



MILLENNIUM WEALTH ADVISORY DECEMBER 2019 NEWSLETTER

Welcome to the latest edition of our client newsletter-our Summer/Christmas Edition for 2019.

There's just 5 more sleeps until Christmas, can you believe it!?

Our office will be closing over the Christmas / New Year period from Friday, 20th December at 2.30pm and we reopen on Monday, 6th January 2020.

In this edition, we discuss how to maximise your Christmas spending without blowing the budget; things to consider if refinancing; and resisting the urge of instant gratification.

If you would like to discuss any of the issues raised in this newsletter, please don't hesitate to contact us.

In the meantime enjoy the beautiful Summer weather ahead and we hope you enjoy the read.

All the best,

Holley, Shane & The Millennium Wealth Advisory Team

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RESIST TODAY, RELAX TOMORROW

Can you recite the last line of Gore *with the Wind*? If not, you'll find the answer at the end of this article.

If you scrolled down straight away, you might be too keen for your own good. We've all heard that patience is a virtue, and it can even save you money.

For people figuring out how to fund the lifestyle they'd like in retirement, now's a good time to remember the benefits of delayed gratification.

That's because instant gratification is the enemy of hitting your long-term goals, the things you've worked so hard to achieve. You might find that passing up something less important now will give you something more important when you retire.

Instead of deciding which new European car will make you the envy of your neighbours, you might imagine your grandkids running around with their own replica vehicles — or even a pony.

Why we want it now

It's only human to want things straight away. Evolution has given us a desire for immediate rewards. We'll eat the food in front of us if we're not sure where the next meal's coming from. Most other animals simply act on these impulses, they don't know any other way. But we can imagine the future.

When it comes to finance, people don't always make rational decisions, which is why some areas like house purchases usually have cooling-off periods. As you get closer to retirement, it's good to think closely to make every buying decision count.

None of us knows exactly how long we'll be retired. Here are some ways you can resist the temptation to spend too much before your income changes.

Picture this

If you find it hard to respond to the urge to buy right now, it might be easier if you visualize what you want. Whether it's that trip to Broome you've promised yourself or outings with your grandkids, pick one of your big goals and stick a picture of it under your bridge magnet.

A picture of a camel train on Cable Beach will look nicer than that unpaid invoice for that impulse extra bookshelf you didn't really need.

Tell your friends

Your partner, family and friends can all help you get there. If you're planning to renovate or downsize when you give up work, you might get some great tips for reliable tradies from those who have been there and done it.

Tell your family and friends your plans and see how your objective becomes theirs, bringing you useful advice and encouragement. You don't have to reach your goals all on your own. Even the solo round-the-world sailor has a support team.

You might find it useful to talk to someone who is already retired about what they'd have done differently. Many people wish they'd put more aside to live more comfortably.

Shop around

There's never been more choice than these days of online shopping. Although this means more temptation. It's also never been easier to price check whatever you have your eye on. So, keep an eye on price comparison sites and discount codes to find the deal that's right for something you really need now.

As advertisers get more and more personal data, they're better at targeting what we want, and using techniques to persuade us to buy right now. Saving 10% off in the end-of-financial year sale still leaves 90% to pay, which might be worth several months of household bills down the line. Think of your other goals so you use the value scale that's right for you.

What a difference a day makes

Taking time to reflect often changes the choices you make. Wait 24 hours and you might find you can do without that extra pair of shoes, when next day you come across three pairs you've hardly worn.

Many consumer goods are marketed to persuade you that you need something right now. Think of those shopping channel ads where they'll throw in an extra mophead if you buy that new cleaner within the next 10 minutes. Make sure you really care about that mophead before you commit.

You can still pop the bubbly

Decide what you will keep doing. You might be able to do without your gym membership or trip to the symphony, but if you really love it, then it might be a false economy. Reaching your goals means you can still stay happy and healthy.

If you hit your plan you can reward yourself along the way. If you've cut out takeout coffee, then once a quarter you might have high tea at a smart hotel within your means. You'll look forward to it more and celebrate reaching another milestone along the way.

And the last line of *Gone with the Wind*? Scarlett O'Hara says, "Tomorrow is another day."



CAN REFINANCING MY HOME LOAN SAVE ME MONEY?

By replacing your home loan with a new one, you could take advantage of a better deal.

Even if you secured a competitive package when you first took out your home loan, it's worth reviewing each year to make sure the interest rates, fees, features and terms & conditions continue to meet your needs.

And with interest rates at an all-time low in Australia, now may be a good time to refinance your home loan as you may be able to pay off your home loan sooner.

What is refinancing?

Refinancing is where you replace your existing home loan with a new one that's ideally more cost-effective and flexible.

Why should you refinance?

