



Parkside Newsletter December 2021

December and summer have finally arrived, and you can almost hear the collective sigh of relief as 2021 draws to a close.

As November drew to a close all eyes were on the new strain of the coronavirus, Omicron. Global shares fell sharply on fears that Omicron will spread more easily than other variants and existing vaccines may be less effective against it. Europe is already facing a spike in COVID cases and new lockdowns. Global oil prices fell 10% on Black Friday (November 26) on the threat of renewed border closures and reduced demand for air and road travel. Markets are likely to remain volatile until there is confirmation that a new vaccine can be created quickly, which experts believe is likely.

Elsewhere, the economic smoke signals were mixed. Australian company profits rose 4% in the September quarter, and 5.4% over the year, supported by government subsidies. Not surprisingly, the NAB business confidence index rose 11.2 points in October to 20.8, its second highest result on record. But wages growth is lagging, up 0.6% in the September quarter and 2.2% over the year. Unemployment increased from 4.6% to 5.2% in October while underemployment rose from 9.2% to 9.5%. While retail sales jumped 4.9% in October as lockdowns ended in some states, consumers remain jumpy. The ANZ-Roy Morgan consumer confidence rating fell over 2 points in October to 106.0. Adding to hip pocket nerves, the national average unleaded petrol price hit a record high of 170.4c a litre in November. The Aussie dollar fell 4c in November to US71.2c.

Whatever your plans for the holidays, we wish you and your family a happy festive season.

Merry Christmas and Happy New Year from the team at Parkside InvestorPlus.

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- THE GIFT OF - *giving* this Christmas



Christmas is a time when we come together to celebrate with our family and friends. And, for those who haven't been able to see friends and family due to border closures, it will be an even more joyous occasion this year.

Gift-giving is typically a big part of celebrating Christmas and provides a great opportunity to reach out to support those who have done it tough this year.

Charity is not just about money

There are so many ways you can give back to the community. It's not always about making a monetary contribution – giving your time is just as valuable. Volunteering at the local soup kitchen on Christmas Day or helping at your local Foodbank or food rescue service like OzHarvest can be just as valuable. Donating clothes, blankets or any other household items that will help those less fortunate or vulnerable is always welcome, especially at shelters for both men and women.

In recent years, gift bags or hampers are becoming increasingly popular too. It's as simple as buying non-perishable food items or toiletries from the supermarket and creating a food hamper or gift bag.

Every Christmas, Kmart has the Wishing Tree Appeal whereby you can purchase a gift for a child and leave it under the tree in the store.

If you're unable to donate cash or volunteer your time, a blood donation at the Australian Red Cross is another option. They are always in desperate need of donors.

And when you donate, you'll not only get to enjoy a little snack afterward, but you'll receive a text message a few days later telling you exactly where your donation went.

Donating regularly

During the pandemic, there was a significant decrease in the number of donations made to charities across the country, and unfortunately, the amount of money we donated declined as well. People were unsure about job security, whilst others had chosen to donate specifically to the Bushfire Appeal early in 2020.ⁱ

Now we are coming out the other side of the pandemic economically, reports show donations are rebounding and are on the rise again. Those who donate, do so regularly and they usually have specific charities that they donate to. This may be due to personal circumstances or to support something they are passionate about.

If you're considering donating to a charity this Christmas, you may want to do a little research first to find out exactly how your money is being distributed. How much goes directly to those in need and how much is being spent on admin and running costs. This is an important factor for many and may impact your decision in terms of which charity you choose to support.

The positive effects of donating or volunteering

Donating - whether it's our time or money - will always make us feel good, but it shouldn't be the key driver. Think about the impact your donation or time will have on those who are on the receiving end.

Donating will not only have a positive effect on the recipient, but it can also be beneficial to your children. You can teach them from a young age that giving back to the community can be very rewarding for many reasons.

Maximising your donation

There are so many charities to choose from in Australia, but it's also worth considering international organisations as well.

You may prefer to donate locally, but if you decide to choose an international charity, your dollar will more than likely go a lot further. Especially in developing countries, where they may need clean water, medical supplies, or even infrastructure to build schools for young children.

Remember, if you donate \$2 or more, you may also be able to make a claim on your donation at tax time.

So, whether you're volunteering at a homeless shelter or soup kitchen or giving a monetary donation – helping others who are less fortunate could be the best gift of all this Christmas.

To find out more about volunteering or donating in your local city go to - <https://christmasinaustralia.com.au>

ⁱ JBWere and NAB Charitable Giving Index



KICKING FINANCIAL GOALS IN 2022

After a difficult year of COVID disruptions and uncertainty, the summer holidays can't come quickly enough. It's a chance to refresh and reflect on the year that was and hopefully set some goals for year ahead.

Yet this year more than most, many of us may feel that our personal and financial priorities have shifted depending on our experience of the pandemic.

So now that vaccination levels are rising, borders are reopening and we can all plan with a little more certainty, why not take this opportunity for a financial reset in 2022.

Regrets, we have a few

While many people's lives were turned upside down by lockdowns, not everyone suffered financially.

If you kept your job or were able to access COVID disaster payments, you may have saved money. Holiday plans were scrapped and restaurants, theatres and leisure activities were shut down.

In a recent survey of 2,000 Australians by the Australian Financial Planning Association of Australia (FPA), 11 per cent said their financial position had strengthened over the past 12 months while a further 46 per cent said nothing much had changed. But 17 per cent said their position had worsened and nearly one in four reported being stressed by their financial position.ⁱ

Worryingly, the survey found one in five Australians didn't have enough savings to get through the crisis and 23 per cent felt stressed about their finances. Their biggest regrets were not saving enough, spending too much on take-aways and non-essential items and not paying off debt quickly.

