ Make the most of government concession cards if you have them.
- ▶ Check whether you're eligible for government rebates on electricity.
- ▶ Some memberships (e.g., unions or insurance companies) allow you to get discounts with their card when you shop at certain places. Check their websites before you shop.

Save money – and the environment

- ▶ Consider repairing or borrowing goods and appliances rather than buying new. Go to op shops for clothing, crockery and gifts.
- ▶ Save on petrol or parking – walk, ride a bike, use public transport or carpool.
- ▶ Join the local Buy Nothing and Buy Sell and Swap groups on Facebook.
- ▶ Replace some meat meals with cheaper beans and pulses.
- ▶ If you have the time and space, consider growing your own vegetables.
- ▶ Electrify your home. According to Rewiring Australia¹⁹, replacing conventional gas appliances with energy-efficient electric versions, using solar power and an electric vehicle could save up to \$40,000 in energy costs over 10 years.

Clean up your finances

- ▶ Make a realistic budget and follow it, adjusting it as needed.
- ▶ Get rid of online or service subscriptions you don't use.
- ▶ If you have a mortgage, check that you're getting the best interest rate.
- ▶ Compare insurers and internet, phone and electricity providers to see if you can get a better deal elsewhere.



Speak to us to find out more

We are here to help you make the most of your money. So, if you're struggling with the cost of living, talk to us today. We can help you find where to cut costs, and ways to build your wealth even during inflationary times.

¹⁸ <https://www.rba.gov.au/publications/smp/2023/feb/economic-outlook.html>

¹⁹ https://global-uploads.webflow.com/612b0b172765f9c62c1c20c9/639d4e51598a9c13b8a45a80_Electrification%20is%20anti-inflationary%20-%20Saul%20Griffith.pdf

How to stay cyber safe

Cybercriminals and fraudsters are constantly finding new and creative ways to scam us. Here are some of the most common cyber scams – and the surprisingly straightforward ways to protect yourself against them.

If you've received a communication from a scammer this year, you're certainly not alone. The Australian Bureau of Statistics reported in February 2023 that scammers tried conning 65% of Australians aged over 15 in the 2021-22 financial year.²⁰ And small businesses across Australia lost almost \$13.7 million to frauds including false billing scams and payment redirections in 2022, says the Australian Competition & Consumer Commission (ACCC).²¹

With scammers and hackers only getting more sophisticated in their trickery, it's vital to be prepared. Here are the most common cyber scams and how to guard against them.

An investment offer too good to be true

Investment scams cost Australians \$1.5 billion in 2022.²² Be wary if someone calls you with an investment offer of a lifetime or the chance to buy the next big digital currency – but says you need to invest right now or you could miss out. Hang up immediately.

Strange emails and text messages

Scammers send emails and text messages to try and trick you into revealing information such as passwords, account and identification details or credit card numbers. They may also try to manipulate you into downloading malware onto your mobile phone or computer that tracks your online activity to steal your passwords or login details.

A scammer can impersonate a trusted organisation, such as Microsoft, a bank, superannuation fund, insurance company or government agency. Using the organisation's logo, the scammer tries to trick a victim into opening an email, instant message or text message.

Be suspicious if an email has misspellings. Another red flag is when the sender's email address doesn't seem right. And whatever you do, don't click the links!

Mystery phone calls

Related to email and text message scams, these types of scams involve a phone call (or a voice message) from someone claiming to be from the tax office or another government agency. They threaten you with arrest, legal action or other demands to pressure you into handing over your money or personal details. If you get a call like this, simply hang up and report it to the relevant government agency. If you're uncertain whether the call is genuine, hang up and call the organisation using their official phone number.

The best defence

Staying vigilant and informed is your best defence against scammers. In fact, the only good thing about their increased prevalence is that more of us now know about their methods.

The ABS says that fewer people (2.7%) responded to scams in 2021-22 than the previous financial year (3.6%).²³ Of those who do, more of them are contacting relevant authorities²⁴ such as their bank or the police.

Top tips for staying cyber safe

- Use multi-factor authentication where possible, including for your email and social media accounts.
- Never give out personal or security-related information via phone, email or text message. This includes your superannuation or insurance policy numbers, online passwords, card details or security codes.
- Pause before sending money. If you receive a request for payment that doesn't seem right, phone the person who asked for the payment to check if the request is from them and confirm the details.
- Don't click on links or attachments in text messages or emails.
- Use strong, long and unique passwords for each account, and change your passwords at least every year. That way, if a scammer uncovers one of your old passwords, you'll be protected. Don't use the same password across social media, email, superannuation, insurance and banking accounts.
- Keep your devices up to date as cybercriminals target security holes in outdated software. So, make sure all your devices, operating systems, security software and applications are current and set to auto-update.
- Secure your physical mail with a locked letterbox or a PO Box and report any missing mail to relevant providers. Don't throw away financial documents or bills in the rubbish or recycling bin. These often contain personal and financial information. Shred them or have them securely destroyed. Consider receiving your bill and account statements online.
- Don't post anything on social media that may reveal sensitive information about you, your friends or your family. Regularly check your privacy settings and be wary of sharing personal information with online quizzes.
- Get investment recommendations from your financial adviser, not a scammer. If an investment sounds too good to be true – it's probably a scam.

