

The Count Report

Learning from
experience

Fitness for life

Facts & figures



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Count 



Welcome

Welcome to the Summer edition
of The Count Report.

The longer days and warmer weather that we enjoy at this time of year makes it the perfect time to think about your health and wellbeing. No matter how strong your financial plan is, being healthy and active is important to your quality of life.

In this edition 'Fitness for life' looks at the positive impact that exercise can bring no matter what stage of life you're at, and we also have some interesting facts & figures on the back page to complement this article.

In our feature article 'Learning from experience', we speak with a 67 year

old who has begun his (semi) retirement and shares his real-life tips on how to make your retirement dreams happen.

We've also got some important information about upcoming changes to the Age Pension test on page 3, so please have a read and speak with us if you have any questions about how this might impact your financial situation.

We hope you enjoy reading this edition of The Count Report and look forward to helping you reach your financial and lifestyle goals in the future.

Have a safe and happy holiday season.



Changes to the Age Pension assets test

If you are over 65 or close to 65 years of age, it is important that you know about changes the Government has introduced to the pension assets test which will come into effect 1 January 2017 which may affect your eligibility for the Age Pension. If this doesn't affect you as yet, you may wish to share this news with family and friends as it might affect them.

What is the Age Pension assets test?

The Age Pension assets test is a means test, which helps Centrelink determine your eligibility for the age pension and other social security payments, and generally applies to assets that you hold outside the family home.

What are the changes to the Age Pension assets test that will apply from 1 January 2017?

- The lower threshold is increasing. Those with greater assets could see a significant reduction in, or loss of, their Age Pension entitlement and those with lesser assets could see an increase to their entitlement.
- The rate at which your Age Pension reduces if your assets exceed the lower threshold is increasing from \$1.50 to \$3 per fortnight for every \$1,000 over the threshold – this has the effect of reducing the cut-off limit where an Age Pension is no longer payable.

The table below provides a summary of the current and new Age Pension asset test thresholds. Please note that the lower thresholds have increased and the cut-off thresholds where you are not entitled to an Age Pension have been lowered.

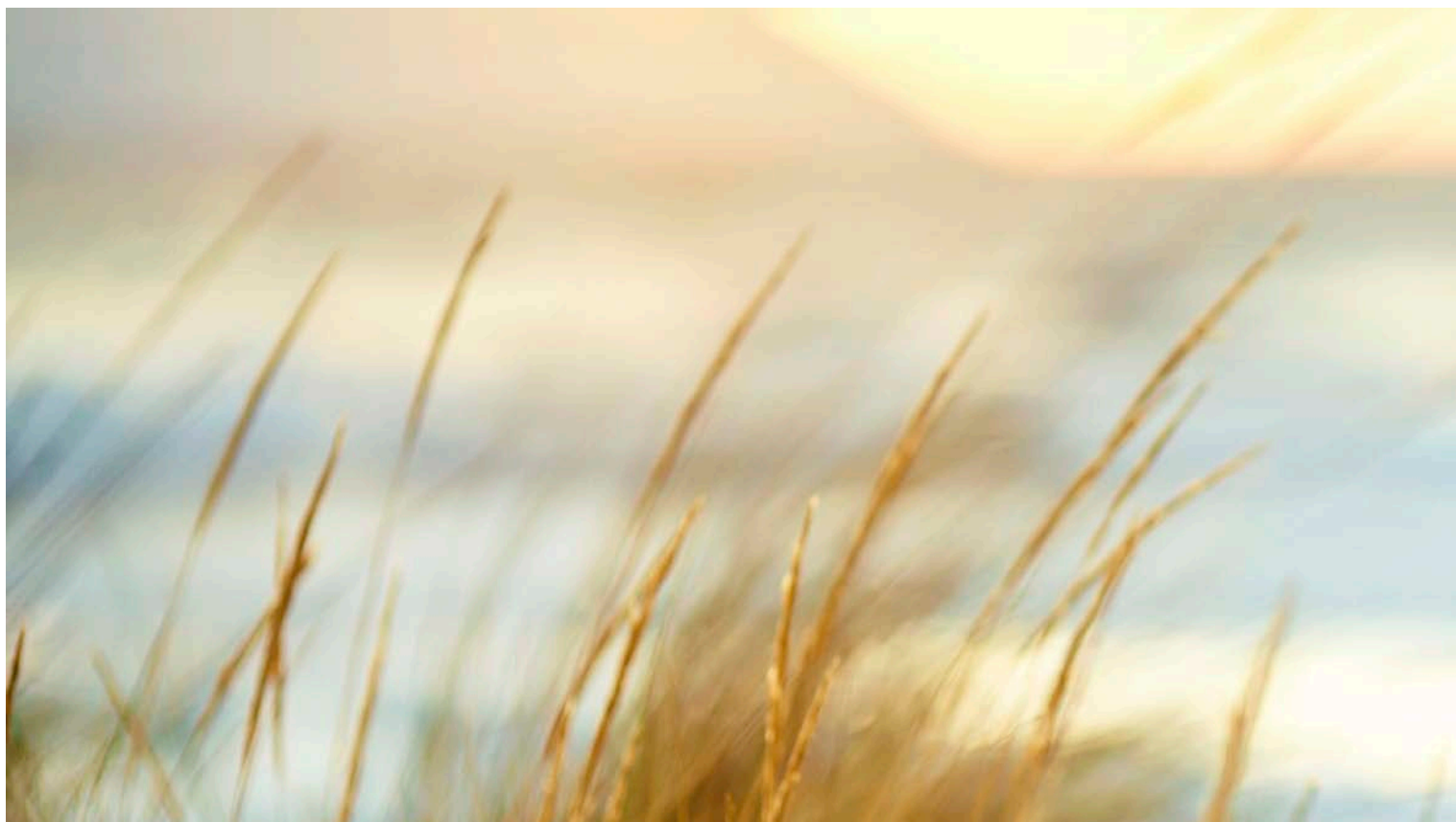
	Current lower threshold	New lower threshold from 01/01/17	Current cut-off limit	New cut-off limit
Single homeowner	\$205,500	\$250,000	\$779,000	\$547,000
Single non-homeowner	\$354,500	\$450,000	\$928,000	\$747,000
Couple homeowner	\$291,500	\$375,000	\$1,156,500	\$823,000
Couple non-homeowner	\$440,500	\$575,000	\$1,305,500	\$1,023,000

