

ENJOY THE POSSIBILITIES

AMEGA FINANCIAL SOLUTIONS NEWSLETTER



financial **snapshot**

5 ways to shop a little smarter this Christmas

If cash flow is looking a tad grim this year, here are some ideas to up the presents under the tree, noting it's the presence around it that really counts.

We don't need to list the events of 2020 to say it's been a big one, particularly as we approach the festive season, where many common face-to-face interactions will be limited to a phone or video call.

As we grapple with a slightly different-looking Christmas, the good news is many of us will go into it with a new-found appreciation of the presence of loved ones over the presents of the material kind.

In the meantime, if you're looking for some tips around managing the costs of gift giving, here are some ways you could potentially shop a little smarter, so your money goes a little further.



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Create a plan and write yourself a list

While we might love the sound of ripping through wrapping paper, much of this generosity is unplanned, with nearly 75% of Aussies indicating they don't budget for giftsⁱ, which could lead to increased pressure on household budgets well into the new year.

While there's much to be said for the spur-of-the-moment splurge, more of our generosity could be planned, with a bit of time being spent thinking about what you might buy before hitting the shops.

As many events, such as Christmas, anniversaries and birthdays fall on the same day each year, it may also be somewhat easier planning for these occasions in advance.

Buy in bulk and look at cheaper alternatives

Bulk buying multiple gifts that aren't intended for a specific occasion is a growing trend, with one in three of us doing it, providing a way to save both time and moneyⁱⁱ.

Women (31%) are more likely than men (24%) to be wise to the blessings of bulk buying, however it's an even more popular trend among young familiesⁱⁱⁱ.

It also goes without saying to keep your finger on the pulse when it comes to sales. In the lead up to Christmas, there's

Click Frenzy, Black Friday, Cyber Monday, Green Monday and Free Shipping Day, not to mention Boxing Day if you happen to be seeing someone after the 25th^{iv}.

Give the gift of time or skill

There's more to giving than things you can wrap – experiences matter too. Instead of another bottle of wine or a vanilla-scented candle, taking someone out for lunch, or providing a home-cooked meal, could be more up their alley.

In fact, given the choice, 61% of us would opt for quality time, with only 30% preferring cash or a tangible gift^v. Intangible gifts are also particularly important for those aged 18 to 24, with more than half saying that an intangible gift such as time, an experience, or learning a new skill has had a more significant impact on shaping their life^{vi}.

On top of that, if you're lucky enough to be going to someone else's place this Christmas and you've got skills in cooking, decorating or manicuring lawns, offering these services to help with the prep work may be a highly valuable commodity for those taking on the job of hosting.

Pitch in as a group

Group giving can be a great way to reduce individual costs while harnessing the purchasing power of many to buy something that may be on the expensive side.

Whether it's colleagues, friends or family, 73% of us get together to give gifts^{vii}.

It also gives people a chance to play to their strengths and take a different role, whether it be providing gift suggestions, collecting the cash, purchasing the present, wrapping it, or writing the card.

Other ways you could play to a group scenario this Christmas is Secret Santa. It may be an obvious one, but if in the past you've all bought each other a present, this provides a way for everyone to buy just one present for a member of the group, with the specifics of the arrangement up to you.

Regift it – nearly half of us do

Admit it, you've probably done it. About two in five Aussies have regifted at one point or another, with those aged 25 to 39 the second most serial regifters, only after young families^{viii}.

Whether we don't like what we've been given, or ethically choose to reduce waste and lengthen an item's lifespan, regifting is an increasingly acceptable approach.

Remember, true Christmas cheer – the kind that'll last into the new year – has rarely been accomplished on the back of riches of the financial kind. After all, the gift of time is your most precious resource.

i, ii, iii, v, vi, vii, viii Financial Planning Association of Australia - 'Gifts that Give' 2019 research report - pages 5, 11, 11, 9, 9, 12, 10

iv Finder - Australian sale events in 2020

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The right times for financial advice

COVID-19 has created uncertainty everywhere and impacted not just our health but our wealth too. From millennials to retirees, we've had to review our finances and adapt to the changing environment.

