

APRIL 2016

Lifestyle Matters

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Apartment oversupply? *Cushioning the fall*

Setting goals
Lifestyle SUP skills

“...a long and winding road.”

How Much is Enough – Part 2?

ASFA RETIREMENT STANDARD	LIVING COSTS	
	annual	weekly
COUPLE – Modest	\$33,766	\$648
COUPLE – Comfortable	\$58,364	\$1,119
SINGLE – Modest	\$23,469	\$450
SINGLE – Comfortable	\$42,604	\$817

Source: ASFA

In our last newsletter, we addressed the most common question asked by our clients – how much is enough?

We had such a good response from our clients that we decided to add another layer to these figures, to help you work out what is the right number for your circumstances.

The figures below have been derived from the ASFA research above. We have then incorporated the ASFA numbers into the expense categories we use in developing cashflows for our clients:

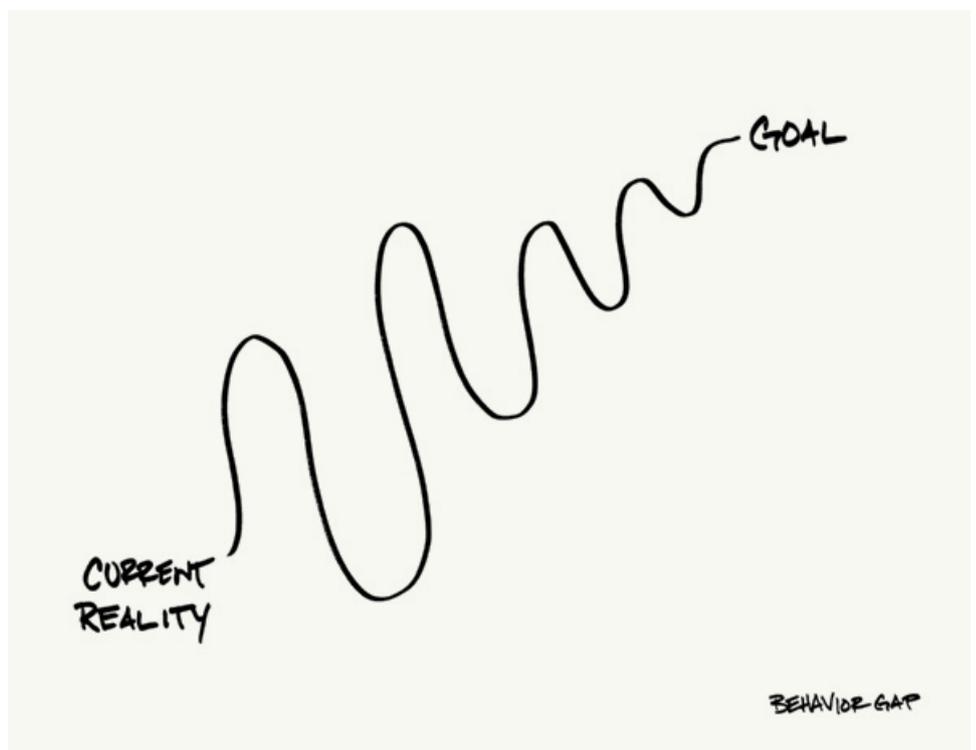
EXPENSE TYPES	COUPLE	SINGLE
Home & Utilities (incl. rate, home ins, renovations & maintenance, power, phone, etc)	\$8,000	\$6,000
Health (incl. medicines, dental, life and health insurance, etc)	\$7,500	\$4,000
Shopping (incl. groceries, gifts, clothing, etc)	\$19,364	\$13,104
Transport (incl. car ins & maintenance, petrol, public transport, etc)	\$7,500	\$7,000
Entertainment/eating out (incl. holidays, hobbies, club memberships, etc)	\$16,000	\$12,500
Annual Living Costs	\$58,3640	\$42,604

Source: Derived from ASFA

Setting Goals

Achieving long-term goals is often a long and winding journey. If that goal is financial independence, the most important thing to define is what that really means to you and how much it is going to cost. The above costs represent an average of what it will take to live a “comfortable” retirement. But – we have not met an average client yet – everyone is unique and has different plans and dreams for what they want to do when they have finished working.

Our message is simple: spend time working out what you really want to do in retirement and then put a cost on it. Otherwise, the long and winding journey might not lead you to the right destination.



Property Boom – will it ever end?

By the end of 2015 we had seen the total value of Australian residential property reach an estimated \$6.3 trillion, up from \$5.7 trillion a year earlier, easily making residential property the nation's single largest asset class. Approximately \$283 billion worth of housing stock transacted over the year across roughly 500,000 house and unit sales.

