



AVENUES

12 WAYS TO ENJOY SUMMER WITHOUT SPENDING A FORTUNE

If you're wondering how you'll make ends meet this silly season, check out these tips on how to spend, without spending every cent.

Summer in Australia can often be one of the busiest times of year with end-of-year work parties, Christmas, family gatherings, mini holiday breaks, not to mention New Year's Eve and New Year's Day.

If you've been saving for something big or are just cringing at the thought of how you'll make ends meet over the holiday period, don't freak out yet. There are plenty of ways you can still have fun without spending all your savings or racking up serious debt on your credit card.



12 WAYS TO ENJOY SUMMER WITHOUT SPENDING A FORTUNE CONTINUED

How to take on summer without spending a fortune

1. Write down your Santa list

There may only be a couple of weeks left until Christmas, but if you've still got things to buy, making a list, setting a budget and sticking to it could go a long way to ensure you don't overspend or rack up additional debt. After all, Australians are due to spend over \$9.7 billion on Christmas presents this year, which is up 28% on last year.ⁱ

2. Diarise your upcoming events

Knowing what's happening and how much you're likely to fork out will help you to manage your cash and allocate what you need for each occasion.

3. Take turns entertaining at home

This can significantly reduce the money you and your mates spend on eating out, particularly if everyone is happy to bring their favourite signature dish, juice of choice or fruit sorbet when temperatures are running high.

4. Make the most of the warm weather

Hit the beach, head to the local playground, or pack a picnic basket and enjoy a barbecue at a nearby park. It won't involve entry fees and depending where you go, you could load up the fishing rods or even a footy for a friendly game.

5. Take an esky

You'll save a fortune on food and cold drinks no matter what's on the agenda.

6. Look out for meal and beverage specials

There are plenty of places where you can find two-for-one offers and other great deals. Websites like TheHappiestHour can give you some ideas and you may even find some new alfresco venues you haven't been to along the way.

7. Travel smart

Carpool, get a lift, catch public transport, or ride a bike. Too many Taxis and Ubers can drain funds, particularly if you're not keeping a record of how often you use them.

8. Cut accommodation costs

Bunk with mates, house-sit, swap accommodation, volunteer your skills for a place to stay, or have a staycation where you check out attractions close to home.

9. Search for holiday deals online

Look at comparison websites for flights, accommodation and transport. Doing your homework can often mean more spending money in your pocket.

10. Stick to using cash as much as possible

When you pay in cash, there's no risk of you having to pay added interest charges. Plus, leaving your cards at home means you're less likely to go over your budget as you can't say—I'll just take out another \$100.

11. Trade with friends

If you've got more outings than outfits lined up, rather than hit the shops, borrow something from a mate. It doesn't have to stop with clothes either. You could exchange homes for the week, swap movies, or trade sporting gear like bikes and fishing rods.

12. Research free events

Look up what's on in your local area. There are often a variety of things happening over summer, such as food and wine festivals, street fairs and markets.

Whatever your agenda over the holidays, it's important to have a realistic plan when it comes to your money. Give yourself some room for movement and still aim to avoid that financial hangover.

i <https://www.finder.com.au/press-release-nov-2016-record-xmas-aussies-to-spend-10-billion-on-gifts>

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IF YOU THOUGHT PROPERTY PRICES ONLY GO UP...

It may be time to reconsider some myths about property investment.

With so much emphasis on property in the media, it can be difficult to sort fact from fiction. But before investing in any type of asset—including property—it pays to consider the pros and cons, and any commonly held misconceptions.

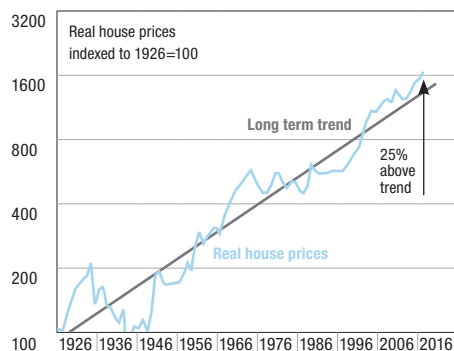
Here we bust 3 property myths.

Myth 1: Prices always go up

Believing that property always goes up is understandable—especially given prices have dramatically increased in our major cities in recent years.

