

SMARTLIFE

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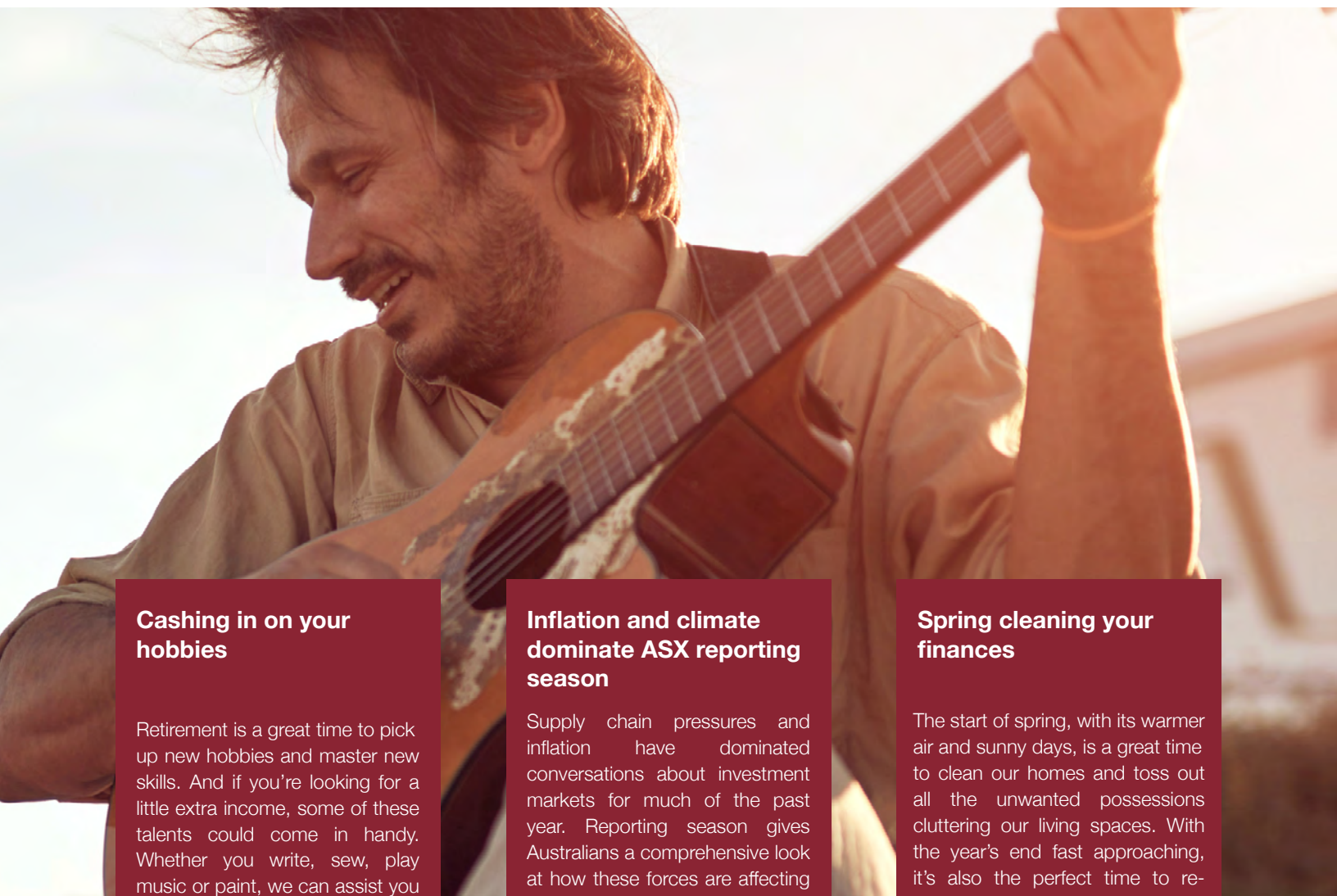
Cashing in on your hobbies

**Inflation and climate dominate ASX
reporting season**

Spring cleaning your finances

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PRIVATE WEALTH

Welcome to the Spring 2022 edition of SMART Life.