What happens if I lose entitlement to the Age Pension?

If your Age Pension is no longer payable as a result of the changes to the assets test on 1 January 2017, you will automatically be eligible for the Commonwealth Seniors Health Card which provides a range of benefits, such as discounts on certain pharmaceuticals.

We're here to help

We know how these changes affect your Age Pension entitlements. So if you have any unanswered questions please contact us to discuss any potential impacts these changes may have on your financial situation.



Learning from experience

It is no secret that retirement is more successful for some than for others. One of the secrets to success is planning that begins decades earlier. Here we speak with a 67-year-old who has begun his (semi) retirement with style and hear his real-life tips on how to make your retirement dreams happen.

Why Ewan Brown?

We are often inspired by real-life case studies, especially from those who are happy to share their experience. Ewan's success in retirement – financially, emotionally and physically – offers great insights into the benefits of retirement planning. And his connection with the well-respected Council on the Ageing (COTA) provides that professional perspective.

Ewan Brown couldn't be happier with his retirement, partly because he is not yet fully retired. The 67-year-old Canberran knows that in order to have a full life he must remain active in a number of pursuits, including work, fitness and family. So he makes sure, through both paid and volunteer positions, that he is working two to three days a week. Any more and his lifestyle suffers. Any less and he risks losing his sense of self.

The most powerful tool Ewan has in his retirement is choice, which is a benefit of being actively and passionately involved in his superannuation planning with his Financial Adviser from his 40s onwards. Some knowledge and training in economics and accounting didn't go astray, but the basics that brought him financial independence, including tax-effective investing and understanding where your money is placed and how it is performing (the type of insights your Financial Adviser offers you), were exactly that – simple basics.

So Ewan is able to cherry-pick jobs and volunteer roles and decide what suits him. He is able to say how much time he would like to spend working and how much he needs to keep free for his favourite hobby – fishing. And if a particular job doesn't meet his expectations, which was the case with a recent role, then he has the freedom to search for a new one.

His latest role is a Directorship with the Council on the Ageing ACT (COTA ACT), an industry body representing the interests of older people in the ACT. This gives Ewan the opportunity to spread the word about planning a happy, healthy and wealthy retirement. Ewan has shared some of his learnings for different age groups with us.

