

Aptitude

The background of the cover is a photograph of a coastal scene at sunset or sunrise. A concrete pier with a rope railing extends from the foreground into the ocean. The sky is a mix of deep blue, orange, and pink, reflecting on the water. A thin, light blue decorative line swirls across the right side of the cover.

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Live for today, plan for tomorrow

A photograph of an older couple outdoors. The woman, on the left, has short white hair, wears blue-rimmed glasses and a light blue t-shirt, and is smiling broadly. The man, on the right, has grey hair and a beard, and is looking towards her. They are standing in front of some greenery. A large, faint, stylized graphic of the letters 'Aptitude' is overlaid on the right side of the image.

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What if tomorrow is *that* rainy day?

Saving for a rainy day is an oft-used colloquialism, but there's a lot of truth behind it. We don't know when that rain will come, so it's essential to be ready. Here, we discuss some key components to future-proof your financial plan.

Save easily accessible emergency funds

"Access to a least six months' income is a must because it gives you some clear air to make decisions when an unexpected event occurs," says Apt Senior Adviser Emily Lanciana.

Emily advises that you can use facilities such as offset accounts or higher-interest savings accounts to make some use of this money; however, it must be liquid and accessible, not tied up in investments.

"Unfortunately, you may not have time to release funds from investment or be in the best headspace to decide which investments to sell. Six months' income may not cover all your expenses for the period you are affected, but it will allow you to take your time on the bigger decisions, get advice and make them with a clearer head."

Protect your assets and your loved ones

According to Financial Services Council Australia's *Life Underinsurance Gap: Research Report*, a startling 3.4 million Australians are underinsured when it comes to income protection. But it can be a high-stakes game with life-changing consequences.

Whether it is financial assistance for a period where you can't work or being able to access medications that aren't subsidised, Apt Wealth Head of Insurance Adam Spilsted explains that the right insurance is a must.

"While no one likes to think about it, illness, accident or death can have a long-term impact on us and our loved ones."

“When you’re correctly insured with the right policy, you’ll have peace of mind, and that’s invaluable. In recent months alone, we’ve seen life insurance keep a family in their home amongst their support network following the death of one parent, and income protection enables a cancer patient to access non-PBS treatment that would have otherwise cost in excess of \$80,000 per cycle,” Adam explains.

He also highlights that it is crucial to understand any coverage within superannuation.

“Superannuation coverage may not be appropriate for your age and stage. In many cases, the right cover is the same price and, in some cases, even less than what you’re paying through super. So, the key here is not just having cover, but having the right policy for your specific circumstances.”

Structure your super

“We often call events that drastically impact investment markets ‘once-in-a-lifetime’, but it’s a misleading term. Anyone aged over 15 has been alive through the Global Financial Crisis (GFC) and COVID-19, two events that severely impacted markets. For many of us, they happened at peak times in our financial lives,” says Apt Director Andrew Dunbar.

He points out that you can take several steps, such as keeping a portion of your super in cash and injecting it into growth investments when the market drops, and understanding

your asset mix. However, he says, it is important not to make panicked moves when the market has already dropped.

Additionally, the steps you should take are different for every career stage and personal circumstance, so it’s important to talk to your adviser about the right setup for you.

Future-proof your home loan

While we can’t plan for every eventuality, it’s important to ensure you think ahead when you take out or refinance your home loan.

Apt Wealth Home Senior Mortgage Adviser, Matt Baker, explains that interest rates shouldn’t be the only consideration when refinancing.

“Often, we get caught up comparing interest rates when we refinance, but there are other features that you need to weigh into the equation. For example, if you know time out of work to care for a loved one is on the cards, look for a loan that allows for a pause. Or consider what redraw facilities you might need to support changing financial goals,” he says.

He advises that it’s a good practice to get a mortgage health check every few years and any time there is a significant life change to ensure you have the right product for your circumstances.



Get your estate in order

According to Finder, some 12 million adult Australians don't hold a current will, and it's a frightening statistic.

"Many people assume that their finances will go directly to their loved ones if they die without a will, but it can be far more complex. There are different laws in different states, and protecting your loved ones from unnecessary additional stress is crucial," explains Apt Senior Adviser Tracey Pace.

