



#### In this edition:

- An enjoyable retirement – are you on track?
- A look at minimalism
- Protect the lifeblood of your business
- How reading books can do wonders for your wellbeing

If you are new to reading The Key newsletter, welcome. If you are an avid reader of this publication you would be familiar with this forum, delivering relevant and interesting content from the financial planning industry, to help you better manage your financial life. A core value of our business is that every Australian should have access to, and benefit from, good financial advice. In reading this publication, we hope that you find the articles interesting, and perhaps they will provide some talking points for your next review meeting with your financial adviser.

Enjoy reading this edition of The Key.

## An enjoyable retirement – are you on track?

For many people, the decision around when to retire can be one of the most exciting, yet daunting, times of their lives. There are a number of strategies you can employ now, whatever your age, that may help you fulfil your retirement dreams.

### When should I retire?

Unfortunately, there is no easy answer, as the path to retirement is different for each individual.

Do you retire early (say at 60), so that you can enjoy all the hard work that you've put in, while still in good health? Or is 60 too early and you risk running out of money and things to do with your time?

While the fast-track to retirement is appealing, you have less time to build your retirement savings and may not have immediate access to the age pension and other social security benefits.

Do you keep working until you are 70? This gives you fewer years to live out your retirement dreams, but allows more time to build your retirement savings, bringing you closer to accessing the age pension and other benefits you may be entitled to.

Whatever age you decide is your magic number, here are a few strategies you can consider to help your retirement dreams become a reality.

### Start planning early...

Don't fall into the trap of working flat-out during your life and then just stop working. Start thinking now about how you want your retirement to look – what do you most love doing?

Do you see yourself working part-time, or volunteering for a cause that you are passionate about? Would you like to start a study program?

You should also think about how you would like to spend your leisure time – are you looking forward to travel, devoting more time to a favourite hobby, or perhaps learning a new language or skill?



Thinking about how you will keep yourself busy and engaged will help you create a clear retirement plan.

### How much income?

Now is the time to work out how much income you will need to fund your retirement plans.

Look at what you spend now in a year, and increase that number by 10%, to give you a starting point for your retirement.

Many retirees believe that they will actually spend less when they retire, when the opposite is often true.

Generally spending will increase when you first retire and have the time to go out and spend your hard-earned money and set up your lifestyle. It may slow down a bit after the initial excitement wears off, then it can increase due to more health-related expenses. A qualified professional

financial adviser can help you work out how much income you need to enjoy this next stage of your life.

### Build your savings

Once you have worked out the income you will need, you should look at how much you will need to save before you actually retire.

It's here that a professional financial adviser can determine what changes

(if any) would be needed to align your current portfolio, based on your risk profile and desired retirement age.

### Get professional financial advice

Whatever your financial situation or age, a professional financial adviser can help you design a financial plan that will help make the most of what you have, when you decide to retire and give you the discipline to stick with your plan.



## A look at minimalism

Living a simpler and less cluttered life is a concept that is gaining fans around the globe. Here we look at some of the key trends.

### Tiny living

Rapidly growing global populations mean our homes are getting smaller – from micro apartments to tiny houses. Yet living small does not have to mean living in a cramped space, with designers increasingly focused on maximising every inch of space.

There are many design elements that can be used to maximise space. In high density European cities, like Paris where living spaces are usually very small, people often have made-to-measure, full-height joinery to store as much as they can and leave the rest of the floor empty. You can see more bedrooms that double as living and dining spaces, the use of mezzanine floors in smaller spaces and multi-function furniture. Caravan and boat architecture have also become a source of design inspiration, using spaces for multiple functions.

### Mindful consumption

Australian consumers tend to have high consumption habits, yet we seem to be increasingly concerned with our health and the environment, which is helping to drive a trend towards more mindful purchases.

If you are aiming to become a more mindful consumer, here are some tips to get started:

- Shop for locally produced and made products instead of imported goods.
- Buy secondhand from charity shops or online listings. Older or vintage items are usually better quality and will last longer.
- Choose eco-friendly goods made from recyclable materials.

### Decluttering

According to lifestyle blog Becoming Minimalist, there are many benefits to owning fewer possessions – less to clean, less debt, less to organise, less stress and more money.

One method of decluttering your home is the '12-12-12 Challenge'. Find 12 items to throw away, 12 items to donate and 12 items to be returned to their proper home.

Our living, shopping and lifestyle habits have moved on considerably from the 80s and 90s when conspicuous consumption was the norm.

Today's consumers are discovering that living with less can not only help the environment and our pockets but can also help to reduce our stress levels too.

# CASH FLOW CAN MAKE OR BREAK YOUR BUSINESS

So take time  
to safeguard it.

**1**  
BUILD  
A CASH  
RESERVE



**2**  
GET PAID  
ON TIME



**3**  
SEPARATE  
BUSINESS AND  
PERSONAL MONEY



**4**  
CONTROL  
BUSINESS  
COSTS



**5**  
PROTECT  
YOUR  
BUSINESS

## Protect the lifeblood of your business

Cash flow can make or break your business, so why not safeguard it?

