



# GTC FINANCIAL SERVICES

Total Financial Care



## Newsletter July 2016

Welcome to the latest edition of our newsletter. We hope that you find the following articles to be informative - as we aim to help you make better financial decisions.

## The Right Time To Think About Your Super Is Now



**It's easy to become complacent about super when you can't access your money for 15, 20 or 30 years or more. But the fact is most Australians won't have enough money to enjoy the retirement they want and deserve. So while it's tempting to put super in the 'to do later' pile, do your future self a favour and take the time to think about your super now.**

### It's never too early to start thinking about your super

The estimated retirement savings gap is \$79,200 for the average Australian.<sup>[1]</sup> Without enough super you will be relying on the Age Pension, which is unlikely to be enough to fund the overseas

holidays, tripping around Australia or splurging on children or grandchildren that you dreamed of for your retirement.

The good news is that you can make your dream retirement happen by taking control of your superannuation. The sooner you decide how much you need for a comfortable retirement, the sooner you can put a plan in place to achieve this. In fact, the earlier you start the better off you'll be.

### Boost your super savings

The Government wants you to save for retirement so there are a number of different strategies available to help you reach your retirement goals. Not every strategy may be suitable for your situation, but common strategies that may help you include:

- The Government's co-contribution scheme
- Salary sacrifice into super and potentially minimise your tax
- Use your contributions to pay for insurance and avoid out-of-pocket expenses

### Start by choosing the right super fund for you

The first step in taking control of your super is choosing the right super fund. Here are some things to consider:

- Investment options: Make sure that the fund offers a wide selection of investment options that suit your investment strategy and risk profile
- Fees and costs: Look at the fund's product disclosure statement to get details of all significant fees. When comparing fees, remember to factor in any extras that may differ from fund to fund
- Insurance cover: Make sure that the fund offers the types of insurance and level of cover you want at an acceptable cost
- Extra features or services: Some super funds provide extra features, such as automatic rebalances, which help ensure your investment strategy stays on track. If you don't want to revisit your superannuation investments regularly (and let's face it, who does?), options like this can be really useful.

[1] Financial Services Council

# The Happiness Report: How Australia rates



**In recent reports it shows that Australians are among the world's happiest people. But while our strong economy has played a large part in keeping us smiling, the report also shows that money alone is not enough. Instead, true happiness means having the financial freedom to live the life you want. That's where good planning is essential.**

It's official — Australians are among the world's happiest people. A new report from the United Nations Sustainable Development Solutions Network<sup>1</sup> puts us at number 10 on the world happiness league table.

According to the World Happiness Report, we're happier than our Kiwi neighbours, more content than the residents of the US and Ireland, and much more satisfied with our lot than the English and the French. But we still have some way to go to match the Canadians, at number 6, or Denmark — home to Lego, Queen Mary and the world's happiest people. There's no doubt that our prosperity

and our comparatively healthy economy plays an important role in Australian's overall levels of happiness. Our great climate, democratic freedom and relaxed lifestyle don't hurt either. But the report also confirms something that many of us have already realised all along — that while financial security is important, money by itself can't buy happiness.

## What makes a country happy?

Of course, having enough money to feed, shelter, clothe and educate ourselves and our families is an essential first step in becoming happy. But as the report shows, there are plenty of other factors that rate high on the happiness scale too.

A strong health system leading to a healthy life expectancy is a key factor, along with adequate levels of social support. These are areas where Australia outperforms. But there are other important drivers where we compare less well, including perceived levels of generosity and corruption.

We also have higher than average levels of mental illness. According to the report, 10% of the world's population suffers from depression or anxiety disorders. In comparison, 20% of Australians aged between 16 and 85 have suffered from a mental disorder at some stage in their life<sup>2</sup>.

The report points out that happiness creates a virtuous circle. Happier people live longer and make better citizens. They also tend to be more productive and earn more money, partly because they are better able to pursue long-term goals, making them good investors. Happy people are also more generous too, donating more time and money to others in need. And all of these things help to create more happiness, keeping the cycle going.

## Happily ever after

Comparing Australians to less fortunate countries, it's easy to see that a lack of money can cause unhappiness. But once you've reached a certain level of wealth, money is less important because of what it can buy, than the freedom it creates.

The report highlights that a major contributor to your sense of wellbeing is the amount of freedom you have to choose the way you live. That's where good planning comes in. Because financial planning isn't simply about becoming wealthy, it's about planning your finances so you can afford to live the lifestyle you want — now and in the future. That's why it can be worth taking time to consult a financial adviser sooner rather than later. It could be the best investment you ever make.

1 <http://unsdsn.org/files/2013/09/WorldHappinessReport2013.pdf>  
2 <http://www.aihw.gov.au/mental-health/>

SOURCE: Colonial First State Investments Limited

Do you know a friend or a family member looking to improve their lifestyle? We would love to offer them a FREE initial appointment to explore their current financial position and aspirations.



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# Earning A High Income Won't Automatically Make You Wealthy



**When you earn enough money to pay for everything you need there's no reason to save regularly, right? Wrong. There's far more to becoming wealthy than earning a high income as suggested in the well-known proverb 'The art is not in making money, but in keeping it'.**

## High income earners can make the worst savers

It's an unfortunate fact of life nowadays that the more you earn, the more you tend to spend. Today,

there is so much pressure to spend money on the latest gadgets, prestigious fashion labels and having a picture postcard home. We're living in a spending culture where the next best thing is always just around the corner.

When you earn a higher than average income it's easy to justify upgrading your lifestyle here and treating yourself a little bit there. After all, you've worked hard to earn that income and you want to get some enjoyment out of it.

And even if you don't think of yourself as the type of person who is careless with their money, there may be other factors at work. Behavioural scientists have shown that it's human nature to seek instant gratification. We're much more likely to do something that makes us feel good now, like spoiling our loved ones with lavish gifts, than doing something that's better for us in the long term, like saving some of our money.

## You reap what you sow

You may be able afford a high standard of living now but could this lifestyle be maintained if you stopped working?

To get the full benefit of your income you need to cap your spending and get into the habit of putting away part of what you earn every week or month. This way your money can start working for you.

There are many benefits of having spare cash around:

- You will have money set aside for any small emergencies so you don't have to worry about how you will cope if something goes wrong
- You will be able buy things with cash rather than credit cards. Many retailers offer discounts for paying with cash. And you'll be saving money because you won't be paying interest on credit card purchases.

Do you know a friend or a family member looking to improve their lifestyle? We would love to offer them a FREE initial appointment to explore their current financial position and aspirations.



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