Accumulating wealth: 40 to 49 years

At this stage of life, Ewan says, you are likely at the peak of your earning capacity, so your mortgage is less of a drag on your income. It is during this stage of life that an individual or couple finally feels a little wealthier than ever before. Deciding on what to do with this extra wealth, he says, is key to success later in life.



“It is very important at this stage to resist the temptation to overspend, rather than to save,” Ewan says. “You’re likely reaching a cusp with some of your debts, so it’s important to start ramping up your saving capacity. The tendency is usually to spend because you’re finding you have better cash flow. But this is the perfect time to start making use of the tax system by looking at the benefits of superannuation and salary sacrificing etc. with your Financial Adviser. Finding out what investment methods are available to you that are tax-effective is the first step in planning for your retirement.”

At the same time as seeking professional advice and being disciplined with your savings, doesn’t mean living a life without enjoyment. Ewan regularly rewarded himself with holidays and nights out at restaurants. It is during this time of life that you should begin to properly picture the lifestyle you would like to have in retirement, and if you don’t have an enjoyable lifestyle now, it will be difficult to imagine a retirement that includes little luxuries.

“While you do have to find that balance and be steered to making saving a part of your life, don’t be afraid to then take advantage of your current situation,

rather than saying, ‘I’m going to leave it all to my retirement’,” he recommends. “A lot of people who do that never achieve anything. They never get to realise their goals because they fail to set themselves up for a retirement lifestyle.”

Ewan says that during this period he always had some form of personal insurance – particularly when it also offered tax benefits – to protect his retirement strategy from unforeseen events.

Before retiring: 50 to 65 years

It was early in this stage of life that Ewan and his partner began planning the physical side of their retirement. They designed and built a house that was shaped around their life together as they aged, rather than one that included children at home.

“This was a deliberate action, to design and build a home that was suitable for a couple,” Ewan says. “We didn’t want a “McMansion”, we wanted a place for retirement. And we don’t see it as our forever home, there is knowledge that there will have to be another move as we age, but it certainly suits our purposes during the first stage of our retirement.”

Planning your retirement in the amount of detail that it deserves, he says, can take up to five years to achieve. Far better to do this before retirement begins and with the assistance of a professional Financial Adviser.

“I starting doing things that other people would usually put off until retirement, such as tidying up all of my finances, documenting important information, knowing what you’ve got and making sure there is adequate insurance coverage, starting new hobbies etc.,” Ewan says.

“I had heard a lot of people say, ‘I’ll get around to that when I retire’, then when they retired they were so busy doing the little things that they couldn’t organise or enjoy any of the big things. People then experience less choice and, they tell me, they lose their identity during the early stages of retirement. They feel they no longer have a purpose. But if you retire on your own terms and under your own control, then you hold on to your sense of importance.”



Fitness for life

There are several exercise guidelines to follow as you head into your 40s, 50s and beyond. Do it right and there are numerous positive outcomes.

Guy Leech practices what he preaches. Once an elite athlete who dominated the world of Ironman, he is now a living example of how the body need not break down as it ages. One of Australia's fittest 51-year-olds, Leech's health has a lot to do with regular exercise. Interestingly though, it has just as much to do with the exercises he has given up.

Leech realised in his 40s that his body was not reacting favourably to long runs, so he cut back and has now almost removed running from his program. Other typical exercises from his younger days, such as squats that put strain on the knees, have also been dropped.

"The human body becomes less malleable the older you get," Leech, now director of Guy Leech Fitness, says. "Our 40s tend to be the first time we begin to see signs that we're not as young as we used to be."

"Plus, we all have injuries from when we were younger. Some old injuries can become bigger problems. So there are different rules as you grow older."

The good news, Leech says, is that there is plenty you can do to work around the issues of an ageing body. Success has to do with recognising limitations, and understanding how the body responds to exercise.

Don't punish your body

When you turn 40, impactful exercises that put stresses on your body should be cut back.

"You should do less running and less cross-fit, and more exercises like bike riding, swimming, walking or kayaking," Leech says. "These are things that do not put huge strain on joints and tendons."

"If you are doing the same thing all the time, chances are you will get repetition injury. It is easy to think you're safe doing what you have always done. But a good strategy is to mix things up by swimming one day, doing yoga the next, and walking the next etc."