²⁰ <https://www.abs.gov.au/media-centre/media-releases/132-million-australians-exposed-scams>

²¹ Targeting scams 2022.pdf (acc.gov.au) p7 Heading 1.5 bullet point 2

²² Targeting scams 2022.pdf (acc.gov.au) p. 10 Table 2.2. Total column.

²³ <https://www.abs.gov.au/media-centre/media-releases/132-million-australians-exposed-scams>

²⁴ <https://www.abs.gov.au/media-centre/media-releases/132-million-australians-exposed-scams>



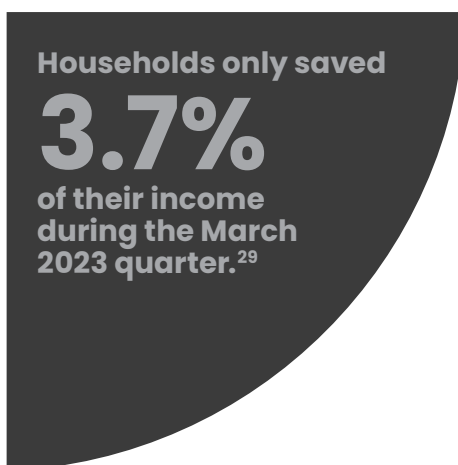
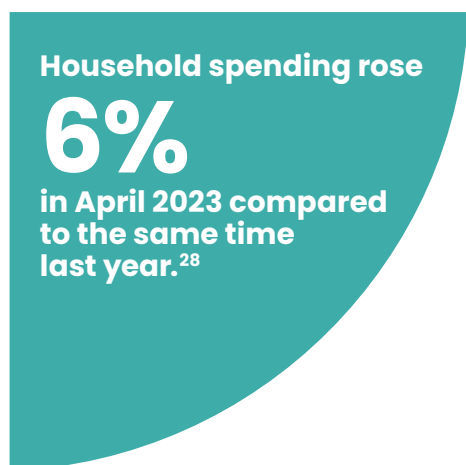
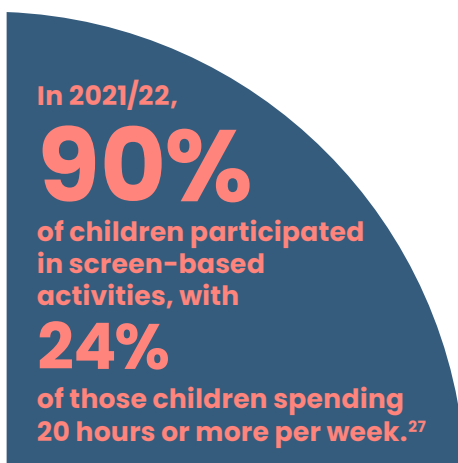
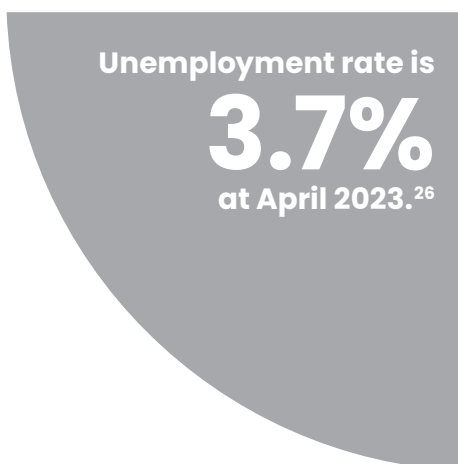
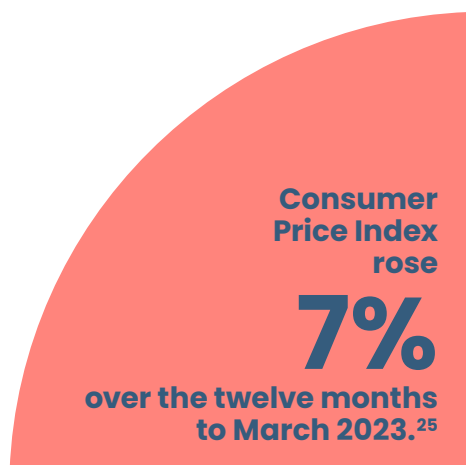
Be suspicious if an email has misspellings. Another red flag is when the sender's email address doesn't seem right. And whatever you do, don't click the links!



How we can help

Jeopardising your cyber safety can cost you more than money. It can also unsettle your peace of mind. Speak to us if something doesn't seem right so we can discuss the best course of action.

The numbers



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CONTACT YOUR COUNT ADVISER AT:

²⁵ Australian Bureau of Statistics

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²⁹ Australian Bureau of Statistics