SMARTLIFE

SUMMER
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ISSUE
7

Super changes heading into 2022

Five habits to improve longevity

Looking at your mortgage in detail

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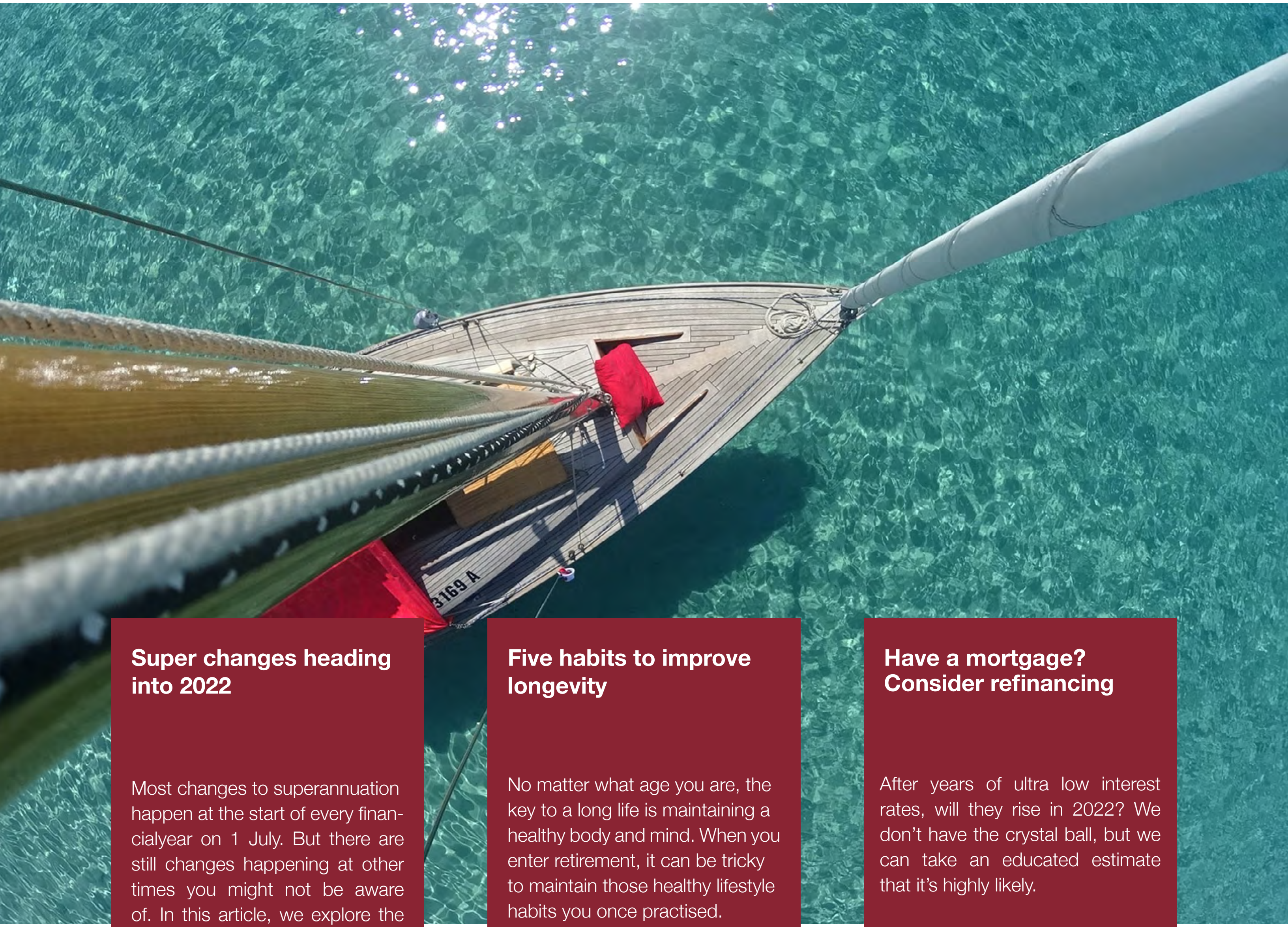
Welcome to the Summer 2022 edition of SMART Life



Super changes heading into 2022

Most changes to superannuation happen at the start of every financialyear on 1 July. But there are still changes happening at other times you might not be aware of. In this article, we explore the important changes you need to know about as we head into 2022 and how your financial adviser can help you.

