MONEY MATTERS.

Advice. Life. Investments. Superannuation and Retirement.

Edition 2, 2020

Working beyond the traditional retirement age

MetroMidlands
Financial Planners

Contents

We hope you enjoy our latest edition of Money Matters.

Please contact our office if you would like to discuss anything in this edition.

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Authorised Representative

Working beyond the traditional retirement age

Australians enjoy some of the longest lifespans in the world but with that comes new expectations.

Australians are living longer than ever before but rather than enjoying a longer retirement, they face spending more years in the workforce.

Comparatively few people received the government Age Pension when it was introduced in 1909 given male life expectancy at birth was just 55 years of age and the pension age was 65. Medical advances and better health care means an Australian male born today can expect to live for 91.5 years, ranking equal first in the world, according to the 2015 Intergenerational Report.

The result is an ever-increasing demand on the public purse with around 2.5 million people receiving some form of Age Pension, according to actuary Michael Rice. This has prompted the government to encourage older people to continue working, but it's also raised questions about whether that's fair or even practical.

Challenges for older workers

Workplace discrimination remains rampant against older Australians despite laws designed to protect workers. Almost one-third of Australians perceived some form of age-related discrimination in the last 12 months, even as early as 45 years of age, according to a 2017 study by the University of South Australia.

“The most common form of perceived discrimination was negative assumptions about older workers' skills, learning abilities or cognition,” researcher Justine Irving wrote at the time.

Meanwhile, more than two-thirds of retirees who had experienced age-related discrimination attributed their retirement to involuntary factors such as redundancy or dismissal. Such discriminatory workplace attitudes make expecting older Australians to work beyond retirement age particularly challenging.

As at the time of this publication, the government offers employers a Restart wage subsidy of up to $10,000 if they hire eligible job seekers who are 50 or above. However, hiring older workers will take more than money – it will require a deep-seated change in workplace attitude.

The latest ASX Corporate Governance Guidelines encourages listed companies to have a diversity policy focused on gender targets, although workplace diversity policies aimed at supporting older employees are still scarcely found as the general lack of a supportive attitude towards such policies remains an issue that is rarely tackled

by corporate Australia. For the few companies that do have workplace diversity policies, the focus is often on bringing younger perspectives into the boardroom rather than retaining experience across various age groups in the workforce.

Incentives and penalties

Working beyond a traditional retirement age can provide many personal benefits beyond ongoing financial independence. For many people, work provides meaning and purpose – replacing that in retirement can be challenging. One study ranked retirement as the 10th most stressful life event.

However, many Australians will have no choice but to work for longer – even if they would prefer not to.

The government Age Pension eligibility age is set to rise from 65 to 67 years by 2023, although most Australians can access their super between the ages of 55 and 60 (depending on when they were born). Initial plans to raise the Age Pension eligibility age to 70 were scrapped in 2018.

However, the average super balance for men aged 55-64 is just $183,000 while for women in the same age range it is $118,600, according to industry lobbyist ASFA. Many Australians simply don't have a big enough nest egg to live on, meaning they will have to look for work (and likely receive the lower amounts provided by the Newstart subsidy for job seekers rather than the Age Pension) or continue working longer.

Meanwhile, accessing the Age Pension was made harder in 2017 with a steeper taper rate (the rate at which the Age Pension is reduced when a retiree has assets above a certain threshold).

Period within which a person was born	Pension age	Date pension age changes
From 1 July 1952 to 31 December 1953	66 years and 6 months	1 July 2017
From 1 January 1954 to 30 June 1955	66 years	1 July 2019
From 1 July 1955 to 31 December 1956	66 years and 6 months	1 July 2021
From 1 January 1957 onwards	67 years	1 July 2023

Source: Department of Social Services

The Age Pension Work Bonus allows Age Pension recipients to keep more of their pension when they have income from working. Older Australians can also continue to make super contributions past the age of 65 although there are multiple rules to consider.

While retirement can be the reward for a lifetime of work, working beyond retirement also provides many benefits worth exploring.

