



December 2014

December is upon us and there has been a flurry of economic news to digest before we all sit down to Christmas lunch and then head for the beach. The release of David Murray's much anticipated Financial Services Inquiry in early December will certainly give financial markets plenty to chew on over the summer break.

The big news on financial markets in recent months has been the fall in commodity prices along with the Australian dollar. This is a major shift in the investment landscape and will bring challenges and opportunities for investors in the New Year.

Iron ore prices fell to a five-year low of US\$69.58 a tonne in November as the big producers waged a price war to shore up their position in the face of slowing demand. Similar forces are at work in the oil market. Saudi Arabia's decision to launch a price war against US shale oil producers has seen the oil price drop 40 per cent from its peak in July to around US\$70 a barrel.

Falling commodity prices have helped guide the Aussie dollar lower. It finished the month around US85c and many commentators believe it will go below US80c in 2015. While this may not please holidaymakers heading overseas, it is music to the ears of the Reserve Bank of Australia which believes a lower dollar will boost growth in non-mining sectors of the economy. There is even talk of a rate cut next year. Now that's something for homeowners and investors to toast this Christmas.

Strategic Prosperity Group

Suite 8, 25 Walters Drive
Osborne Park
WA 6916

P 08 9445 9555

F 08 9444 6274

E admin@strategicprosperity.com.au

W www.strategicprosperity.com.au

Facebook [strategicprosperity](https://www.facebook.com/strategicprosperity)

Twitter [vrzovski](https://twitter.com/vrzovski)



'tis better to give...

The festive season – a time of reflection; a time of giving and receiving; a time of family and friends.

You start with the best intentions to embrace the true spirit of the season but, by about December 23, it's reduced to a manic rush to the shops highlighted by car park rage, last-minute trips to 7-11 for wrapping paper and catering to bizarre meal requests for Aunt Beryl.

True reflection comes about 3.30pm on Christmas Day when the over-indulgence really kicks in.

A time for helping others

It's little wonder that many people are refocusing the 'call to action' that the festive season embodies – a catalyst for change; a time for thinking of others, connecting and re-connecting with friends and family; self-improvement and fulfillment; and, perhaps, a little guilt about the abundance of the season.

While this time of year may stoke the fire of our altruistic conscience, factors that don't involve mistletoe or brandy sauce also increase our likelihood to act on behalf of others. For instance, when an individual is faced with an opportunity for altruism, he or she is more likely to help when acting alone than if he or she were in a group setting.

In 1987 a study for the American Psychological Association found that people are more likely to help when

they are in a positive mood than negative one, especially if acting 'good' does not ruin the mood. Other studies have found that if we believe that the person we are helping had no hand in his predicament, we are more likely to help.

Notable benefactors

Given the influence of mood on magnanimity, it's reasonable to assume that some of the world's richest people are feeling pretty good about themselves. For instance, Warren Buffett has made the largest philanthropic donation of 2014 by giving a staggering \$2.1 billion to the Bill and Melinda Gates Foundation in the form of 16.6 million shares of his company, Berkshire Hathaway. Closer to home, the Packer family announced the creation of a \$200 million philanthropic fund in May 2014.

That's good for the billionaires, you may say, but how do I help others when I'm struggling to keep the power connected? As stated in the NAB Charitable Giving Index report for August 2013, donors from higher income postcodes tend to donate the most in dollar terms, but do not necessarily donate the most as a share of their incomes.

Altruism comes in many forms

A donation of time to a local library, community group or sporting club is just as valuable as a cheque. A donation of clothes or used household items during a natural disaster is equally beneficial as a few coins in a charity tin.

There are even simple giving solutions for those people who are cash and time poor. ShareGift is a not-for-profit organisation that makes it easy for people to donate shares without paying brokerage and allows participants to still receive a tax deduction.

Or how about Kiva, a site that allows individuals to donate funds for loans to help borrowers in impoverished parts of the world achieve their dreams – everything from a Kenyan grain farmer to a Bolivian nursing student.

So amid the crush at the seafood counter, or the torture of screwing together a toy with instructions that make as much sense as Aunt Beryl after three sherries, take a moment to consider what the festive season means to you. And sitting with friends and family, remember to cherish the passing of the gift as much as the opening of the gift.

Season's greetings!

LIFE INSURANCE THROUGH THE AGES



Whoever said, 'the more things change the more they stay the same', was dead wrong when it comes to life insurance. While protection against adversity is always wise, your actual needs change as you move through different ages and stages of life.

From when you take your first job and go out into the world, life insurance in all its many forms has a role to play.

Life insurance falls into four main categories:

- **Income protection** - Pays a monthly benefit if you are unable to work due to sickness or injury
- **Trauma** - Pays a lump sum for a specific injury or illness
- **Total and permanent disability (TPD)** - Pays a lump sum if you are permanently unable to work
- **Death** - Pays a lump sum if you die or become terminally ill.

Shifting needs

Life insurance is like a bell curve – you need a low level of cover when you are setting out life, growing to a high level in your middle years when your responsibilities and debts are at their peak and then possibly dropping back when you retire.

The need for cover is ultimately about ensuring you have sufficient financial back-up should something go wrong.

While superannuation offers most Australians some form of life insurance,

it is generally a basic level of cover and may need topping up outside super.

