



## Autumn 2024

After a summer of quite extreme weather in many places around Australia, we can hopefully look forward to the cooler, calmer weather that Autumn brings.

While economic bright spots can be found in Australia right now, there are also some less than stellar results.

On the positive, inflation has remained at a two-year low giving some commentators confidence of a rate cut in the coming months. CPI was steady at 3.4% in the 12 months to January. In other good news, business capital investment rose in the December quarter to be 7.9% higher than it was 12 months before and average weekly earnings rose by 4.5% or \$81 per week.

It has been a mixed report for retail, with a 1.1% increase in sales for January but that wasn't enough to make up for the 2.1% loss in December. The Australian dollar remains in the doldrums, weakening below 65.2 US cents after reaching a high of 69.48 near the end of 2023.

Australian shares were up by just over 1% for the month after a shaky start thanks to worries over US interest rates and China. US stocks edged higher during February with the S&P 500 and the Dow Jones Industrial Average reaching record highs during the month. February was dominated by news of the massive profit report by artificial intelligence chipmaker Nvidia, which had a massive effect on markets across the world.

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## Catch up on super to boost retirement savings

### Catch up on your super

If you've had an irregular or interrupted income in the past, you might've missed out on opportunities to contribute to super. If you don't fully utilise your concessional cap, and you're eligible, you may be able to make 'catch up' on concessional contributions.

### What is a 'catch-up' concessional contribution?

It used to be a case of 'use it or lose it'. If you couldn't contribute the maximum annual concessional (before-tax) contribution amount to your superannuation, the opportunity was lost.

This meant many people, women in particular, had a lower super balance for their retirement. This was typically a result of their working life being interrupted by things like studying, starting a family or taking care of parents. This could also be the outcome from working in casual or part-time jobs.

### Can I make concessional contributions?

An annual cap of \$27,500 applies to concessional contributions. This is the most you can contribute in one year.

Concessional contributions include:

- mandatory employer contributions (such as Super Guarantee)
- salary sacrifice contributions (paid from your salary before it's taxed), and
- personal contributions that you claim a personal tax deduction for.

If your concessional contributions in a year are less than the annual cap, the 'unused' amount can be carried forward for the next five financial years. After five years, that unused amount will expire.

For example, if you only have total concessional contributions of \$10,000 out of the available \$27,500 in the 2022/23 financial year, the unused amount of \$17,500 can be carried forward for the next five years. If you're eligible, this could enable you to make a greater concessional contribution in a future year.

If you're aged between 67 and 75 you'll need to meet a work test to make concessional contributions – you need to have done at least 40 hours of paid work in any consecutive 30-day period that financial year.

### Can I make catch-up contributions?

So you have an unused amount that you have carried forward from an earlier year, and you want to make a 'top-up' carry-forward contribution. What now?

You will need to look at your 'total super balance' (TSB). Your TSB prior to 30 June must be less than \$500,000 for you to be eligible to make the catch-up contribution using your carried forward amount.

Your total super balance at a particular time is broadly the total of the:

- accumulation phase value of your super interests
- value of your super pension accounts
- rollovers in transit between super funds.

You can find your balance by contacting your fund or funds, and you'll also find the latest balances reported to the Australia Taxation Office through the [MyGov online service](#).

## How you can benefit

The rules were designed to give people with an irregular income or work pattern the same opportunities for a comfortable retirement as those with a regular income. But they could also help people who don't contribute the maximum amount annually, and find themselves in a position to invest more in a later year.

When you get back to earning a regular income or have the capacity to invest more, you may be able to make additional top-up contributions to help you 'catch up'. This could make a real difference when you're able to access your super as a lump sum or retirement income stream.

## What to do next

From the start of the 2023/24 financial year, you can start by keeping track of your contributions in any year, particularly if you don't make use of the full concessional contribution limit.

You can also keep track of any 'catch-up contributions' you make in a given year. Having these records will make it easier to see how you can best catch up in the future.

