

SMARTLIFE

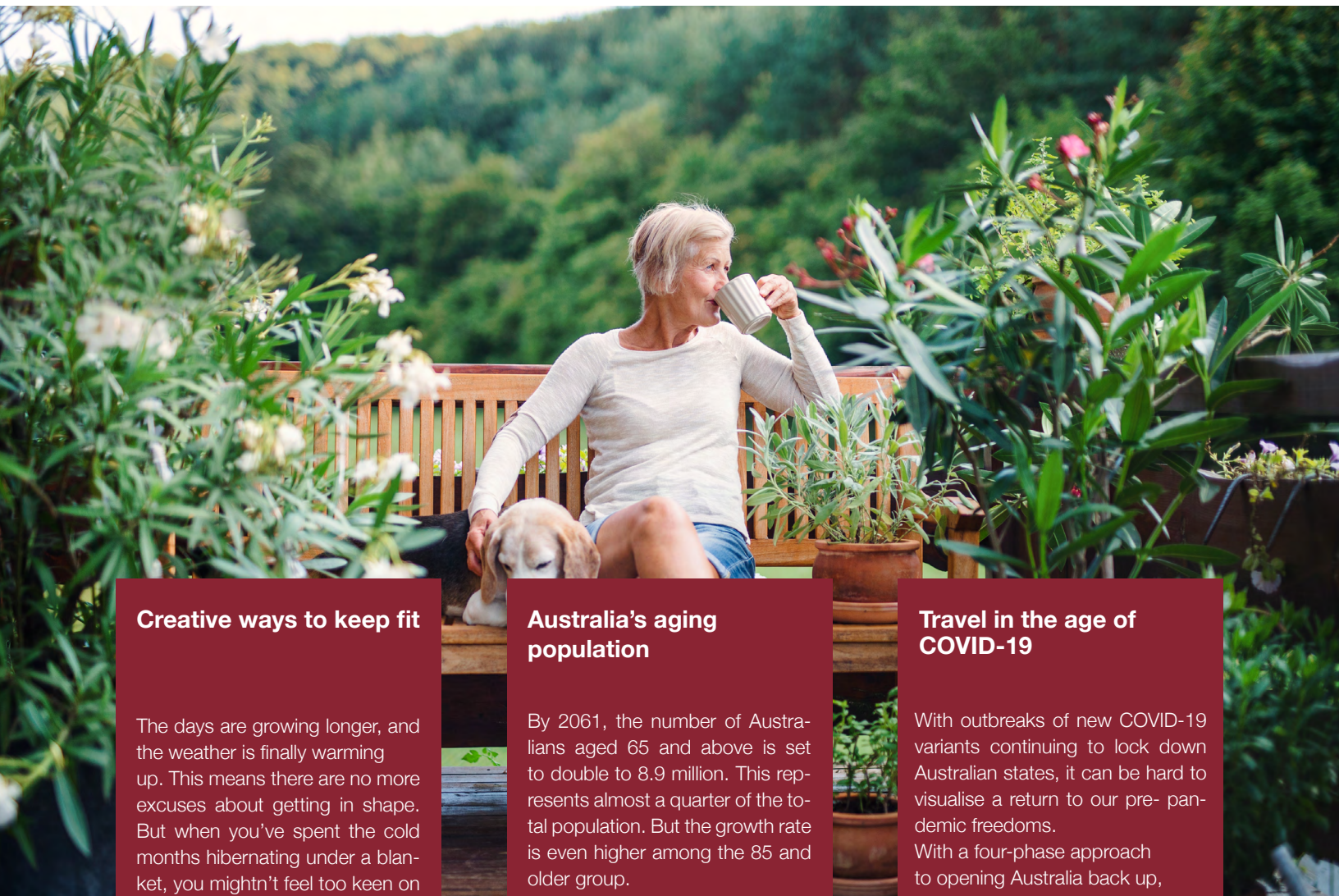
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Creative ways to keep fit
Australia's aging population
Travel in the age of COVID-19

smart
BUSINESS SOLUTIONS
Financial Planning

Welcome to the Spring 2021 edition of SMART Life.



