

WELCOME

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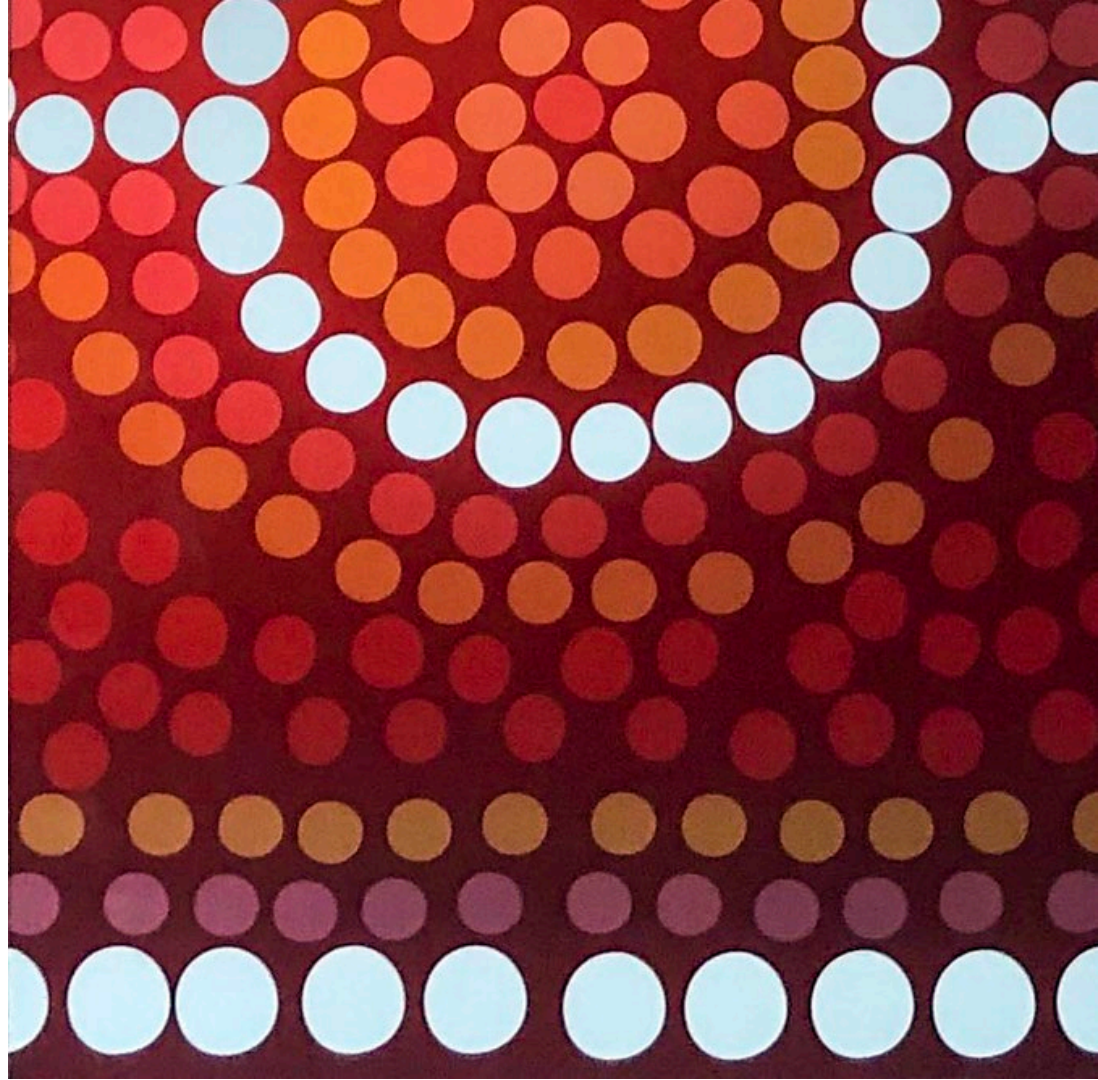
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MANAGING YOUR FINANCES IN AN UNCERTAIN WORLD

August 2020

Robert Cahill CFP®, CFA® – Private Client Adviser

*We respectfully
acknowledge Australia's
First Peoples—the
thinkers, creators and
investigators who are the
traditional custodians of
the land on which we live
and work.*



This presentation is for
general information only
and must not be
considered as personal
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86% of Australians don't know their monthly expenses*



Budgeting involves balancing your expenses with your income.