Cashing in on your hobbies

Retirement is a great time to pick up new hobbies and master new skills. And if you're looking for a little extra income, some of these talents could come in handy. Whether you write, sew, play music or paint, we can assist you as to how best to capitalise on your craft.

Inflation and climate dominate ASX reporting season

Supply chain pressures and inflation have dominated conversations about investment markets for much of the past year. Reporting season gives Australians a comprehensive look at how these forces are affecting businesses – and what they mean for investors.

Spring cleaning your finances

The start of spring, with its warmer air and sunny days, is a great time to clean our homes and toss out all the unwanted possessions cluttering our living spaces. With the year's end fast approaching, it's also the perfect time to review your financial affairs. From insurance to your super, we've put together the ultimate guide to fine-tune your finances.

Cashing in on your hobbies.

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Sell the things you make

Perhaps you've taken up knitting, carpentry, or another hobby which involves creating something from nothing. While hand-made items make excellent gifts for your friends, there's also a large market for these items too.

An easy way to tap into this market is to sell your wares on an online sales platform such as:

- Ebay
- Etsy
- Madeit
- Bonanza & Gumtree

Aside from Gumtree, these marketplaces will charge fees to sell your items through their platform. In some cases, such as Madeit, these fees are structured as a subscription service similar to Netflix or Spotify. For others, like Bonanza and Etsy, you might be charged a number of flat rate and percentage-based fees depending on what you sell and how you sell it.

Be sure to check the terms and conditions – some of these services include protections to stop scammers or even reimburse sellers for unpaid goods. But they may equally penalise sellers for listing the wrong type of items or trying to take a transaction off the platform to save on fees.

If you're worried about selling online or simply prefer face-to-face interactions, you might consider running a stall at a local art and craft market. It may be a good idea to insure your stall – some insurance companies even offer specialised 'market trading insurance' policies for regular stall holders.

Note that selling food or alcohol is regulated and states have different rules. If you really want to sell food or drink, speak to a specialist adviser who can offer tailored guidance.

Offer your skills as a service

As with selling goods, one of the simplest ways to advertise your services could be online. Again, Gumtree, Etsy, Madeit, and Bonanza can be used if you want to sell custom, made-to-order items.

Another marketplace worth considering is Airtasker. This marketplace lets people in your local area post jobs they need doing and their rough budget for the work.

You can then bid for that work, offering a fee you think is fair for your labour as well as a short message outlining why you're the best person for the job. The original poster then chooses someone to complete the job. Airtasker is most suited to handy-man type jobs but other services are also in demand such as hemming trousers or sewing on a button.

Other ways to advertise services include local community noticeboards or even asking specialty stores if they'll let you hang up a poster.

Consider tax & social security impacts

Two critical considerations to make before cashing in on your hobbies is how it could affect your taxes and also eligibility for the Age Pension.

If you're making sales regularly or have opened your own online store, you may find yourself defined as a business rather than a hobbyist under the current ATO rules and this could have consequences come the end of the financial year.

As you take positive steps to improve your wellbeing, why not consider improving your financial wellbeing as well? Ask us about opportunities to optimise your financial health – both for now and to prepare for the future.