Each stage of life has its challenges, whether you are young and single, just married, starting a family, empty nesters or retiring. Whenever a major event occurs in your life, such as marriage or the birth of a child, you need to consider whether you have the right cover for your current needs.

Young and single

When you are starting out in life you may not need life cover, but what would happen if you were injured in a car crash and couldn't work for six months? What happens when your sick leave runs out? How would you pay your rent, car loan, utility bills and basic living expenses? That's when income protection insurance can be a lifeline.

Just married

Once you are part of a couple you naturally want to protect each other's wellbeing. If something happened to either one of you it could put tremendous strains on the other person. This is even more likely if you have bought a home and are saddled with a mortgage.

Life insurance, income protection and trauma insurance can all help you protect your lifestyle. And both partners should seek cover because both are contributing.

Starting a family

Once children come on the scene, the need for life insurance is even greater. If something were to happen to you or

your partner, then the financial burden could be significant. Who would look after the children? Could they stay at the same schools? Could your partner pay the mortgage on one salary?

Income protection, life insurance, trauma insurance and total and permanent disability should all be considered. Once again, it's important to make sure both partners are covered – even if one isn't working, the costs associated with childcare and household tasks can be considerable.

Empty nesters

Just because the children have left home doesn't mean you don't still need access to money should something occur. Sure, you are probably at the peak of your earnings, but many empty nesters still have a mortgage. Even if you don't, why put at risk all the wealth you and your partner have worked hard to build up for your retirement? Life insurance can help you protect these assets.

Retirement

Once you are retired, your need for life insurance may diminish. At this stage of life, you will probably have paid off your mortgage and your children are likely to be independent. As a result, insurance cover might just be a means to leave an inheritance for your children. Or you might want to have a policy to provide for your funeral.

Life is forever changing, as are your insurance needs. It is not a one-size-fits-all.

Call us if you want to discuss how to shape your insurance to meet your current needs.

Avoiding the busy-ness trap



If you're exhausted by the time the weekend rolls around and feel like there's an ever-growing list of things to do in an ever-shrinking time span, you are not alone. According to the Australian Psychological Society's annual survey, three in four Australians believe stress is affecting their health.

This could have something to do with the fact that we are among the most wired citizens on earth. Australia outranks both the UK and the US in smartphone ownership. We're equipped with time-saving technology but that 24/7 connectivity means we feel busier than ever, with emails, messages and app notifications scattering our concentration.

In *Overwhelmed: Work, Love and Play When No One Has a Minute*, US journalist Brigid Schulte describes this sense of being constantly behind as the 'modern overwhelm'. She argues that we have come to equate busyness with success, yet research shows that working in 90-minute bursts with breaks in between is more efficient than working longer hours.

Tips to achieve calm

Plan

Productivity experts recommend making a to-do list each evening to mentally prepare for the following day, remembering to prioritise the tasks on that list. At the same time, they warn against over-scheduling; you need time in between appointments to digest what has been discussed and to mark your progress.

Focus

In his 2010 bestseller *Be Excellent at Anything*ⁱ, corporate leadership expert Tony Schwartz debunks the 'multi-tasking myth'. His interviews with top

executives show that setting fixed times for responding to emails, as well as an auto-reply communicating this to senders, can have a big effect on how harried you feel throughout the day.

Respond to signs of stress

Recognising when you're overwhelmed is essential to your long-term health, according to Emma O'Connell from Psychology Melbourneⁱⁱ which runs classes on stress management. "Noticing warning signs such as feelings of fatigue and tightened muscles is helpful. Then you should look at whether your diet, exercise and sleep patterns need to change, as well as how connected you feel to a support system," she says.

Diet and exercise

Rather than reaching for the sugary biscuits for an energy boost on a stressful day, O'Connell recommends healthy snacks or a small piece of dark chocolate for a calm-inducing endorphin hit. Better still, get moving.

It's well known the release of endorphins triggered by exercise can relieve feelings of stress, while research published in *The British Journal of Sports Medicine*ⁱⁱⁱ last year confirmed that taking a 10-minute walk through a green space rather than an urban one is the quickest way to induce calm.

Calm your mind

Meditation and yoga are popular stress busters, but there's no one-size-fits-all method. O'Connell suggests carrying

out a mindfulness exercise on your commute home or having another ritual to break the day between work and leisure, such as changing your clothes, to diffuse feelings of stress. The power of music to relieve anxiety is scientifically proven, but that doesn't have to mean Mozart or whale sounds – creating 'pump-up' and 'calm-down' playlists that are personal to you will be most effective.

... and take control

Psychologists and business coaches agree that being realistic about what you can achieve each day and having the confidence to say 'no' when asked to do more is vital to maintaining a healthy outlook and fulfilling life. That might mean turning off the iPhone right after you read this.

Take 5 and DE-STRESS

- 1 Breathe in through your nose for three seconds and then out for three; repeat for two minutes
- 2 Tense and then relax the muscles in your body, starting at your toes and working up to your face
- 3 Read or watch something amusing; laughter can boost endorphins
- 4 Write your worries on a piece of paper, then throw it away
- 5 Turn off computer, TV and phone screens at least an hour before you go to bed.

i <http://goo.gl/aGNSIL>

ii psychologymelbourne.com.au

iii ncbi.nlm.nih.gov/pubmed/23467965 OR <http://goo.gl/bljnkp>