"A will should be part of your broader financial plan to protect your loved ones and ensure you leave the legacy you want. So if you don't have one, make it a priority."

Plan for aged care

"Aged care is something we often don't like to think about until it is on our doorsteps, but last-minute planning can be ineffective," says Apt Senior Adviser and Aged Care Specialist Steve Toniazzo.

He says for retirees or those with ageing parents, it's important to have it on the radar in any financial plans.

"We all want our loved ones to have the best possible care, and unfortunately, in Australia today, that can come with a significant price tag. So, whether it's for yourself or a loved one, it's important to think about as we and/or our loved ones reach their twilight years," he says.

Family succession planning

If a family has a business, revenue-generating property, such as a family farm, or significant assets, it's crucial to have a succession plan.

According to Apt Senior Adviser and Family Succession Planning specialist Preston Foster, it can save significant heartache and stress on loved ones if something unexpected happens.

"Ensuring everyone is on the same page as early as possible will mean that if something happens to a family member, everyone knows what will happen next. And there's no ambiguity at a time when a family needs it the least."

He points out that it is a process, and it can take time to get all family members on the same page, so the earlier you start, the better.

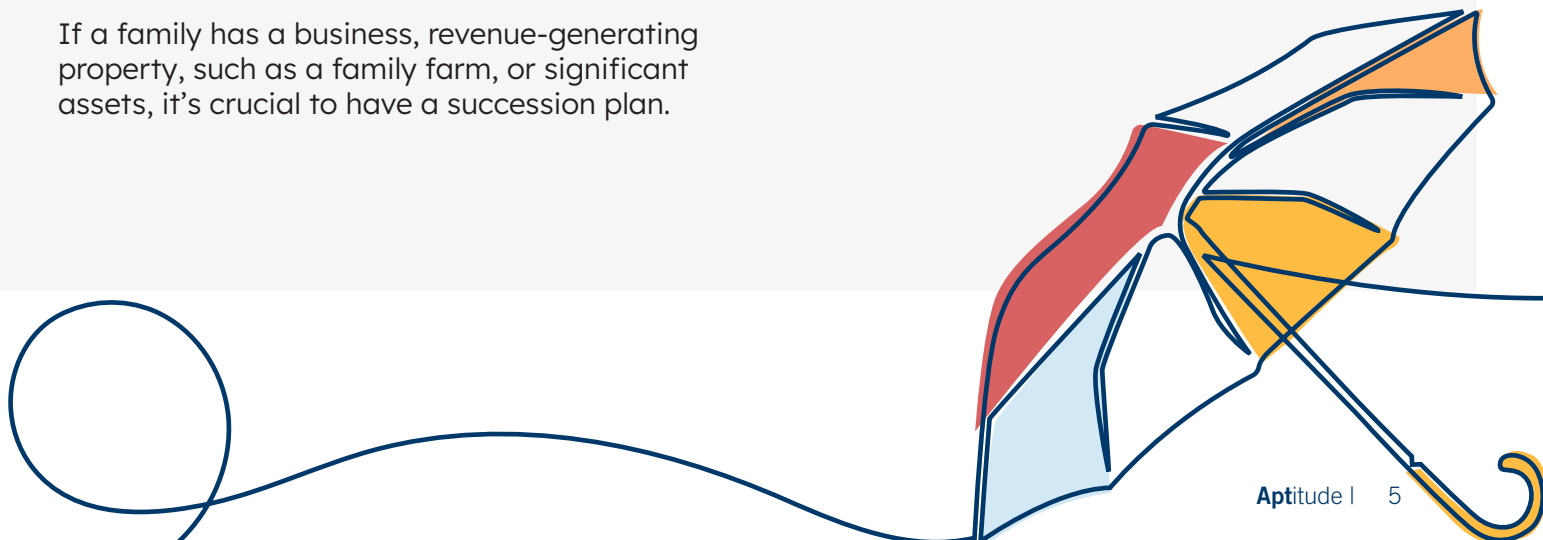
Preparing for your rainy day

We don't always know what is around the corner, so it's important to be prepared financially. While a financial plan can't take all the pain out of an unexpected situation, it can ease some of the stress at a time when you need it most.