Creative ways to keep fit

The days are growing longer, and the weather is finally warming up. This means there are no more excuses about getting in shape. But when you've spent the cold months hibernating under a blanket, you mightn't feel too keen on hitting the gym or going for a run. The good news is there are plenty of ways to keep fit that don't involve a treadmill – and you'll be having so much fun, you won't even notice you're exercising.

Australia's aging population

By 2061, the number of Australians aged 65 and above is set to double to 8.9 million. This represents almost a quarter of the total population. But the growth rate is even higher among the 85 and older group.

This cohort is predicted to triple to 1.9 million or 5% of the population – up from 2% in 2020.

With a small economy tasked with managing a rapidly ageing population, we look at what this means for Australians preparing for retirement.

Travel in the age of COVID-19

With outbreaks of new COVID-19 variants continuing to lock down Australian states, it can be hard to visualise a return to our pre-pandemic freedoms.

With a four-phase approach to opening Australia back up, the aim is to reduce our reliance on lockdowns and eventually allow fully vaccinated travellers in and out of the country. But will it work? And how long will we have to wait until international travel is up and running again?

Creative ways to keep fit.



If you're not feeling motivated to get fit, that's because you're not having fun. Here are seven ideas to change that.

The days are growing longer, and the weather is finally warming up. This means there are no more excuses about getting in shape. But when you've spent the cold months hibernating under a blanket, you mightn't feel too keen on hitting the gym or going for a run.

The good news is there are plenty of ways to keep fit that don't involve a treadmill – and you'll be having so much fun, you won't even notice you're exercising.

1. Put on your dancing shoes

Remember in the 80s when one of the most popular TV shows was *Rage* or *Video Hits*? There is nothing quite like finding the music you love on a video clip, pumping the sound up LOUD and having an good ol' fashioned dance around the kitchen. Dancing is a great way to get your heart rate pumping and it makes you feel good!

The good news is you can still find all your favourite clips on YouTube, or in TV apps such as Vevo. Oh, and *Rage* still exists!

If you're keen to really hone in on your technique, whether it's ballroom, country, hip hop, tap or salsa, many dance schools offer a free trial or casual classes so you can have a go at one style and see how you like it. And during lockdown or times of restrictions there are also plenty of dance schools that offer online classes.

2. Chuck a frisbee

Frisbee is growing in popularity – and with good reason. It's a fun and friendly way to spend time with other people while burning calories. Check for a frisbee group in your local area, or simply head down to the park and throw a frisbee back and forth with a friend. And remember, it's more of a workout if you have to run for it!

3. Get out in nature

Hiking allows you to stretch your legs while enjoying the great outdoors at the same time. So, strap on a pair of comfortable shoes, pick a place on the map and start exploring the world around you. Research shows that walking has a host of health benefits, from boosting your immune system to easing joint pain.¹

4. Channel your inner child

Remember how much fun hula-hooping was as a kid? Well, as an adult, it can be a serious aerobic workout that activates your lower body muscles. Trampolining is another way to bring out your inner child – not only will it have you giggling in no time, but bouncing on a trampoline for less than 20 minutes is just as good for you as running.²

5. Green your thumb

The benefits of gardening are obvious: connecting with nature and creating a beautiful yard. But the Centre's for Disease Control and Prevention also categorises gardening as a form of exercise that combines balance, muscle strengthening and aerobic activity.³

6. Slow it down

When we think of exercise, we usually assume this means strenuous physical activity like swimming or cycling. But did you know you can actually speed up your heart rate by slowing down as well? Tai chi, yoga and pilates all comprise slow, graceful movements which provide gentle physical activity while training your muscles and relaxing your mind.

While you're focusing on your physical health, why not improve your financial health as well?

Speak to us for tailored strategies to get your finances in shape, now and into the future.

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Australia's aging population: what does it mean for retirement?

The Federal Government recently released its latest Intergenerational Report, revealing the pressures of an ageing population.

Here's what the findings may mean for tomorrow's retirees **plus five takeaways** for Australians preparing for retirement.

Australia is experiencing a slowdown in population growth as fertility rates continue to decline –partly due to the COVID-19 pandemic.

That's the largest finding of the 2021 Intergenerational Report⁴, which forecasts our country's shifting demographics over the next 40 years. By 2061, the number of Australians aged 65 and above is set to double to 8.9 million. This represents almost a quarter of the total population. But the growth rate is even higher among the 85 and older group. This cohort is predicted to triple to 1.9 million or 5% of the population – up from 2% in 2020.