Measure your progress

How does one go about measuring their fitness success? Leech and Gardener say the single best way to measure progress is also the simplest way – around the waist with a tape measure.

“It is less about your weight and more about the circumference of your waist,” Leech says. “Fat on the body is at its most dangerous around the internal organs, which is around your stomach. That is called ‘subcutaneous fat’. Fat in that section can grow around your internal organs, which can be fatal.”

Ashley Gardner, Senior Exercise Physiologist at PACE Health Management, says variation is vital for ongoing fitness.

“The body needs to be challenged in order to adapt,” Gardner says. “A lot of people stay in their comfort zone when they exercise. The problem is your body gets used to it, so it is not challenged and will not build muscle tissue. Your exercise program needs to change every four to six weeks.”

Strength training is vital

As the body ages, the most important form of exercise is related to strength rather than stamina.

The average adult’s muscle mass peaks at the age of 25, Gardner says. After that our bones begin to lose density and muscle tissue decreases. By the time we’re 80 we have lost 20% to 40% of our muscle tissue. This is a big issue.

“Muscle tissue serves a lot of functions,” Gardner says. “Muscles burn 70% to 90% of the body’s glucose, or blood sugar, so muscle helps keep weight down. In burning sugar, muscles also reduce incidence of type 2 diabetes. And muscles load up the bones, encouraging them to maintain their density.”

Weight training does not have to mean a gym membership, Gardner says. It can be as simple as standing from a chair repeatedly without using the armrests, or doing pushups against a table. However you do it, the Australian Government’s Department of Health recommends muscle strengthening activities at least two days a week.

Improve your balance

The other big area for improvement is balance. Once you are of a certain age, Gardner says, you tend to avoid situations where you are required to balance. This leads to slower physical reactions and to more falls.

Balance exercises can be as simple as standing on one leg for as long as possible, perhaps as the kettle boils or during TV commercials. Or simply walk, heel-to-toe, along a line on the floor as if you’re on a tightrope. As your balance improves, try doing balance exercises combined with strength exercises – standing on one foot while doing bicep curls, for instance.

The benefits

Exercising throughout your life offers endless benefits, Leech says. “It clears the mind and releases endorphins in your body. These are your natural happy drugs,” he says. “So it makes you feel good.”

“Obviously it makes you fitter and therefore you feel better. This means your quality of life is improved. We all want to feel better in later years and do the things we’d like to do. And if you want to play golf but can’t walk the course then you’re not going to enjoy your retirement.”

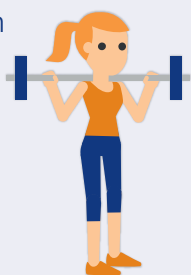



Facts & figures



More than 50% of Australian adults are not active enough, according to the Australian Bureau of Statistics.¹

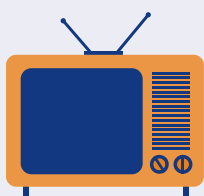
The Australian Association for Exercise and Sports Science says regular exercise after cancer diagnosis will increase cancer survival rates by **50% to 60%**.²



75 minutes 

per week of vigorous physical activity will, according to the Department of Health:

- reduce risk of type 2 diabetes
- reduce risk of some cancers
- help prevent and manage mental health problems
- reduce risk of cardiovascular disease



Watching TV is the most prevalent sedentary activity for Australians, at an average of **13 hours** per week.⁵



Australian adults record an average of 7,400 steps per day, and less than one in five do the recommended 10,000 steps per day.⁶



A study published in the Journal of Labour Research found employees that regularly exercise earn **9% more** than their counterparts.³



Physical inactivity, according to the Department of Health, is considered to be the main cause for 21–25% of breast and colon cancers and 27% of diabetes.⁴

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Sources:

- 1 Australian Bureau of Statistics (ABS) 2013. Australian Health Survey: Physical Activity, 2011–12.
- 2 Journal of Science and Medicine in Sport.
- 3 <http://business.time.com/2012/06/08/one-more-reason-to-hit-the-gym-youll-make-more-money/>
- 4 <http://www.health.gov.au/internet/main/publishing.nsf/content/health-pubhlth-strateg-active-evidence.htm>
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- 6 <http://www.health.gov.au/internet/main/publishing.nsf/content/health-pubhlth-strateg-active-evidence.htm>

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