Need to get your 'rainy day' finances in order? Speak to your Apt Wealth adviser.

Rainy Day Finances Checklist

- Six months' income as accessible, emergency funds
- Adequate life and income protection
- An appropriate structure for your superannuation
- The right home loan for your circumstances
- A current will and estate plan
- Aged care finance plan
- Family succession plan



How much do I need to retire?

How much do I need to retire? It's one of the most frequently asked retirement questions, and for good reason. Each person's answer is entirely unique. Here, we talk to Apt Director Andrew Dunbar about how to calculate yours – and why it's important, regardless of your financial position.

“The first question you should ask yourself is: What does a comfortable retirement look like for me? It's a subjective term, and while there are tools and guidelines out there, they probably won't use the same definition,” Andrew explains.

Each quarter, the Australian Super Funds Association (ASFA) publishes the *ASFA Retirement Standard*,¹ a national guide to the costs of a modest and comfortable lifestyle. With a comfortable lifestyle sitting at \$70,482 per annum for a couple, Andrew warns that this may not reach many people's expectations of 'comfortable'.

“It's important to explore the detailed breakdown to see where the figures

align and where they don't. For example, detailed expenditure for the March 2023 quarter allows just \$1,836.64 per couple for overseas vacations each year. If you are planning a month in Europe, this may mean only one overseas trip every 10 years,” Andrew says.

He also highlights that the ASFA comfortable living standard is based on getting a part pension, with the amount of your pension escalating as your retirement savings dwindle.

“If you are spending \$70,482 a year from ASFA's suggested amount of \$690,000, money is likely to be a source of ongoing worry. While the pension is a safety net, it's not something most of us want to be relying on as we age.”

¹ASFA Retirement Standard, www.superannuation.asn.au/resources/retirement-standard



Need help finding your comfortable retirement figure? Apt Wealth Partners has a range of resources that can help you calculate your expenditure and uncover your values to better align your spending. Ask your adviser or visit www.aptwwealth.com.au.

So even if ASFA's comfortable living standard aligns with yours, Andrew suggests you would want to plan for retirement savings of \$1 million to give yourself a buffer. He adds that this is assuming home ownership and correct structuring of your investments to ensure you have reliable future income streams.

"For most people, that \$1.5–2 million mark is where money won't be a worry for a typically middle-class lifestyle," Andrew says.

When planning what you will need and thinking about your retirement spending, two things are critical, according to Andrew.

Firstly, ensuring you have a detailed and accurate understanding of your lifestyle expenses.

On the first point, Andrew says this is where tools like ASFA can come in handy.

"Even if a comfortable standard of living may not fit into a budget of \$70k per couple for your household, the ASFA Expenditure Breakdown table can prove helpful for understanding expenditure at a detailed level. Using the starting figures as a guide, you can then modify for your lifestyle."

Andrew says in his experience, working with a broad range of Apt clients, the indicative ASFA comfortable lifestyle is realistic for many, but for others with higher lifestyle and family needs, it is in excess of \$100,000 per annum.

"The average figure provided by AFSA allows many one decent holiday each year, a few meals out a month and maintaining a reasonable number of hobbies and club memberships. But then there are a wealth of other factors – what part of the plane do you want to fly in? Where do you want to stay? What sort of restaurants do you eat at? What support do you need to provide family?"



“It can be helpful to consider your current expenditure and think about how you expect that to change. For most of us, retirement is the time when we want to spend more time doing what we love and it’s important to understand how much you’ll need to support that goal.”

He highlights that a detailed retirement budget isn’t necessarily about curbing expenditure. It’s about having a realistic figure so you can ensure you have the future income streams to support it.

“Most of us expect to continue living a similar lifestyle in retirement as we live today. And with many of us living into our 90s, you may need to fund that lifestyle for three decades.

“So, whether your retirement budget is about champagne and caviar or beer and burgers, it’s important to have one.”

Secondly, ensuring your spending aligns with what’s important to you.

Andrew highlights that aligning your spending and your values is important for everyone, regardless of your financial position.

“This exercise isn’t necessarily about putting controls on your spending, although it can help with that if that’s a goal. At its core, it’s really about ensuring you use your money meaningfully, because that is key to a happier life.”