Five habits to improve longevity

No matter what age you are, the key to a long life is maintaining a healthy body and mind. When you enter retirement, it can be tricky to maintain those healthy lifestyle habits you once practised.
In this article, we share five healthy habits you should consider incorporating into your daily life that could help make you healthier and happier.

Have a mortgage? Consider refinancing

After years of ultra low interest rates, will they rise in 2022? We don't have the crystal ball, but we can take an educated estimate that it's highly likely.

Now may be the time to consider refinancing and fixing either all or part of your mortgage.

Super changes heading into 2022.

Most changes to superannuation happen at the start of every financial year on 1 July. But there are still changes happening at other times you might not be aware of.
Here's what you need to know as we head into 2022.

1. Super now 'stapled' to you when changing jobs

Start date: 1 November 2021
The Federal Government recently introduced the concept of 'super stapling'. This makes it easy for employees to keep the same super fund when they change jobs, rather than opening a new super account each time. Not only will this simplify a person's super situation and paperwork – it should also reduce erosion of people's super balances through multiple sets of fees.

For new employees starting a job from 1 November 2021, if they don't specify a super fund, their employer can no longer assign them to a default fund. Instead, the employer must use the employee's 'stapled super fund' if they have one. They can check this with the Australian Taxation Office (ATO) by logging into the ATO's online services and entering their employee's details.

If an employee has more than one super account, the ATO will use a set of rules that consider things like recent contributions and account balance to let the employer know which one to use.

If an employee doesn't have an existing super account and doesn't choose their own super fund, their employer will open an account for them in a nominated fund. This will then become the employee's stapled fund if they change jobs in the future.

Know your super situation - speak with us to find out more.

2. Streamlined payments reporting for easier tax returns

Start date: 1 January 2022
The ATO began Phase 1 of its rollout of Single Touch Payroll reporting in 2019. On 1 January 2022, it will enter Phase 2. This phase will make it easier for employers to report specific payment details made to employees across all income streams, including:

- **gross income** – gross residual, salary sacrifice, bonus and commissions, overtime, director's fees and paid leave, and
- **allowances** – like car expenses, laundry allowances, meal allowances, travel and accommodation.

For employees, this means tax time will be easier than it has been in previous years. All of their information will be on the MyGov website, meaning less paperwork and a more complete digital record.
In addition, employees will find it easier to understand how they're getting paid and identify different payment types for tax and reporting purposes.