Cash flow problems put many business owners on edge. According to a recent survey, nearly 80 per cent of owners of small and medium enterprises (SMEs) said cash flow issues caused them the most sleepless nights. It estimated that poor cash flow cost the SME sector more than \$234 billion in 2017.<sup>1</sup>

So how might you improve your business's cash flow – and hopefully sleep better at night? Here are some practical tips.

### Building a cash reserve

Cash flow is the lifeblood of any business. To ensure that it makes and doesn't break your business, it's important to build a robust cash reserve. This may help you meet your financial obligations in difficult times, and importantly, enable you to take on opportunities to grow your business.

### Separating business and personal money

This may seem an obvious point, but some small business owners make the mistake of mixing business and personal money.

By keeping your finances separate, you may develop a better understanding of your business's cash position, and ensure that you don't spend money meant for your business on personal expenses.

### Getting paid on time

If your business hasn't been actively pursuing unpaid invoices, you may want to make it a practice – and have a strategy – to regularly chase up payment. Finding ways to encourage prompt payment may help. For example, could you offer a discount to early payers?

### Controlling business costs

Controlling costs is also key to maintaining a healthy cash flow.

Taking stock of your business expenses regularly can help you identify areas where you can cut costs without sacrificing growth.

This may include reviewing your suppliers and negotiating better rates with them.

### Protecting your business

Cash flow management isn't just about ensuring that your business will have money to pay suppliers, lenders and employees. It's also about protecting your business income in case you or your key employees aren't able to work and bring in revenue.

By taking out business expenses insurance, you may help ensure your business can meet its running costs if you are too ill to work. This insurance plan may provide a monthly benefit to cover your overheads until you can return to work.

What if a key person in your business is unable to work, meaning you lose revenue? Taking out key person insurance could be a viable solution for covering the losses. It offers a monthly benefit to help replace the revenue lost while the key person is incapacitated.

### Working with a professional

Getting income protection policies for your business involves choosing a waiting period and understanding the types of expenses that can be covered, so it's a good idea to seek advice. Your professional financial adviser could tailor your insurance plans to your business's cash flow protection needs, safeguarding what you've worked so hard to build.

<sup>1</sup> Scottish Pacific and East & Partners, October 2018, 'SMEs flag higher revenue growth, but prospects could be dampened by declining property market and cash flow issues', accessible at: <https://www.scottishpacific.com/media-releases/smes-flag-higher-revenue-growth-but-prospects-could-be-dampened-by-declining-property-market-and-cash-flow-issues>

# How reading books can do wonders for your wellbeing

Too busy to read a book? Learning about the powerful benefits of reading might convince you to make time.

You've probably heard countless times how reading books helps improve literacy and aids in learning, but that's just scratching the surface. There's so much more to gain from reading, such as improved wellbeing and greater life satisfaction. Studies have shown that people who read for pleasure are happier with their lives.<sup>1</sup> But how exactly can reading boost wellbeing?

## Reducing stress and depression

One of the most significant benefits of reading is its ability to help reduce stress and depression.

**A study found that survey participants who read regularly for pleasure experience fewer feelings of stress and depression than non-readers, who are 28 per cent more likely to report feelings of depression.<sup>2</sup>**

Reading regularly has been shown to help people enter a pleasurable state that reduces anxiety.

## Boosting emotional intelligence

Reading may deepen emotional intelligence, thanks to the broad range of perspectives you get when you read.



For example, reading fiction can help you understand complex relationships and interactions.

And by reading about the experiences of diverse characters, you can place yourself in their shoes, honing your ability to empathise with others.

## Enhancing social ties

Reading may also improve your social connectedness or sense of belonging. According to one report, individuals who read feel closer to their friends and community than lapsed or non-readers. It found that individuals who read for just half an hour a week are 52 per cent more likely to feel socially included than those who have not read in the past week. They're also 72 per cent more likely to have greater community spirit.<sup>3</sup>

## Improving sleep

Another great benefit of reading is that it can lead to a good night's sleep by helping you relax and forget negative thoughts. It can also act as a calming activity that lets your body wind down and get ready to rest. A good book is also a great reason to put that phone or tablet aside.

## Increasing longevity

If you're still not convinced to bury yourself in a book, this might do the trick: reading books could help you live longer. A study shows that book readers have a 'significantly greater' chance of living longer than those who read only newspapers or magazines. It found that book readers' risk of dying prematurely decreased by 20 per cent compared to non-book readers.<sup>4</sup>

## Get reading

Reading is an activity where you have everything to gain. It's great for your mental, emotional and social wellbeing – and your longevity. So maybe it's time to pick up a book.

1. Booktrust, 2013, Booktrust Reading Habits Survey 2013, accessible at: <https://www.booktrust.org.uk/globalassets/resources/research/1576-booktrust-reading-habits-report-final.pdf>

2. Quick Reads and Josie Billington, 2015, 'Reading Between the Lines: the Benefits of Reading for Pleasure', accessible at: <http://manuscritdepot.com/documentspdf/Galaxy-Quick-Reads-Report-FINAL%20.pdf>

3. Ibid

4. Bavishi, A, Slade, M & Levy, B, Yale University School of Public Health, July 2016, 'A chapter a day: Association of book reading with longevity', accessible at: <https://www.sciencedirect.com/science/article/abs/pii/S0277953616303689>

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