If they don't balance, and you're spending more than you make, you may have a problem.

MONEY MANAGEMENT CAN BE STRESSFUL



1/3 of
households

have less than \$1,000 cash
on hand to cope with
emergencies



54% of
households

are struggling to save



44% of
employees

worry about finances while
at work



2m
households


don't pay off their credit
cards each month



WHY SET GOALS?





How much
do I need?

	Modest lifestyle	Comfortable lifestyle
 Single	\$28,165 p.a.	\$44,146 p.a.
 Couple	\$40,560 p.a.	\$62,269 p.a.

	Lump sum required for comfortable lifestyle*
 Single	\$545,000
 Couple	\$640,000

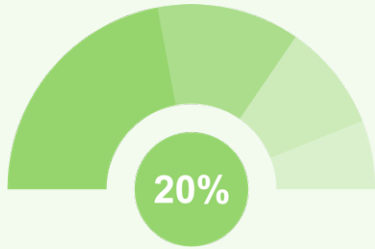
	Average retirement balance
 Male	\$197,000
 Female	\$105,000

ASFA Retirement Standard June 2020
*Figures assume home ownership and receipt of part age pension.

PLAN WHERE YOUR MONEY GOES



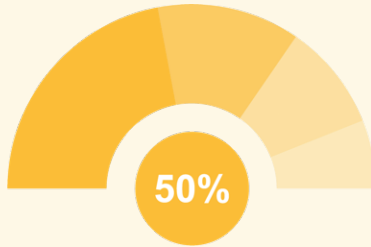
Future



- Emergency fund
- Salary sacrifice
- Pay down debt
- Retirement fund



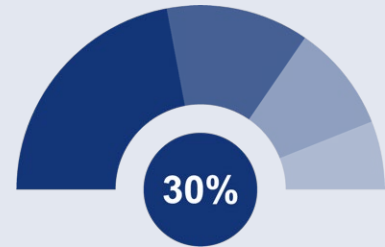
Essentials



- Housing
- Utilities
- Groceries
- Transportation



Choices



- Shopping
- Eating Out
- Personal Care
- Everything Else

BUDGET FOR THE FUTURE



Future
20%

STEP 1: Create an emergency fund

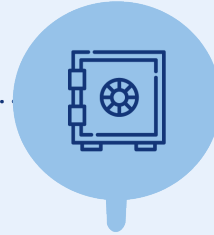


Your Net Income
Per Month

Allocate **FIRST** a minimum 10%
to Emergencies each month



Balance



Emergency Fund

Aim to put aside up to
6 months' or more of
your income for a
rainy day

BUDGET FOR THE FUTURE



STEP 2: Pay YOU first



Allocate a minimum of 10% of your take-home pay for your future. This could be used to:



Pay down credit card /
personal loan debt



Boost your
emergency fund



Provide for
your retirement

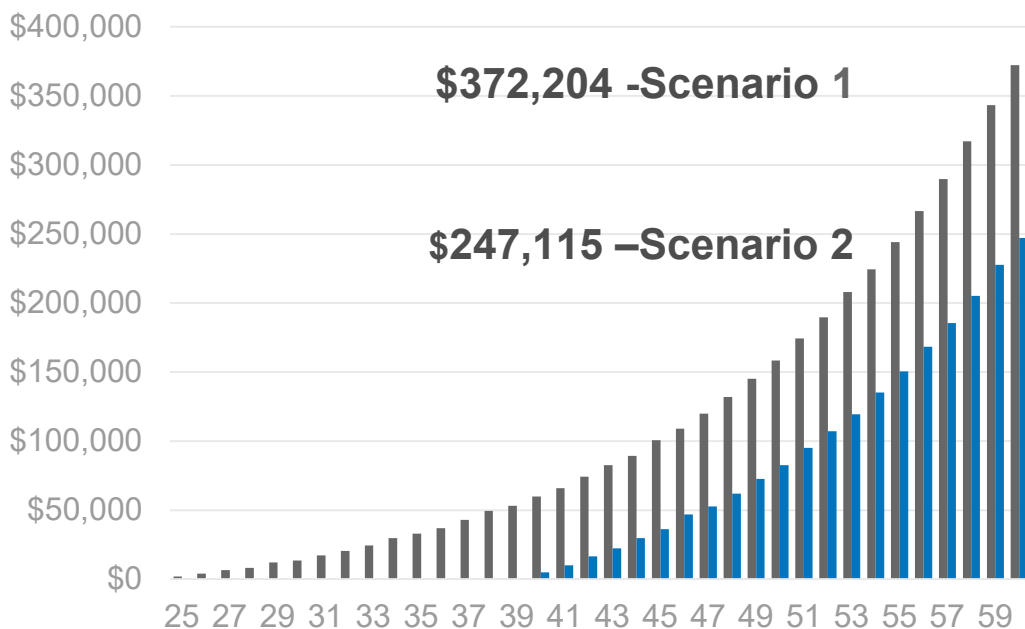
save first, spend later

POWER OF COMPOUNDING INTEREST AND RETURNS

The earlier you start the better

Scenario 1 - \$2,000 a year
from age 25 until age 60 (total
contributions of \$72,000)

Scenario 2 - \$5,000 a year
from age 40 until age 60 (total
contributions of \$105,000)



Past performance is not an indicator of future performance. Balances do not take into consideration fees and taxes. Based on an investment return of 6.87% p.a. (not a prediction of future performance), which is reinvested over 35 years for Scenario 1 and 20 years for Scenario 2.

CASE STUDY: SARAH



Age: 51 years old



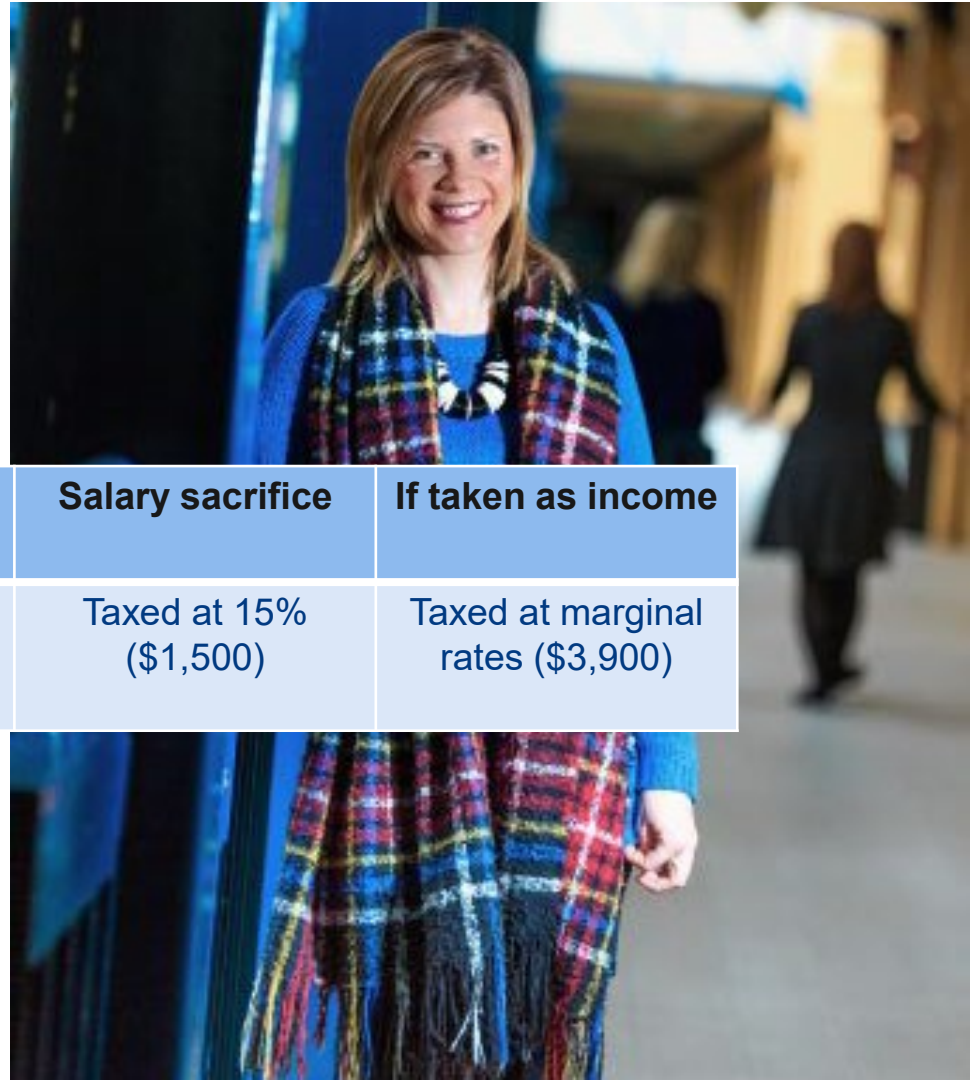
Earns: \$100,000 p.a.