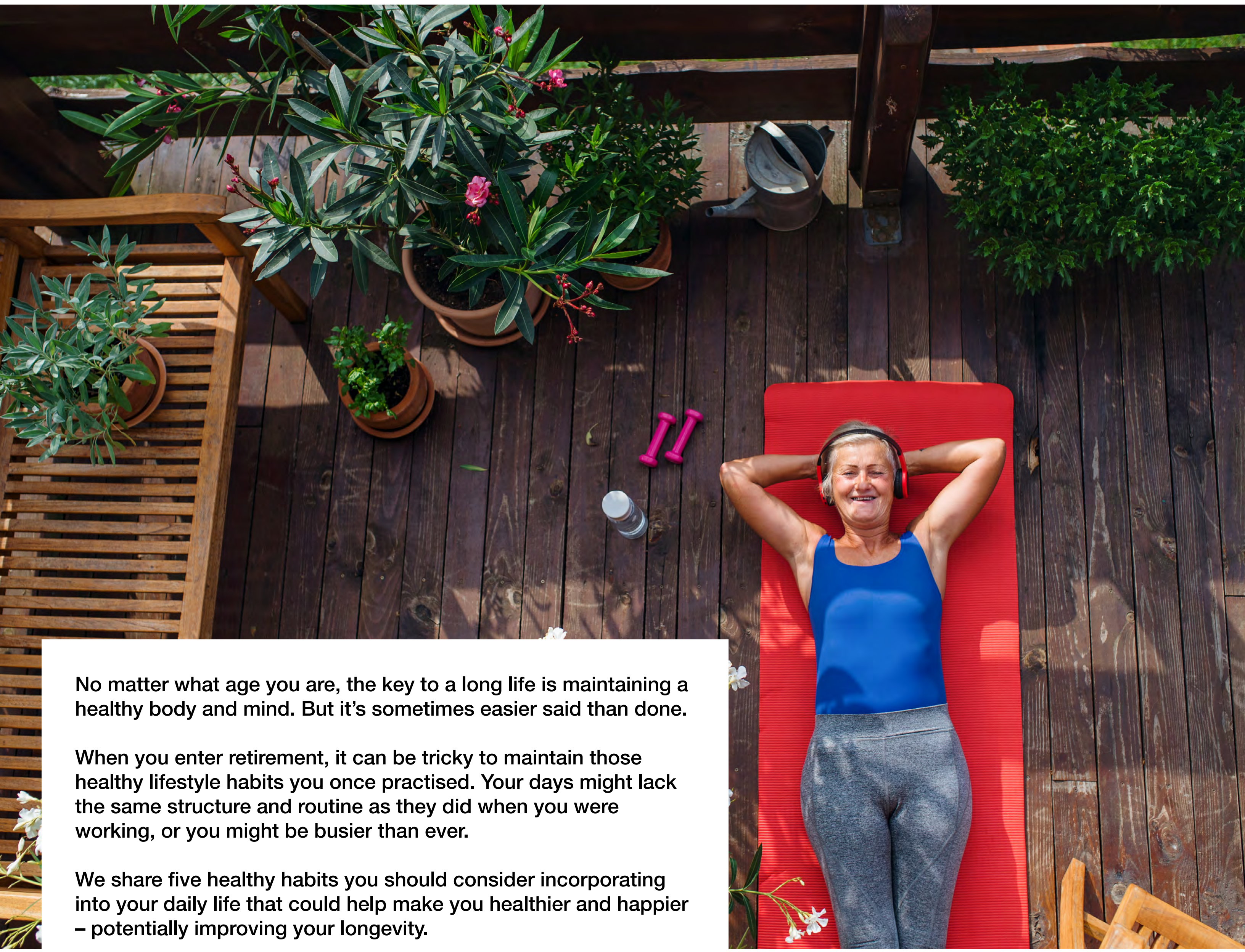
3. Improved visibility of super assets

Start date: 1 April 2022
The Federal Government has passed new laws allowing the ATO to release information about super assets to the Family Court during law proceedings. It highlighted that super is an increasingly significant asset in the property pool for separated Australian couples.

The improved visibility of super assets will make it harder for parties to hide or under-disclose their super assets in family law property proceedings. In addition, it will reduce the time, cost and complexity for parties seeking information about their former partner's super.

Five habits to improve longevity.

When you retire, it can be difficult to keep up the same important daily healthy habits, such as maintaining social connections and enjoying the activities you once did. Here are five habits to start practising every day for a long and fulfilling life.



No matter what age you are, the key to a long life is maintaining a healthy body and mind. But it’s sometimes easier said than done.

When you enter retirement, it can be tricky to maintain those healthy lifestyle habits you once practised. Your days might lack the same structure and routine as they did when you were working, or you might be busier than ever.

We share five healthy habits you should consider incorporating into your daily life that could help make you healthier and happier – potentially improving your longevity.

Have a regular exercise routine

Remaining active through physical exercise can provide plenty of health benefits. It can help you:

- control your weight, blood pressure, cholesterol or diabetes
- reduce the risk of heart disease, stroke and some cancers
- manage pain
- maintain and increase joint movement and balance, and
- improve mental health.

Regardless of what physical condition you're in, it's never too late to get active. And you can start off slowly. Doing light cardio, such as walking or cycling, is a great place to begin before adding in some strength training with weights. You could also work to increase your flexibility through yoga or pilates.
The amount of physical activity you need to do each week will depend on your age and health. As a general guide, adults aged 65 or older, with no health conditions limiting their mobility, should aim for at least 30 minutes of moderate intensity physical activity on most days.[1]

Keep your brain active and sharp

When significant memory loss occurs among older people, it's generally not due to ageing but organic disorders, brain injury or neurological illness.[2]

The good news is that studies have shown you can help prevent cognitive decline and reduce the risk of dementia with a few simple (and fun) activities, for example:

Reading (or listening to) books. Regular reading stimulates your brain cells long after you've put the book down, leading to better sleep, improved focus and greater retention of information.

Crosswords and puzzles. A weekend morning ritual of doing a crossword or sudoku can help you keep your brain functioning at the same rate as someone 10 years younger than you.[3] Word and number puzzles improve your grammatical reasoning, short-term memory, attention span and long-term problem-solving skills.

Pursuing a new passion. Impress the grandkids with your tech know-how, master a new language or learn about a topic you're passionate about.
With podcasts and YouTube channels dedicated to practically any topic that ignites your curiosity, there's no excuse not to challenge your mind with something new.

Planning for retirement? Speak to us to set up a plan to make it happen.