Contact us today if you'd like to discuss how you can contribute more to your super.

Source: [NAB](#)

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# Insurance is a sound investment

**Managing risk is an essential part of investment strategy to reduce the potential for losses.**

Risk is not just associated with investing though - life can throw a curve ball or two and insurance is one way to manage risk in a broader context.

It's a matter of weighing up your risks and thinking about what you would do if the worst happened. Could you afford to build a new house, buy a new car or support your family if you became too ill to work?

Various insurance products or self-insurance can help to mitigate these types of risks.

## Underinsurance

While many Australians have some form of life insurance through their superannuation, the level of cover is rarely sufficient. The standard offering within the super framework is well below what your family need to live comfortably should you die or lose your ability to earn an income.

A Financial Services Council report, estimates that as many as one million Australians are underinsured for death and total permanent disability (TPD) and 3.4 million for income protection.<sup>i</sup>

Rice Warner estimates that insurance cover for a 30-year-old with dependents should equal eight times the annual family income for life insurance, four times the family income for TPD and 85 per cent of the family income for income protection. The default superannuation offering falls well short of this figure.<sup>ii</sup>

## Home and contents

But it's not just life insurance. There is also a fair amount of underinsurance in home and contents.

With the growing incidence of bushfires, floods and storms, protecting your home and possessions with insurance is more important than ever.

The biggest mistake is insufficient cover to rebuild your property particularly with the recent surge in building costs. You should also consider the costs associated with demolition and removal of debris, the cost of architects and builders and the need to find alternative accommodation while your home is being rebuilt.

It is important not to head for the cheapest policy as this may well fail to meet your needs. Read the product disclosure statement to make sure the cover delivers exactly what you need.

## Health and travel

Health insurance and travel insurance are also important considerations.

You will pay a Medicare Levy surcharge if you do not take out private health insurance and have a taxable income above \$93,000 for singles or \$186,000 for a family, couple or a single parent (increased by \$1,500 for each dependent child after the first child). This starts at 1 per cent of your taxable income and goes up to 2.5 per cent. So, it is worthwhile weighing up whether taking out private health insurance is the better option.<sup>iii</sup>

When it comes to travel insurance, if you can't afford it, you can't afford to travel overseas, according to the Federal Governments Smart Traveller website.<sup>iv</sup> The cost of medical care in other countries can be exorbitant and you may need to be transported back to Australia. The expenses can be enormous.

Of course, travel insurance can also help to compensate for cancelled or delayed trips and lost luggage.

## Self-insurance alternative

An alternative to taking out an insurance policy is to self-insure. That means putting money aside regularly to build up a big enough fund to help keep a roof over your head or replace a vehicle.<sup>v</sup>

The upside is that these funds are yours and, properly invested, can grow over time. The downside is that you may not have enough money together when a disaster happens.

Insurance can be the difference between successfully recovering from an event and changing your life forever. If you would like to discuss your insurance needs, call us.

i <https://fsc.org.au/resources/2537-fsc-australias-life-underinsurance-gap-research-report-2022/file> page 18

ii <https://www.ricewarner.com/life-insurance-adequacy/>

iii <https://www.ato.gov.au/individuals-and-families/medicare-and-private-health-insurance/medicare-levy-surcharge/medicare-levy-surcharge-income-thresholds-and-rates>

iv <https://www.smarttraveller.gov.au/before-you-go/the-basics/insurance>

v <https://www.investopedia.com/terms/s/selfinsurance.asp>

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## Evidence-based ways to hold back the hands of time

**You can't stop the clock, so the saying goes, but humanity has spent a long time trying to slow down or even reverse the effects of aging.**

Even today it can be hard to distinguish those measures that work from those that may not work and avoid those that may be downright dangerous! Fortunately, science-based public health research has some of the answers, so for some medically backed ways to stay healthy as you age- read on.