Andrew suggests starting by thinking about what you would want people to say about you at your 80th or 90th birthday.

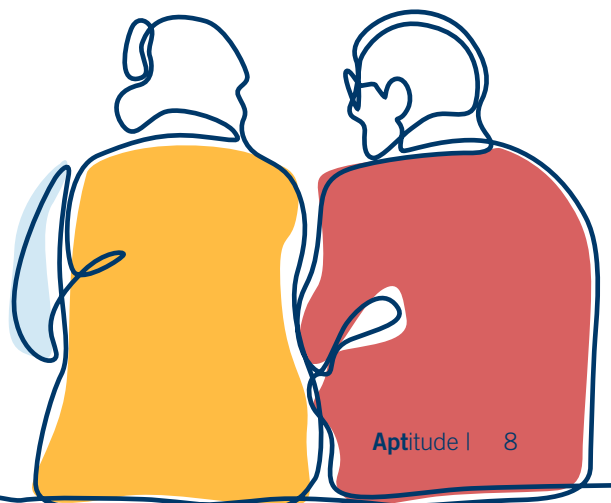
“When most people reflect on this, it isn’t ‘she drove a Maserati’. It’s the things that make up your character that are important.”

But he highlights there is nothing wrong with also wanting luxury cars. It’s simply deciding on how meaningful that particular purchase is for you and using it as a yardstick.

“When people do this exercise, the changes they make add value and meaning to their lives. Whether your spending increases, decreases or stays the same is not the point. It’s about living a more meaningful existence and shaping the legacy you want to leave while you are still here to do it.”

So, how much do you need to retire?

Unfortunately, there’s no simple answer; the number is unique to you. But, with a little planning and reflection, you can find the figure that not only funds the retirement you want, but ensures you live your best life in your golden years.



Tips for entertaining at home this spring

Following two years of COVID restrictions and now rising costs of living, entertaining at home has come back in a big way. And why not? It's a great way to spend quality time with friends and loved ones while also being cost-effective! So, we asked the Apt team for their top tips for spring entertaining at home.



1 Use seasonal produce

Australia has some of the best local produce in the world, and using seasonal produce makes sense on a number of levels. It's in abundance, at peak quality, cheaper at the checkout and a more environmentally sustainable option.

Some of the produce set to reach peak quality across September and October includes:

- Asparagus
- Avocado
- Blueberries
- Beetroot
- Blood Orange
- Cabbage
- Cauliflower
- Cucumber
- Fennel
- Garlic
- Kale
- Mandarins
- Mangoes
- Medley
- Tomatoes
- Mushrooms
- Passionfruit
- Pineapple
- Strawberries

2 Build an 'entertaining kit'

If you plan to entertain a lot in the warmer months, you may have special crockery, table decorations, tablecloths etc. that you plan to use for these events. Grab

some storage containers and create an entertaining kit to store away in a set place so you can easily find and prepare everything ahead of your next party.

3 Create a signature drink

Offering a signature drink is a great touch to elevate your entertaining! Whether a cocktail, mocktail, punch (yes, it's back on trend!) or simple fizz is more your style, it's a great way to welcome guests. With so many zero-alcohol options on the market today, it's easy to make something that's fit for everyone too.

4 Cook for a crowd

The best way to feed a crowd without missing out on all the fun is by cooking things like curries or tasty stews that can simmer away while you socialise, rather than meat and trimmings that will have you running back and forth to the kitchen. Check out Australian home cook Nagi Maehashi's RecipeTin Eats site at www.recipetineats.com.au for some great yet simple crowd pleasers.





5 If it's easier to outsource – do it!

At Apt Wealth Partners, we call outsourcing 'buying happier time,' and if it makes sense to outsource by bringing in takeaway or catering, don't feel guilty. It's likely your loved ones just want to spend time with you anyway, so you are making the experience more meaningful for them by spending more time with them on the day.

6 If someone offers to help, let them!

We've all been the host at one time or another and know it can be stressful. So if someone offers to help, either beforehand by bringing something or on the day with cooking or clearing, accept their help. Most guests want to contribute when they come to your home, and by allowing them, you're allowing them to.