reception@smartprivatewealth.com.au

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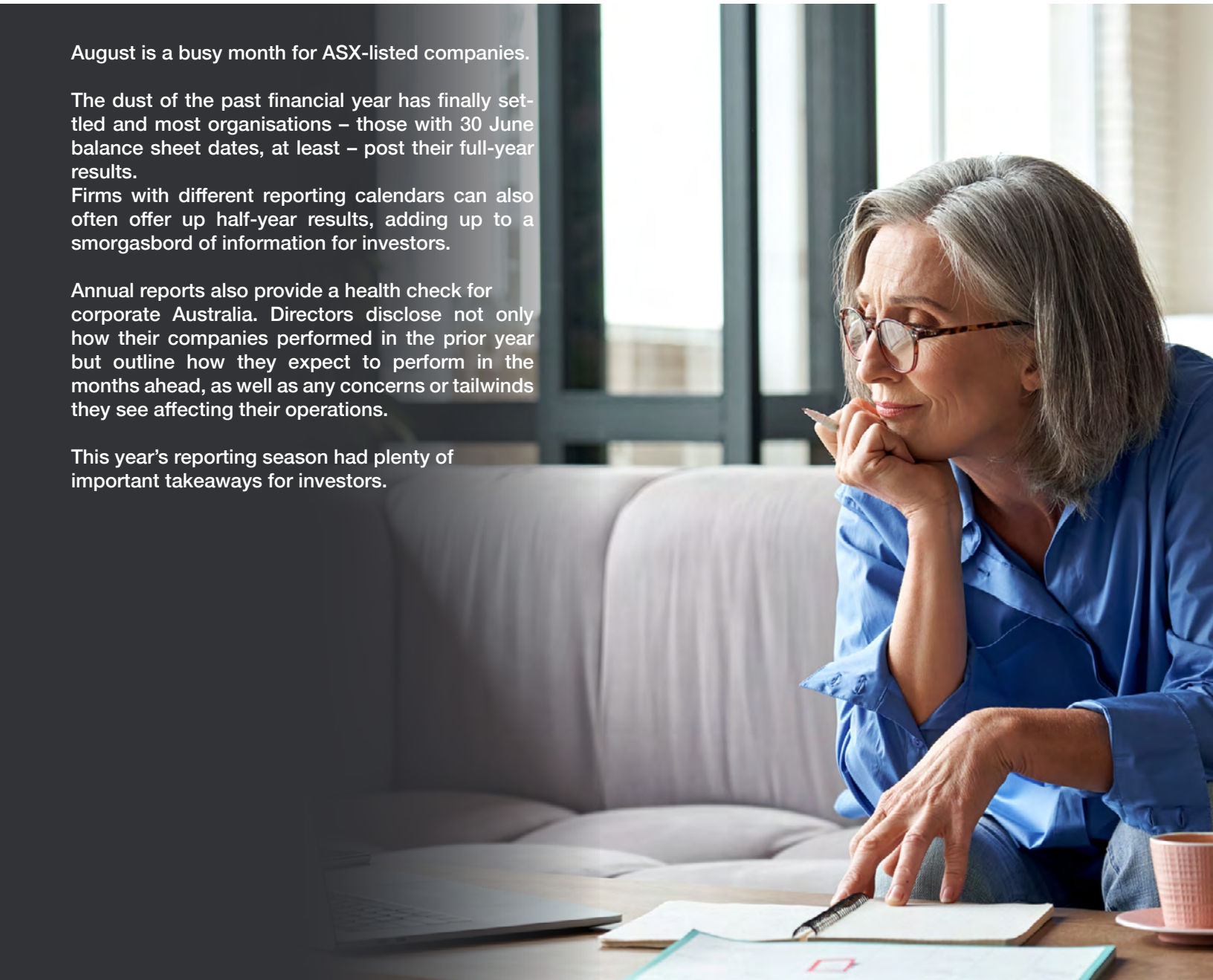
August is a busy month for ASX-listed companies.

The dust of the past financial year has finally settled and most organisations – those with 30 June balance sheet dates, at least – post their full-year results.

Firms with different reporting calendars can also often offer up half-year results, adding up to a smorgasbord of information for investors.

Annual reports also provide a health check for corporate Australia. Directors disclose not only how their companies performed in the prior year but outline how they expect to perform in the months ahead, as well as any concerns or tailwinds they see affecting their operations.

This year's reporting season had plenty of important takeaways for investors.