But like most investments, the property market demonstrates cyclical patterns. That means, at times property performance can be stagnant and show little or no growth. And like many investment cycles, a boom can be followed by a bust.ⁱ

Australian house prices relative to their long term trend



Source: AMP Capital

Myth 2: All property is the same

When we think about property, we tend to think about it as one market. We generally take a macroscopic view. We hear about the performance of Australian property and may think that buying a property anywhere will turn out to be a good investment. But this approach can lead to decisions that fail to yield the results we expect.

Within the property market are countless micro-markets. And property prices can depend on the different economies they have links to—as we've seen in Australian mining towns where prices reached record highs in recent years only to be followed by a sharp decline.

Similarly, we hear general reports in the media that property prices are rising and this general sentiment can set unrealistic expectations. For example, specific price expectations in the CBD should be markedly different from those in a particular region or suburb. But we may tend to think that all prices in all areas will always rise. And this is where the danger lies.

Myth 3: Property's a sure thing

The combination of low mortgage rates and rising home values means debt levels have increased dramatically.

In fact, the top 10% of leveraged Australian households have an average debt to disposable income ratio of 600%.ⁱⁱ

If you cannot afford to repay a home loan due to changes in personal circumstances, such as losing your job, your entire financial future can be put at risk. Any slumps in house prices could result in many people being unable to cover outstanding loan amounts if forced to sell.

Take a long-term view

It's important to think about property as a long term investment, even when buying a home to live in—and to borrow within your means so you're not financially stretched. Explore your capacity to repay a loan with our borrowing power calculator.ⁱⁱⁱ

And if you take on a home loan, consider buying insurance to help protect you in case your circumstances change and you're unable to meet your loan repayments.

When it comes to investing, it's important not to put all your eggs in one basket. That way you may be able to protect your money by spreading risk over different markets.

Speak with us to find out more about the types of investments that may suit you.

i <http://advice.realestateview.com.au/buying/beginner-guide-to-investing/4/>

ii <http://media.amp.com.au/phoenix.zhtml?c=219073&p=irol-newsarticle&ID=2122127>

iii <https://www.amp.com.au/data/calculators/borrowing-capacity-calculator1>

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DIGITAL PAYMENTS COULD SEE YOU SPEND MORE

With the festive season just weeks away, Australians are gearing up for the annual peak spending period, and the growth of digital payment options could be widening the gap between what we regard as our spending limit and the balance of our bank account.

The disconnect between cards and cash

Credit cards make spending (and overspending) very easy, and a new breed of “digital wallets” like Afterpay, zipPay and PayItLater are replacing traditional lay-by.

The convenience of credit cards and digital wallets comes with a downside. Research shows a clear link between the way we pay for purchases and how much we spend.

An experiment by the Massachusetts Institute of Technology for instance, involved students bidding on tickets to a basketball game. Some were told they could only pay with cash, while other students were advised they would use a credit card to pay. Among the students using a card the average bid was \$60 – more than double the \$28 average among students paying with cash.

The pain of payment

There is a reason for this difference. It's what psychologists call the “the pain of payment”. When we take a note out of our wallet, we

feel a sense of loss. By contrast, when we use digital forms of payment we have no real sense of parting with hard currency. And that makes it easier to overspend.

On one hand, digital wallets don't charge interest in the way credit cards do. But they do charge late payment fees. Afterpay for instance charges a \$10 late payment fee with a further \$7 fee if you still haven't paid up within seven days.

On the face of it, these fees are low but they act in much the same way as card interest – being a charge on an outstanding balance. If you only owe a small sum, the fees can be the equivalent of a very high interest rate.

Keep it real – keep an eye on spending

With Australians expected to spend billions of dollars at the check-out this holiday season (last year we collectively parted with around \$48 billion), it pays to be mindful that no matter how you pay for purchases, at some point the money comes out of your hip pocket.

That makes it critical to keep track of how much you're spending, and ensure you have enough to meet regular bills – both now and in the New Year, when statements for Christmas purchases start to arrive.

The plus of putting off festive shopping

By the way, if you haven't yet given a thought to festive shopping, don't feel too guilty.

A study by comparison site Finder found those who start buying gifts in October spend an average of \$716 on presents compared to \$343 among the chain draggers who leave gift buying until closer to Christmas Day.

Maybe allowing too much time to buy can encourage us to spend more, not less.

Contact us for expert advice, managing your cash flow over the holiday season, or at any time of year.

– by Paul Clitheroe AM

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