Growth conditions across the national housing market during 2015 can best be described as diverse. While the headline figures indicated that the combined capital cities recorded strong capital gains, the reality was that Sydney and Melbourne were the only capital cities to see substantial increases in values.

While the CoreLogic RP Data Home Value Index showed combined capital city home values rose by 8.7% over the 12 months to November 2015, only Sydney (12.8%) and Melbourne (11.8%) recorded double digit growth. Brisbane (4.0%), Adelaide (3.3%), Hobart (1.1%) and Canberra (4.5%) each recorded relatively moderate value rises while values fell by -4.1% and -4.2% respectively in Perth and Darwin.

As we head into 2016, early signs indicate growth in Sydney and Melbourne is slowing. Whether this results in further value falls remains to be seen, however, the rate of appreciation next year is likely to be more moderate than the year just gone.

Region	Change in dwelling values			Total gross returns	Median dwelling price
	Month	Qtr	YOY		
Sydney	-1.4%	-1.0%	12.8%	16.8%	\$810,000
Melbourne	-3.5%	-0.5%	11.8%	15.5%	\$602,500
Brisbane	0.6%	1.8%	4.0%	8.8%	\$467,200
Adelaide	0.7%	1.0%	3.3%	7.7%	\$410,000
Perth	0.3%	-1.9%	-4.1%	-0.2%	\$499,000
Hobart	-2.4%	-2.9%	1.1%	6.6%	\$335,000
Darwin	-1.3%	-1.7%	-4.2%	1.4%	\$550,000
Canberra	-0.5%	2.0%	4.5%	9.0%	\$575,000
Combined capitals	-1.5%	-0.5%	8.7%	12.8%	\$595,000
Rest of State*	0.3%	0.4%	2.8%		\$380,000

* Rest of state change in values are for houses only to end of October

Index results as at November 30, 2015

At Lifestyle, we maintain our view that the housing market is not likely to correct unless there is some sort of event or catalyst that results in more sellers than buyers. The big three drivers of growth in the property market continue to support the high valuations that we are seeing today. They are; low interest rates, close to full employment and a shortage of supply. We think the risk is around the last 2.

Unemployment heading from its current rate of 6% to 10% and an oversupply of apartments in the next few years could lead to some downward pressure – but, low interest rates may be enough to cushion any fall that we may have.

Markets are volatile – should we be worried?

In our March 2015 Newsletter, as the All Ords was approaching 6000 points and the All Ordinaries Accumulation Index was at a record high, we stated that our view was “cautious”.



We suggested that it was a time to reaffirm investment timeframes and attitudes to risk because market indicators (for example, forward Price:Earnings ratios) were high compared to long-term averages.

With the market recently down by nearly 20% from this time last year, our views have definitely changed. Ironically, there has been a noticeable increase in the number of commentators that have suggested recently that it is time to take a defensive view of the sharemarket – where were they this time last year! This is at odds with successful investing.

We would like to leave you with a quote from one of the most successful investors in history, Warren Buffet:

“Be greedy when others are fearful and fearful when others are greedy.”

What's happening at Lifestyle



Welcome Hugh Campbell

This month we welcome Hugh Campbell to the Lifestyle team. After finishing his Bachelor of Economics he joined a small engineering firm where he kept their books in order as well as getting dirty on construction projects. Time for a change and Hugh has started his Diploma of Financial Planning and joins Lifestyle as a Client Support Officer. Hugh keeps active with wakeboarding, skiing and Latin dancing – perhaps he'll encourage Tim to resume his dancing career!

A Noisy Re-Union!

After over a decade apart, the Lui family is getting back together again! Sandy's sister, Candy, will be returning from New York City with her husband to show off their brand new baby boy. The party will also be joined by their older brother, Jack, and his family, consisting of Vanessa (wife), Marcus (nephew) and Andrea (niece) who are based in Hong Kong. It is going to a very full and noisy house.

Fun and Games on the Lake

The team at Lifestyle took a well-earned break from the rigours of the office to learn and refine their stand-up-paddleboarding (SUP) skills. This is the 3rd SUP event that Lifestyle has had and it showed. Some 4 or 5 years ago, when we all first tried it, there was non-stop laughter as some in the team just



couldn't get it and spent more time climbing back on their boards than actually paddling. This time, with the help of more appropriate and stable boards, there was no such drama and we were able to explore the beautiful Narrabeen Lake. We even pushed the limits and had a "no-rules" team paddle board race which amazingly ended in a draw!



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