How the price hikes compare

It should come as no surprise that inflation concerns dominated directors' reports this year. Inflation, measured by the Consumer Price Index (CPI), hit 6.1% for the year ending 30 June 2021. Government forecasts now expect inflation to keep climbing to a peak of 7.75% in December this year.²

Australians are already feeling the pinch, with food prices soaring to almost unbelievable levels. Businesses have also taken note – and no, we're not just referring to KFC's controversial decision to replace lettuce with cabbage to keep burger costs down.³

In its full year report, CommBank warned that although Australia's unemployment rate is lower than normal and the economy is rebounding well from the COVID-lows, households remain under pressure. The lift in living costs, the bank said, will likely weigh on consumer demand.⁴

This was a concern also flagged by the largest listed investment company in the country, Australian Foundation Investment Company (AFIC).⁵ In a video to shareholders, AFIC portfolio manager David Grace described the consumer environment as "tough" but added the company sees opportunities ahead, nonetheless.

Mr Grace noted that in the past year, AFIC had taken positions in a number of companies with exposure to consumer spending. And while the outlook for these consumer-oriented businesses remains tough, much of this has been priced into their shares, Mr Grace said, and he felt comfortable buying them now at what they see as a discounted price.⁶

A changing corporate climate

Another major theme throughout this year's reporting season was climate change. Insurer Suncorp – which recently announced plans to sell its banking business – was particularly hard-hit by the recent spate of natural disasters, including floods and fires across the east coast.⁷

Chair Christine McLoughlin said the 35 separate natural hazard events recorded during the year represented the highest number of such incidents in the company's century of operations.

The combined cost of these to the business was \$1.08 billion – \$101 million more than Suncorp's allowance for the year. It's understandable then, that the business is advocating for stronger action on climate change.⁸

They're not alone in their quest to curb carbon emissions. Rio Tinto and Aurizon (mining and freight companies, respectively) both reconfirmed their commitment to cutting emissions.^{9 10}

Meanwhile, Unibail-Rodamco-Westfield (the French-owned company operating Westfield shopping centres) installed more than 1,200 solar panels across its shopping centres globally.

The roll-out is part of the company's Better Places 2030 goals, which has seen the group cut energy consumption by 15% between 2015 and 2021 and begin to implement biodiversity plans.¹¹

CommBank also published its first ever standalone Climate Report, tracking the bank's progress against the 11 targets created by the Task Force on Climate-Related Financial Disclosures.¹²

Progress made on social and governance issues

Corporate action on climate change is often bundled with other responsible investing principles under the ESG banner – that is, environmental, social and governance concerns. While there was a strong focus on the 'E' this year, social and governance matters were also a focus for many businesses.

Outgoing Telstra CEO Andy Penn explained to investors that the telecoms company can only remain successful for shareholders "when we are also successful for our customers, our people, and the communities we serve".¹³


Mr Penn, who stepped down on 1 September 2022, flagged that in addition to steps taken to reduce the business' environmental impact, Telstra is implementing strategies to support diversity within its workforce and better protect vulnerable customers.¹⁴

Bendigo & Adelaide Bank made similar moves during the year. In its full year results, the bank noted it had delivered a framework to guide its ESG strategies into the future; updated its diversity and inclusion processes; and introduced a code of conduct for the bank's suppliers.¹⁵

The bank also signed up to super fund HESTA's 40:40 strategy, a broad industry initiative pushing for gender parity at the executive level of ASX 300 companies by 2030.¹⁶

Spring cleaning your finances

With the year's end fast approaching, spring is the perfect time to review your financial affairs. From insurance to your super, we've put together the ultimate guide to fine-tune your finances.



The start of spring, with its warmer air and sunny days, is a great time to clean our homes and toss out all the unwanted possessions cluttering our living spaces.

While most Australians are probably familiar with this concept of spring cleaning, few of us realise our finances are no different.

The Christmas season – with all its costly gifts and parties – will soon be here. Taking stock of your finances and tidying them up now will help make the next year less stressful.