4 The Commonwealth of Australia, 2021 Intergenerational Report, June 2021

“ By 2061, the number of Australians aged 65 and above is set to double to 8.9 million. This represents almost a quarter of the total population. But the growth rate is even higher among the 85 and older group.



1. Most people will retire later in life

While the ageing population is expected to lower the overall workforce participation rate, there will likely be an increase in the number of older people who stay in the workforce. This trend reflects increased life expectancies, improved health at an older age, and shifting social attitudes towards older workers.

What's more, an increase in part-time and less physically demanding jobs will make it easier for older Australians to ease gradually into retirement. This means you could consider cutting back your work hours for a few years before stopping employment completely – providing additional income in the lead-up to retirement.

2. Aged care spending is set to rise

The increase in Australia's older population will result in greater demand for aged care services over the long term. The Government currently pays 80% of total aged care spend – a 40% increase since 2013. But according to the Royal Commission into Aged Care Quality and Safety, further significant increases in funding will still be required.

It's projected that aged care spending will need to nearly double by 2061, taking it to 2.1% of Australia's GDP. What's more, the move towards a greater supply of home-care packages to support older Australians living independently will create added pressure on aged care budgets.

As such, it's important to consider the type of care you might need in the future, to ensure you can cover any gap between government funding and age-care costs. That way you can take more control of how you live later in life, without depending on the government to provide.

3. Welfare spending will shrink

The strong boost to health and aged care spending will be partially offset by slower growth in the Age Pension, which is projected to fall from 2.5% to 2.1% of the national GDP in the next 40 years.

Younger generations should not rely on the more generous government benefits their forebears relied on – it's likely they'll be expected to support a greater proportion of their retirement with their own superannuation savings.

4. Dementia will become more prevalent

It's tipped that life expectancy will continue to rise – from the 2018 average of 80.9 years for men and 85 years for women, to 86.8 years for men and 89.3 years for women by 2061.

While this is generally good news, there is a downside too. Dementia, Australia's leading second leading cause of death, correlates to age. This means the condition is likely to become more prevalent as life expectancies rise.

The impact of this on Australia's aged care system will be one of Australia's most pressing health challenges, as declining cognitive capacity is a major trigger for accessing services. Your retirement plan should carefully consider

all potential healthcare needs at different stages of your retirement – and you should factor this into your budget.

5. Economic growth will continue to slow

According to the report, the global pandemic has profoundly impacted Australia's economic outlook, which delivered the most severe shock since the Great Depression. In addition to COVID-19, we're also experiencing lower migration levels and population growth. As a result, it's projected that our economy will grow at the slower pace of 2.6% per year until 2061, compared with 3% over the past 40 years.

Many retirees rely on investments outside of superannuation to fund their lifestyles. While the economic recovery is already underway, we'll continue to feel some impact from COVID-19 for years to come. To understand how this might affect your investments, it's best to speak to your financial adviser.

Planning for retirement? Speak to us

Everyone's lifestyle and financial goals for retirement are different. So when preparing for your own retirement, your first port-of-call should be your financial adviser. We can help you understand how Australia's shifting demographics might impact your retirement – and create tailored strategies around your individual needs and goals.

Email us at reception@smartfinancialplanning.com.au or call 03 5911 7000 to start a conversation.

Travel in the age of COVID-19.

In July, the Federal Government announced a four-step pathway out of the pandemic. We look at what it means for the future of international travel.



Until a large enough proportion of the Australian population is vaccinated, and a vaccine passport is introduced, travel bubbles – like the one rolled out with New Zealand in April – will likely be the next best thing.

With outbreaks of new COVID-19 variants continuing to lock down Australian states, a slow vaccine rollout, and reduced caps on international arrivals, it can be hard to visualise a return to our pre-pandemic freedoms.

But in July, Prime Minister Scott Morrison offered some hope when he announced a four-phase approach to opening Australia back up. The aim is to reduce our reliance on lockdowns and eventually allow fully vaccinated travellers in and out of the country.

But will it work? And how long will we have to wait until international travel is up and running again?