Wants to salary sacrifice
\$10,000 p.a.



The overall tax benefit of the strategy equates to a tax saving of \$2,400 p.a. plus her super is boosted around \$8,500 p.a.



	Salary sacrifice	If taken as income
\$10,000 of salary	Taxed at 15% (\$1,500)	Taxed at marginal rates (\$3,900)

BUDGET FOR THE ESSENTIALS

 Essentials
50%



- ✓ Items such as housing, food, fuel and power, medical and health care, and transport
- ✓ Around 50% of your take-home pay
- ✓ Setup a separate account for essentials, using a direct credit facility to deposit your pay directly into your account
- ✓ Don't use your credit card to pay for essentials
- ✓ Schedule bills when they're due and pay them on time
- ✓ Try to reduce the cost of essentials – your home loan interest rate, your utility provider, where you shop.

BUDGET INSURANCE AS AN ESSENTIAL



- ✓ Insurance to help support a family due to unforeseen circumstances
- ✓ You or a family member may face illness, disability, accident, loss of life or property damage
- ✓ Life Insurance can be used to cover debts and provide support to your family
- ✓ Home & contents insurance
- ✓ Car insurance
- ✓ Include premiums in your essentials budget

BUDGET FOR YOUR CHOICES

Choices
30%



- ✓ Your choices budget will be around 30% or less of your household's take-home pay.
- ✓ This will cover items such as holidays, eating out, entertainment and non-essential shopping.
- ✓ If you've allocated for your emergency fund and essentials including insurance and big ticket items, then you're free to spend the rest.
- ✓ Having a budget can be liberating!

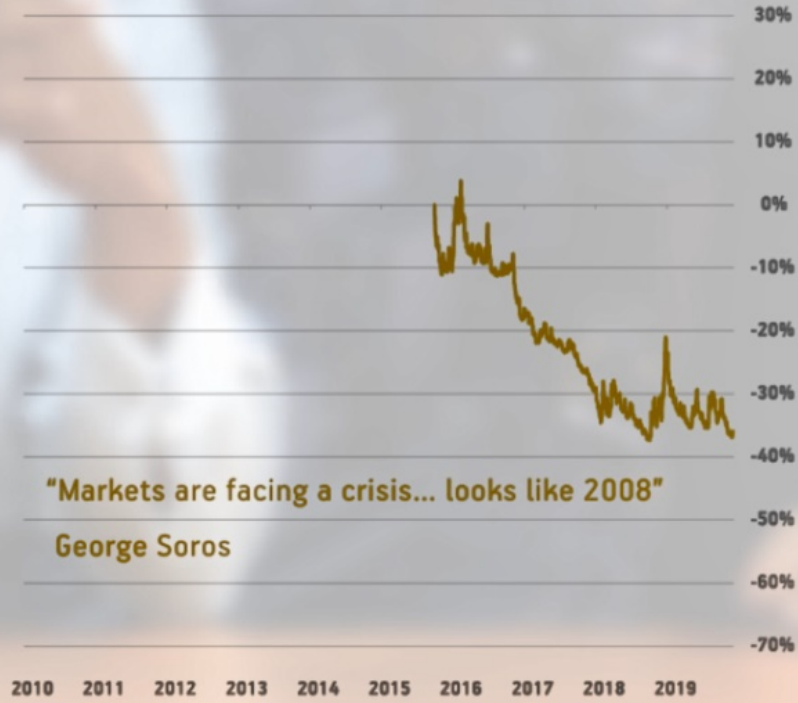
‘TIME IN THE MARKET—NOT TIMING THE MARKET’

- ‘Panic-switching’ often occurs *after* the event
- All well and good to switch to cash, but a second decision is usually required to ‘get back in’.
- Think bigger picture / it’s a long-term vehicle.
- Switching investment options takes at least two business days.
 - A switch = active from date **processed** (not date submitted).