You want to pay less. If you can find a lower interest rate, you could save money and reduce your monthly repayments. Even a 0.5% reduction on your interest rate could save you tens of thousands of dollars over the life of your loan.

You want a shorter loan term. When interest rates are down, you may be able to reduce the term of your loan—from 30 to 25 years for instance—without too much change to your repayments, meaning you may be able to pay off your home loan sooner.

You want access to better features. You may be looking for further cost savings and greater flexibility with the help of added features, such as unlimited additional loan repayments, redraw facilities, an offset account or the ability to tap into your home equity.

You want a better deal, more flexibility or security. Converting to a fixed, variable or split-rate interest loan may provide you with these things.

You want access to your home equity. Equity can be used to secure finance for big ticket items such as an investment property, renovations or your children's education. This can be risky though because if you don't make the repayments, you could lose your home as a result.

You want to consolidate existing debts. If you have multiple debts, it could make sense to roll these into your home loan if you're diligent with your repayments. This is because interest rates associated with home loans are generally lower than other forms of borrowing.

What you need to think about when refinancing

Do you know what you want?

If you're looking to refinance, do you know what it is you're after—a lower interest rate, added features, greater flexibility, better customer service or all of the above?

Do the financial benefits outweigh the costs?

You might be able to save money over the long term by refinancing, but the upfront costs can still be expensive. For this reason, it's a good idea to investigate where costs may apply, or be negotiable—think discharge fees, registration of mortgage fees and break costs if you have a fixed-rate home loan.

Also think about application costs if you swap lenders—establishment or application fees, legal fees, valuation fees, stamp duty, and lender's mortgage insurance if you borrow more than 80% of the property's value.

Have you spoken to your current lender?

Before you jump ship, it may be worth a chat with your current lender as they might be willing to renegotiate your package to retain you as a customer.

Has there been any change to your personal situation?

An application process if you want to refinance will apply. This means your lender will take into account things like your employment situation, additional debts you've taken on, or if you've got a growing family as all these things can affect your borrowing potential.

Like to know more?

It's important to evaluate the pros and cons if you are considering refinancing. These can be complex, so please give us a call if you have any questions.

<https://www.finder.com.au/how-to-review-your-home-loan>

<http://www.rba.gov.au/statistics/cash-rate/>

<https://www.finder.com.au/how-much-can-i-save-refinancing>

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5 SAVING GRAVES OF GIFTMAS

Gift giving is one of life's joys, until the credit card bill comes through. Here are five ways to maximise the love without blowing your budget.

According to a recent Financial Planning Association of Australia report¹, 85% of us find more joy in giving gifts to others than in getting them ourselves. Though we love the sound of ripping wrapping paper, almost three quarters of us don't budget for gifts.

Here are five ways to keep enjoying — and a firm lid on — spending for the next special occasion.

1. Have a plan

Weddings are a major outlay, with an average 8137 spent on celebrating another's big day. Most save-the-dates go out well in advance, giving plenty of time to shop around for that state of the art toaster.

As many events such as Christmas, anniversaries and birthdays fall on the same day each year, it should be easy enough to plan well in advance.

2. Go early and in bulk

Bulk buying multiple gifts that aren't intended for a specific

occasion is a growing trend, with one in three of us saving time and money this way.

Women (31%) are more likely than men (24%) to be wise to the blessings of the bulk buy, though it's also popular with young families.

3. Give the gift of time

There's more to giving than things you can wrap — experiences matter too. Instead of another power drill, peach-scented candle or ironically-embroidered pillow, your significant other might prefer your company at a favourite restaurant, or a day out at that music festival.

Given the choice, 61% of us prefer it when others celebrate special occasions by spending quality time with us. It's particularly popular with Generation Z. More than half of us born between 1995 and 2009 say that receiving an intangible gift such as time, an experience, or learning a new skill has had a more significant impact on shaping their life.

4. Everybody gather round

Nearly three quarters of us get together to give gifts. As well as

reducing individual costs, it harnesses the purchasing power of the collective for something more expensive. Getting everyone involved means we can avoid stressing about every last detail. Younger generations prefer to share ideas and more naturally involve themselves in non-material ways such as buying the gift, wrapping it, or writing the card. Older generations have a stronger inclination to simply give cash and leave the rest to someone else.

5. Australians all let us regift

Some might think it's a no-no, but 41¹/₄ of Australians have re-gifted to someone else or for another occasion. Gen Y is the regift generation, although three in five families with young children aged 0-12 (60%) have re-gifted.

One in five of us still believes they've never received a regift. So, remember the golden rule and re-gift responsibly.

All statistics referenced in this article are sourced from the FPA's 'Gifts that Give' 2019 National Research Report.

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