Four steps to freedom

The four-phase pathway is a strategy to get Australia back to a level of normality that resembles life before the pandemic. We're currently in the first phase – 'pre-vaccination'. As vaccines are becoming more readily available for all age cohorts, the government is driving a push to get as many people vaccinated as quickly as possible. There's also a review into the hotel quarantine system and smaller caps on inbound travellers to limit instances of COVID-19 coming in from overseas.

When the population reaches a certain vaccination threshold, it will trigger the next phase of the pathway – 'post-vaccination'.

Phase two isn't likely to become a reality until next year. But when it does happen, we should see restrictions eased with fewer lockdowns and larger passenger caps for vaccinated travellers coming in from overseas. By phase three, COVID-19 should be a well-controlled infection and lockdowns will hopefully be a thing of the past. Overseas travel for vaccinated people will slowly open up and there will be some unrestricted travel bubbles. When we eventually reach phase four, Australia should be somewhat back to normal with most previous freedoms restored.

The future of international travel

So when are Australians likely to travel internationally again? There's no date set in stone just yet. It largely depends on how quickly the population gets vaccinated, how well we can control future outbreaks, and the systems in place to manage inbound passengers coming from overseas. At the moment, all travellers are banned from leaving or entering Australia, unless they have an essential reason and permission from the government.

In August, there was talk that international borders might open once 80% of the population is vaccinated. However, even if this happens, it's likely there will still be restrictions on travellers – a vaccination will be required, and we'll likely need to follow certain protocols, like regular COVID-19 testing and quarantining upon arriving in a new country.

Vaccine passports

Even when we enter phase four, international travel will look different to how it did before the pandemic. There's already talk about the introduction of vaccine passports to document and monitor who can travel where. Versions of this are already being rolled out in other parts of the world.

The European Union's vaccine passport allows the fully vaccinated to travel freely between its member states. France has introduced a 'health pass' for visitors to get into museums, cinemas and theatres where there are crowds of more than 50 people. Meanwhile, Israel's iteration is called a 'green pass' and grants vaccinated people access to gyms, event venues, hotels, restaurants and bars. There's no blueprint yet for exactly how an Australian vaccine passport would work.

Travel bubbles

Until a large enough proportion of the Australian population is vaccinated, and a vaccine passport is introduced, travel bubbles – like the one rolled out with New Zealand in April – will likely be the next best thing. Unfortunately, within a couple of months it had to be paused when the Delta strain of COVID-19 sent several Australian states into hard lockdowns. Both countries will likely reconsider the situation later in the year and announce whether the bubble will be reinstated.

Other countries anticipated to enter a travel bubble with Australia include Singapore, the Cook Islands, Japan, and other islands in the Pacific Ocean – making them the most likely destinations for Australians once international airlines start accepting passengers for non-essential reasons.

There's no word yet whether these bubbles will only be open to those who are fully vaccinated.

Planning future trips

While it's likely too early to start booking an international getaway yet, the Federal Government's four-step pathway is shining a light on a future that has a semblance of normality. As the vaccine becomes more available and lockdowns ease, we can look forward to a future that includes making holiday plans.

If you're wanting to plan a trip as soon as Australians are allowed to travel overseas, it's a good idea to start chatting to us now. That way you can make sure you have your finances in order so that when borders do open, you're ready to make those holiday dreams come true.

Superannuation assets totalled

3.1 trillion

at the end of the March 2021 quarter.⁶

Economic activity increased

0.7%

in the June Quarter.⁵

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Australia's unemployment rate decreased to

4.6%

in July 2021.⁷

Overseas visitor arrivals to Australia fell by

98%

in FY21⁸

19.7 million COVID-19 vaccine doses

have been administered to Australians.⁹

1 Harvard Health Publishing, 5 surprising benefits of walking, October 2020.

2 American Council on Exercise, Putting mini-trampolines to the test, October 2016.

3 Centers for Disease Control and Prevention, How much physical activity do older adults need? Last reviewed February 2021.

4 The Commonwealth of Australia, 2021 Intergenerational Report, June 2021

5 ABS, 1 September 2021

6 The Association of Superannuation Funds of Australia

7 ABS, Labour Force, Australia

8 ABS, August 2021

9 Health.gov.au – Vaccine Rollout as at 1 September

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