WHAT IF YOU'D FOLLOWED THE
DOOMSAYERS?

Opportunity cost of following the doomsayers



Opportunity cost of following the doomsayers



Opportunity cost of following the doomsayers



STAYING THE COURSE

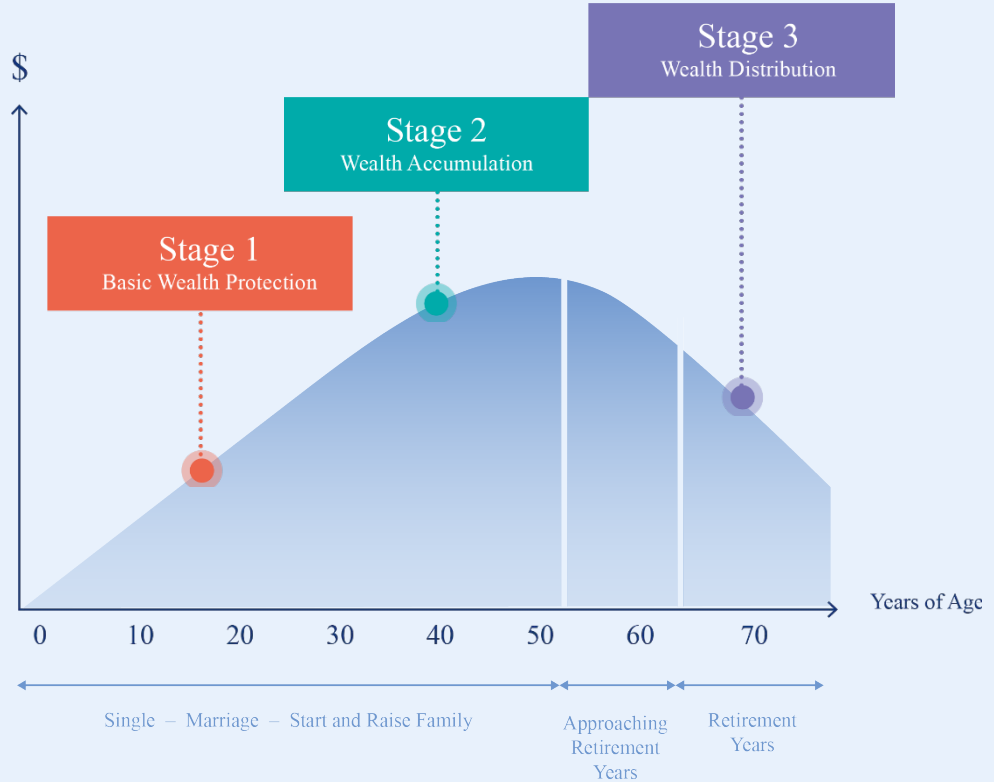
Short-term volatility
is generally
smoothed out over
the long term



WHY SET GOALS?



GOALS AND YOUR LIFE CYCLE



HOW WE CAN HELP YOU

UniSuper Advice

A team with unique, in-depth knowledge of the Fund and the higher education and research sector, solely dedicated to helping you (and your spouse) with general or personal advice on your finances.



General advice with a Super Consultant

Meet with a super consultant over the phone or via video meeting. No extra cost for this service – it's part of being a member.



Select personal advice

Scaled personal advice on some issues including investments, insurance and contribution strategies. A cost applies to this advice.



Comprehensive personal advice

Advice on multiple issues, with a comprehensive financial plan to help you reach your goals. A cost applies to this advice.



ONE MORE THING FOR YOU TO DO

Make an appointment with your Super Consultant

www.unisuper.com.au/campusbookings

or

Contact UniSuper Advice on:

1800 823 842

advice@unisuper.com.au