We've seen volatile share markets, slashed dividends on bank stocks, record-low interest rates and sectors like airlines, tourism and traditional retail struggling to survive. On the other hand, online shopping and e-commerce have surged, and more people are saving now than before the pandemicⁱ.

During this uncertainty, many people have found their financial adviser to be a critical source of guidance and a valuable sounding board. In many cases, the adviser-client relationship has been a long-term connection. It's built over many years and based on trust and confidence that the adviser has the client's best interest at the centre of every decision.

Demand for advice doubles

The financial advice industry is full of examples of clients reaching out to their advisers in recent months, leveraging these long-term relationships at a time of worry and crisis.

Recent research from the Investment Trends 2020 Financial Advice Report showed three in four financial advice clients had been in contact with their adviser to discuss the impact of the COVID-19 pandemic.

Advisers are also fielding an unprecedented number of calls from potential clients who are confused by the current markets and understand they need help.

The instability of recent times has undermined the confidence of those who are retired or are about to retire, with many wondering if they'll be left with enough superannuation savings for a comfortable retirement. But those who have a relationship with an adviser can rely on the fact their adviser knows them well, understands their unique circumstances and life goals, and can deliver advice tailored to them.

Advice for different life stages

Financial advice can be helpful at a range of life stages, not just when thinking about retirement. Some common things advisers can help navigate financially are:

- saving for and preparing to buy your first home
- getting married or starting a family
- budgeting and money management
- growing wealth
- estate planning
- planning for retirement
- retirement and aged care.

We can help with practical financial advice in all these scenarios. But more importantly, we can help you focus on your individual financial priorities and goals and create a plan to achieve them. It's been a challenging year but solid financial advice can assist you to make the best possible decisions, and take action that is appropriate to your circumstances.

Life's journey has many twists and turns and points at which priorities change. We are with you every step of the way.

ⁱ <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product>

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2020 – The year that united us

As we rang in the new year, who would've guessed what was in store for our country, and the world for 2020? We're reflecting on the year that brought us together and changed all of us in some way.

Rediscovering mateship

2020 started with many parts of Australia battling horrific bushfires that seemed determined to destroy our countryside, wildlife, homes and livelihoods. Brave firefighters and volunteers fought tirelessly while the rest of the country rallied together with food and clothing drives, charitable donations and disaster relief programs to support people who'd lost their homes. Mateship was well and truly alive.

Solidarity and starting over

Just as we were emerging from the smoke-filled skies, COVID-19 landed on our shores.

Every aspect of life has been touched or changed by it. How we work, travel, socialise, educate our children, our finances, job security, life goals and economic stability. We've had to re-learn how to do it all differently and live in an ever-changing world.

We've hunkered down in solidarity and stayed home to protect each other.

Many of us rediscovered a slower pace and joy in the simple pleasures of life. We appreciate what we have, and if we can, we're saving more than beforeⁱ, rather than spending on things we don't need.

As our freedoms reduced, unemployment and financial pressures increased. Research from AMP showed almost a quarter of us weren't financially prepared for the pandemicⁱⁱ, and it's made us focus on getting that rainy day fund up and running – to help reduce the risk of getting caught out again.

A focus on finances

We've entered our first recession in 30 years, with industries such as airlines and tourism going out of business, seemingly overnight. The government has responded with a range of payments and initiatives to help Australians.

But that financial support comes at a price, with AMP Chief Economist Dr Shane Oliver suggesting it could be at least 10 years before the budget is back to surplus.

As the government's financial support eases, it may be worthwhile taking steps to increase our individual financial security, such as creating good money habits and having clear goals.

The new normal

2020 has been a year of doing things differently. Masks and hand sanitiser are part of our everyday routine and words like quarantine, COVID testing and social distancing regularly pop up in conversation. All unimaginable a year ago. 2020 demonstrated how quickly things can change. It's also brought into focus how being financially prepared can help us cope with whatever comes our way.

And as 2021 looms on the horizon, there's no doubt we'll be happy to say goodbye to the negative effects of COVID-19 on our health and wealth. But look forward to taking into the next year a better handle on our money, a more connected community and newfound gratitude for the simpler things in life.

i abs.gov.au ABS

ii AMP Financial Wellness, Behavioural Architects, August 2020

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