7 Have fun!

Hosting can be hard work. Make sure you plan an event you can enjoy too. Whether it's about getting guests to help by bringing part of the meal or cooking in advance, there are ways to ensure you enjoy the event and can spend time with your loved ones. After all, that's what it is really all about.



A blurred background image showing several people in a meeting or office setting. A man in a white shirt and tie is on the left, and a woman is on the right. The focus is on the text overlay in the foreground.

Ethical Investing

Supporting gender equality **through investing**

Australians have been voting with their investment decisions for some time, supporting organisations with a demonstrated commitment to addressing a range of social and environmental issues. In fact, according to the 2023 ASX Australian Investor Report, some 43% of professionally managed funds (around \$1.54 trillion) are now invested responsibly.

Here, we talk to Apt Chief Investment Officer Sarah Gonzales, and Apt Senior Adviser Michelle Heffernan on a growing trend within the ethical investing space – investing through a gender equality lens.



“Ethical investing is a great way to support the change you want to see in the world. There are a number of lenses you can look through, and gender equality is one such lens,” says Michelle.

Why invest through a gender equality lens?

“Among the social reasons that an investor may get behind investing

through a gender equality lens include supporting equal pay, increasing female participation in the economy, or supporting products and services for and by women,” Michelle says.

And Sarah points out that you needn’t sacrifice financial returns to get behind this change. In fact, in many cases, it may prove the opposite.

“Companies that have gender diversity at a senior leadership level have been shown to outperform on a number of indicators,” she says, pointing to several sources that highlight the relationship between gender diversity and shareholder outcomes, including:

- A Bankwest Curtin Economics Centre Report into gender equality and business outcomes which highlights that ‘an increase of 10 percentage points or more in female representation on the Boards of Australian ASX-listed companies leads to a 4.9% increase in company market value, worth the equivalent of AUD \$78.5 million (or USD \$52.6 million) for the average company’.¹
- A March 2023 article by leading financial and investment news platform Barron’s, which states that ‘companies that have focused on gender diversity at the board, C-suite, and firm level have consistently achieved higher ROE (return on equity) and lower earnings risk in subsequent years’.²

¹BtCEC WGEA Gender Equity Insights 2020: Delivering Business Outcomes, p. 9 <https://bcec.edu.au/assets/2020/06/BCEC-WGEA-Gender-Equity-Insights-2020-Delivering-the-Business-Outcomes.pdf>

²Gender Diversity Helps Companies Deliver Better Returns, Barrons, 6 March 2023 <https://www.barrons.com/articles/gender-diversity-company-performance-bofa-1a77db8b>

- Diversity Wins, a 2020 McKinsey report, which asserts that ‘the relationship between diversity on executive teams and the likelihood of financial outperformance has strengthened over time’.³

How to invest through a gender equality lens

“Investors have power, and more investors are really embracing that power as a way to influence change and shape their impact,” Sarah says.

When it comes to investing through a gender equality lens, Sarah explains that it involves looking at company information to determine that, not only do they have goals around gender equality, but are actively making progress towards them.

“It’s easy for companies to have stated missions and goals in these areas, but the real question to ask is how they have demonstrated that commitment,” Sarah says.

She points to the Women’s Gender Equality Agency (WGEA) Employer of Choice list as one source to find out more about the commitment of Australian companies.

“This list comprises companies that have a demonstrated commitment and have achieved the standards required by WGEA. Not all employers on the list

are listed companies, but many are. You can also see how long they have held the ‘Employer of Choice’ citation, as another indicator of the depth of commitment,” she says.

Michelle adds that there are a number of gender diversity-based investments that you can consider, but highlights that it is important to do your research.

“Ethical investing is highly subjective. What is considered ethical by one investor may not be considered so by another. If you are looking at a basket of shares that meet one ethical requirement, it’s not guaranteed that they will meet another. For example, companies within an environmentally sustainable ETF may not meet your gender equality requirements – and vice versa.”

Interested in ethical investing? Speak to your Apt Adviser to get the right advice to shape your impact and achieve your personal goals.



³Diversity Wins: How Inclusion Matters, McKinsey & Company, 2020. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

Disclaimer

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