But first let's look at mankind's long history of trying to stop the clock, or at least slow it down a little. Anti-aging practices included the Egyptian queen Cleopatra bathing in donkey's milk, 16th century French courtesans drinking suspended particles of gold, and the Spanish explorer Juan Ponce de Leon's infamous quest for the legendary fountain of youth. Unfortunately, many of these measures weren't successful and may have actually shortened rather than lengthened the live spans of those trying them.

### Today the quest continues...

The quest for the fountain of youth has not ceased - it's just taken other forms in today's society. The anti-ageing market is ever expanding and expected to be more than \$119.6 billion globally.<sup>i</sup>

American tech centimillionaire Bryan Johnson is a significant contributor to that figure, reportedly spending \$2 million a year on a complex regime designed to reduce his biological age from 45 to 18, which includes injecting himself with his 17-year-old son's plasma.

The truth is, aging is natural. Our bodies aren't meant to stop aging entirely. But the good news is that there are some tried and true, medically proven ways to stave off many of the problems associated with aging and, in some cases, slow down the aging process. While none of these are groundbreaking discoveries, it's worth keeping in mind that you don't have to spend all your money or waking hours to stay healthy as you age.

### Tips for living well and living long:

#### Move it!

That treadmill at the gym may not be a time machine but it can play a part in slowing down the clock. In fact, research showed that those who ran a minimum of 30-40 minutes, five days a week, had an almost nine-year "biological aging advantage" over those who lived a more sedentary lifestyle.<sup>ii</sup> Doctors call physical exercise a "polypill" because it can prevent and treat many of the chronic diseases associated with aging and it's never too late to start getting the benefits from regular exercise. Even a daily walk can do wonders!

#### Stress less

It's no secret that being in a constant state of stress is wearying and can make you feel older than your biological age, but recently scientists confirmed that exposure to stress can cause inflammation and damage to DNA in cells, which in turn can accelerate aging.<sup>iii</sup> The good news is this can be reversed using stress busting techniques such as mindfulness meditation, breathing exercises and progressive muscle relaxation which can lead to improvements in various biological markers associated with aging.

#### Nourish yourself

While there is plenty of hype around the plethora of "superfoods" that are touted to possess anti-aging qualities there is no one food that will significantly impact the aging process and turn back the clock. However, the food and drink we put in our bodies day after day does make a difference to our health as we age. Research from the worlds "Blue Zones" - areas where people tend to reach the age of 100 - demonstrate the

benefits of a relatively plant-focused diet consisting largely of vegetables, fruits, grains, and legumes.<sup>iv</sup>

## Maintain a positive mindset and embrace aging

Finally, it's also worth considering that as we can't beat the clock, we might as well accept, if not embrace, the gifts that come with age (wisdom and a longer-term perspective come to mind!).

And moving through life with a positive mindset about the aging process might also give you more days to enjoy. A study recently confirmed that those with a positive view of growing older lived seven years longer than those who complained about it.<sup>v</sup>

All in all, life is to be lived to the fullest and it's precious because it's finite. Do what makes you feel healthy and gives you joy now and that will also help you to enjoy life in the future.

i <https://www.globenewswire.com/en/news-release/2022/03/29/2412093/0/en/Anti-aging-Market-Size-to-Worth-Around-US-119-6-Bn-by-2030.html>

ii <https://news.byu.edu/news/high-levels-exercise-linked-nine-years-less-aging-cellular-level>

iii <https://www.healthline.com/health-news/stress-can-increase-your-biological-age#How-stress-ages-the-body>

iv <https://www.everydayhealth.com/diet-nutrition/the-blue-zone-diet-a-complete-scientific-guide/>

v <https://pubmed.ncbi.nlm.nih.gov/12150226/>

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### Australian Financial Solutions Group

Level 6, 34 Charles Street

South Perth WA 6050

P 08 9200 2795

E [admin@afsg.net.au](mailto:admin@afsg.net.au)

W <https://www.afsg.net.au>



Australian Financial Solutions Group, AFSL No.: 341 401 ABN: 78 832 913 439

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