Maintain a positive mindset

According to the National Academy of Sciences in the US, optimistic people are more likely to live to age 85 or beyond.[4]

If you're struggling to adjust to retired life, there are a few common ways to maintain a positive perspective. These include staying engaged with your local community, practising gratitude through activities like meditation, or setting a financial plan.

Try writing down three things you're grateful for each day. This trains you to view your day more mindfully, helping you reflect on the little things that bring you joy in life.

Nurture your social scene

It's estimated that one in five older Australians suffer from social isolation. As a result, they might experience depression or decreased mental and emotional health.[5] Remaining socially active lowers your risk of depression, enhances your wellbeing and improves your strength and stamina.

Not sure where to meet people? Here are few good places to start:

- Join a local walking group
- Connect with a book club
- Search for a fitness buddy
- Become a volunteer
- Find a network of people with similar interests
- Get to know your neighbours

Find meaning and purpose

Reassessing your purpose is a good way to avoid falling into a negative mindset of “Now What?”. Just because you've retired from work doesn't mean you have to retire from life. Think about your answers to the following questions:

- What do you want to achieve?
- What sort of difference do you want to make?
- How do you want to make a positive impact on your family or other people?
- Is there a dream you want to fulfil but couldn't while you were working?

Take some time out to recharge your batteries before working towards your goals – you've earned it after all.

After years of ultra-low interest rates, will they rise in 2022?

Economists say the cash rate is expected to stay on hold until late in the year or 2023. An inevitable rise in interest rates is set to slow property price growth in 2022.

The timing will be closely watched, and could come earlier than the Reserve Bank's previous cautious suggestion of 2024.

What the rate rise means for you.

ANZ expects the first hike in the first half of 2023, Westpac tips February 2023, NAB says mid-2023, while both CBA and AMP Capital predict November 2022.

Retail banks have already been increasing fixed mortgage rates from their trough below 2 per cent to cover their costs, but an official hike – likely the first in a series – will reduce borrowers budgets at auction.

ANZ senior economist Felicity Emmett said fixed rates could rise a little further before stabilising, after three-year rates rose more than 80 basis points over the last few months of 2021.

“It will mean that we do continue to see this slowing of house prices, and that’s why eventually we think that by 2023 prices will start to turn down.”

Reserve bank impact on property.

The Reserve Bank wants to see a sustained improvement in wages growth and inflation before it lifts the cash rate, as moving too early could derail the economic recovery.

Ms Emmett expects this won’t be until the first half of 2023, but not everyone agrees.

“There are a lot of people out there that think the RBA will have to move earlier,” she said. “There is a risk the RBA starts to price in rate rises much more quickly than we and the RBA are expecting.”

Westpac senior economist Matthew Hassan said “Housing is super sensitive to interest rate moves and it’s really run well ahead of the wider economy.”

“The housing market has pretty much ignored Delta and Omicron, and had a strong surge before the economy has regained its pre-COVID levels … it will be much more sensitive to the tightening prospects in 2023.”

He expects housing price growth to flatten by the second half of 2022 as expectations of a rate hike build, and for the property market to fall the following year as interest rates climb.

“There are a lot of households carrying a lot of debt,” he said. “The RBA should get a fair bit of mileage out of the hikes.”

Are fixed rates the answer?

RateCity.com.au research director Sally Tindall said regardless of when the cash rate goes up, fixed mortgage rates are likely to keep moving up albeit at a slower pace, and some banks could even lift variable interest rates out of cycle.

Over the month to mid-December last year, 52 lenders hiked their two-year fixed rate products and 64 hiked for three-year loans, she said, compared to 11 and one who cut respectively.

“Hikes in the cash rate will make it more difficult for people [to buy], it will limit how much they can borrow from the bank,” she said. “However, it could also help cool property prices.

Been a while since you’ve assessed your loans? Our in-house mortage broker can help find you the best lending solutions.

Managed funds industry assets rose

1.4%

in the September Quarter.

There have been

49.5 million

Vaccination doses administered nationally as at January 30.

Consumer Price Index increased

3.0%

in the past year. 8

Unemployment rate rose to

5.2%

in October 2021. 9

93.3% of Australians over the age of 16 are now fully vaccinated.

[6] Health.gov.au
[7] ABS, Managed Funds Australia, December 2021
[8] ABS, Key Economic Indicators
[9] ABS, Labour Force, Australia
[10] Health.gov.au – Vaccine Rollout as at 2 December

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