While many of us learned some painful lessons during the pandemic, that may

be an opportunity to reset our priorities and do better in future.

Lessons learned

The enforced lockdowns made us value simple things like the importance of family and community. But uncertainty about the economy, jobs and our personal finances also encouraged many of us to reassess our approach to money.

According to the FPA survey, 45 per cent of Australians say the pandemic has made them more frugal. Large numbers also say they have increased savings (44 per cent), paid down debt (41 per cent) and created a budget (39 per cent).

Smaller but still significant numbers responded to the pandemic by topping up their super, investing more outside super or increasing health insurance.

The big question now is, can we stick to these good habits and build on them in the year ahead.

Goal setting

When it comes to goals for the next 12 months, the FPA survey found people were split between hitting a savings goal (52 per cent) and going on holiday (44 per cent) as their top priority. Paying off the mortgage and reducing credit card debt were also popular.

Given the recent strong performance of shares and residential property, starting an investment plan is also high on the list of priorities. This is especially so among younger people who are using new digital platforms to take greater control of their investments, in and out of super.ⁱⁱ

As restrictions ease and the economy recovers, hopefully we can all manage to have a bit more fun next year but get our finances in good shape at the same time.

To get the balance right, it's important to give your personal and financial goals the attention they deserve and draw up a plan to help you achieve them.

3 tips to help reach your goals

A financial plan doesn't have to rely on complex financial products or strategies. In fact, getting the simple things right is often best.

- **Build a cash buffer to tide you over in an emergency.** This was one of the biggest lessons of the pandemic. It's generally recommended that you have around three months' living expenses at call. This might be in a savings account or in a mortgage redraw facility.

- **Manage your cash flow.** Even high-income earners can fall into the trap of spending more than they earn. So, take a financial snapshot, noting your monthly income from all sources and the balances on your savings accounts. Then subtract your monthly expenses, including debt repayments. If there's a shortfall, look for cost savings.

- **Review your financial plan.** We are here to help you set short and long-term goals, develop strategies to achieve them and provide support to keep you on track.

If you would like us to help you kick some goals in 2022, don't hesitate to get in touch

ⁱ All statistics in this article (unless otherwise stated) are from the FPA Money & Life Tracker Freedom Edition 2021: A snapshot of how 2,000 Australians have fared since COVID-19, https://fpa.com.au/wp-content/uploads/2021/10/2021_FPA_Money_and_Life_Tracker_Freedom_Edition.pdf

ⁱⁱ <https://www.morningstar.com.au/smsf/article/millennials-are-making-the-switch-to-smsfs/216142>

Learning from the littlies



Being called childish isn't usually a compliment, however there are many things we can learn from children. Here are some important life lessons that they can teach us (or remind us of).

No dream is too big

Think back to the earliest memory you have of being asked what you'd like to be when you grow up. It's likely your answer was a bit out of the ordinary – perhaps you even wanted to be a dinosaur or a princess! When kids answer this question, their imaginations run wild and they don't stop to think of feasible career pathways to their goal. For them, no dream is too big (even ones not grounded in reality).

While being realistic is an important life skill, as we grow up we can lose the knack of dreaming big. We can talk ourselves down by thinking that our dreams aren't possible or that they'll take too much hard work to achieve.

Playing it safe and not challenging limiting beliefs can keep us in a place of dissatisfaction. So whether you want to climb the career ladder, try your hand at a new hobby or go off on an adventure, channel your inner-child – let yourself believe that these dreams are possible and start fearlessly working towards them.

Don't be afraid to ask for help

Children are encouraged to ask questions and seek help from adults when they need it. You may have had no issues putting your hand up in class,

but as an adult you're hesitant to reach out for assistance.

Research paper 'Why Didn't You Just Ask?' (published in the Journal of Experimental Social Psychology) explains that "even a minor request can invite rejection, expose inadequacies, and make a help-seeker feel shy, embarrassed, and self-conscious."ⁱ

Perhaps you could do with career advice or need help with a more personal matter. Moving beyond a tentativeness to ask for assistance will help you feel more supported and capable, so ask away. Remember, all of us need a helping hand from time to time.

We're not that different from each other

When you watch children interact, you'll often notice how willing they are to make new friends and interact with each other. They might be poles apart in terms of their personalities and backgrounds, yet they tend to find common ground and band together to play.

Adult relationships tend to be more complicated. However, approaching people and situations with an open mind can bring you in contact with a diverse range of views and experiences.

Look beyond your differences and remember you all share the human experience. You may find yourself establishing great friendships and partnerships you otherwise would have missed out on.

It's great to try new things

Kids are constantly exposed to new experiences as they grow and are

generally pretty enthusiastic about trying something they haven't done before. Yet as we grow older, we become more set in our ways and can be reticent to feel like a beginner again.

Trying new things is a fantastic way to challenge yourself and build your confidence. It can also help you recognise strengths you never knew you had and also pinpoint what you'd like to work on.

Don't worry what others think

If you've heard the quote that begins with "You've gotta dance like there's nobody watching ..." (William W. Purkey), you'll know that as adults it helps to be reminded it's ok to let loose.

As our self-awareness and understanding of social conventions (where dancing in public can be looked upon as a tad eccentric!) grows, we can also lose the ability to block out other people's opinions. Enjoying yourself without worrying about how you're coming across is something kids excel at and adults can struggle with.

While you don't have to take to tap dancing in the streets, simply letting yourself have fun and not being in 'serious mode' all the time can be very energising and uplifting. It's a fantastic way to feel like a kid again!

So, channel and nurture your inner child - don't be afraid to dream big and be open to new experiences and soon you'll be viewing the world with the wonder and wide-eyed enthusiasm of a child.

ⁱ <http://francisflynn.org/wp-content/uploads/2010/03/JESP2010-2.pdf>