Yet cleaning your finances is not as simple as taking that pile of old clothes down to your local donation bin – that's why we've put together this guide to help you get started.

“ The good news is that from 1 July 2022, the superannuation guarantee rate increased from 10% to 10.5% , giving employees a welcome boost to their retirement savings.

Give your budget a nudge

Checking your budget is one of the simplest ways to improve your financial health. At its heart, this means checking your monthly expenses aren't exceeding your income, regardless of whether the income is from a job or your super pension.

Over the past year, food and energy costs have skyrocketed – remember the panic over \$10 lettuces back in June? As these prices increase, they reduce the purchasing power of your income each month. In May, the Reserve Bank of Australia warned that Australians' real wages will fall 3% in 2022 as nominal wage growth falls behind inflation. Keep this in mind when doing your budget.

This is also a good time to review your subscriptions and memberships to things like gyms and streaming accounts. Have they increased their fees? Are you getting value from them?

Ensuring you're insured

Many people choose to review their insurance when their annual policy renewal notice arrives, but it can sometimes be prudent to review your coverage at other times too. This is especially true if something's changed in the time since your last review.

It's not just big changes like getting married or retiring that warrant an insurance check-up. Even smaller changes, like a home reno, or driving your car to work instead of catching the train, can affect your insurance coverage and obligations.

If it's been a while since you genuinely checked what and how much you're covered for, now is the time.

Start with your life, income and trauma insurance. Have your debts increased or decreased? Has your salary gone up? Has your family grown or have your children left home? These are all signals that your insurance could need some re-aligning.

Super charge your retirement savings

Superannuation is often regarded as the largest asset an Australian will own, excluding their home. For that reason, now's the time to check to make sure your superannuation is tracking to your financial plan.

The good news is that from 1 July 2022, the superannuation guarantee rate increased from 10% to 10.5% , giving employees a welcome boost to their retirement savings. So, if you have some years until retirement, this increase will help your super balance to grow over time.

However, if you're approaching retirement, boosting your super may mean salary sacrificing. You can ask your employer to put some of your pre-tax income straight into your super, adding to what's already paid as part of the super guarantee. Not only will this help you build your nest egg, these contributions are generally taxed at just 15% – which may be lower than your marginal tax rate.

Consider whether you've recently received some extra money, such as an inheritance or a bonus. If so, then a good way to invest it could be to make a non-concessional (after-tax) contribution directly into your super. That way you'll benefit from the 15% tax rate on any investment earnings it makes – which is generally less than investments outside super.

But be aware, the maximum you can contribute to super depends on your age.

Not as taxing as it sounds

It's never too early in the financial year to think about your taxes. Taking steps early on to improve your tax efficiency will make the next end of financial year period a much simpler – and more affordable – affair.

This might mean reviewing your property portfolio for possible deductions you might be eligible for as an example.

Remember, you don't have to do any of the steps in this guide on your own. Your financial adviser can assist you to align your finances to your current situation and goals. They can also take the hassle out of tidying up – (though they probably won't help you clean out your linen closet!)

The most significant price rises were new dwelling purchases by owner-occupiers.¹⁷

+5.6%

Automotive Fuel **+4.2%**

Furniture **+7.0%**

Consumer Price Index rose

6.1%

over the twelve months to June 2022.¹⁸

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70%

of Australian homes are separate houses.¹⁹

13% are townhouses

16% are apartments

Average weekly earnings are

\$1,769.80

at May 2022.²⁰

Unemployment rate is

3.4%

at July 2022.²¹

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14 ibid.

15 Bendigo and Adelaide Bank, 'Results Presentation for the full year ended 30 June 2022', 15 August 2022, accessed 16 August 2022.

16 ibid.

Smart Private Wealth Pty Ltd
Corporate Authorised Representative of Count Financial Limited

ASIC ID 001275904

ABN 15631281822

Level 1, 328 Main Street Mornington VIC 3931

P (03) 5911 7000

www.smartprivatewealth.com.au