Do you plan to work beyond retirement age and want to explore ways to maximise your superannuation? Speak to your adviser today to ensure your loved ones remain fully protected.

https://www.ncoa.gov.au/report/phase-one/part-b/7-1-age-pension
https://treasury.gov.au/publication/2015-igr
https://www.ricewarner.com/wp-content/uploads/2018/05/The-Age-Pension-in-the-21st-century-220518.pdf
https://theconversation.com/age-discrimination-in-the-workplace-happening-to-people-as-young-as-45-study-76095
https://www.employment.gov.au/employers-0#employing-mature-aged-workers
https://www.asx.com.au/documents/regulation/cgc-principles-and-recommendations-fourth-edn.pdf
https://thepsychologist.bps.org.uk/retirement-health-and-wellbeing
https://moneysmart.gov.au/how-super-works/getting-your-super
https://www.superannuation.asn.au/ArticleDocuments/269/SuperStats-Feb2020.pdf.aspx?Embed=Y
https://www.dss.gov.au/seniors/benefits-payments/age-pension

COVID 19 - Support for individuals, households and small business

Over recent weeks, the Government has introduced a range of measures totalling $189 billion to help support individuals and families, keep Australians in work and assist businesses during this difficult time.

Below we outline the announcements that may be of particular interest to individuals, retirees and small business including:

- Temporary early release of superannuation for those in need
- Reducing the minimum payment rates for superannuation income streams
- Two $750 lump sum payments for pensioners and concession card holders
- Additional income support payments for the unemployed
- Wage subsidy to retain employees
- Support for small business

Early access to superannuation

Individuals affected by the Coronavirus will have the opportunity to access up to $10,000 from their superannuation between now and 1 July 2020 with a further $10,000 available if needed from 1 July 2020 until 24 September 2020.

To be eligible, one of the following requirements must be satisfied:

- You are unemployed; or
- You are eligible to receive a JobSeeker Payment, Youth Allowance for jobseekers, Parenting Payment, Special Benefit or Farm Household Allowance; or
- On or after 1 January 2020:
    - You were made redundant; or
    - Your working hours were reduced by 20 per cent or more; or
    - If you are a sole trader – your business was suspended or there was a reduction in your turnover of 20 per cent or more.

If eligible, you can apply directly to the ATO via MyGov (***www.my.gov.au***). The ATO will then issue a determination and they will contact your superannuation fund directly to release the money.

Minimum pension drawdowns reduced by 50%

For the 2019/20 and 2020/21 financial years, the minimum payment rate that applies to superannuation income streams such as account based pensions will be reduced to assist retirees who would otherwise be forced to sell down assets to meet their minimum pension requirement. Most super funds will apply the new minimum from 1/7/20 unless you have instructed them to reduce your pension payments from an earlier date.

Age	New Rate (%) 2019/20 and 2020/21	Standard Rate (%)
Under 65	2	4
65-74	2.5	5
75-79	3	6
80-84	3.5	7
85-89	4.5	9
90-94	5.5	11
95 or over	7	14

$750 lump sum payments

Two separate lump sum payments of $750 will be available to eligible social security, veteran and other income support recipients and eligible concession card holders to help stimulate spending in the economy.

The first will be available to those eligible for a payment or concession card at any time between 12 March 2020 and 13 April 2020 with the second $750 payment available to eligible payment recipients and concession card holders on 10 July 2020. For a full list of who is eligible, please refer to ***https://treasury.gov.au/coronavirus/resources***.

The two lump sum payments will be received tax free and will not impact existing income support payments. You are not required to apply for the payment. It will be paid automatically.

Additional income support for the unemployed with faster access

The Government will introduce the Coronavirus supplement, a $550 per fortnight payment available for the next six months to eligible payment recipients. Additionally, access to income support will be expanded and the claims process accelerated to ensure timely payments for those in need.

The payment categories eligible to receive the Coronavirus Supplement are:

- JobSeeker Payment
- Youth Allowance Jobseeker
- Parenting Payment
- Farm Household Allowance
- Special Benefit recipients

Additionally, for the next six months, the Government will expand access to income support (such as JobSeeker Payment) to groups who may not have previously been eligible and an asset test will not apply during this time.

The Government is encouraging all applications to be made online or over the phone if internet access is not available. Measures have been adopted to accelerate the claims process with the Coronavirus Supplement and expanded access measures commencing on 27 April 2020.

Wage subsidy to retain employees (JobKeeper Payment)

A wage subsidy of $1,500 per fortnight per employee will be made available to eligible employers to help keep as many employees 'on the books' as possible. This payment will commence from early May 2020 (backdated to 30 March) and it will be the employer's legal obligation to pass on the full amount to workers.

Full-time and part-time employees, sole traders and casual employees (where they have been employed with their current employer for more than 12 months) as at 1 March 2020 will be eligible if the businesses employing these staff have experienced a reduction in turnover of:

- More than 30% compared to the same period last year for businesses with annual turnover less than $1 billion;
- More than 50% compared to the same period last year where turnover exceeds $1 billion.

Eligible businesses should register with the ATO immediately and provide the information requested about eligible employees.

Support for small business

A range of financial assistance has been announced for small businesses to help manage cashflow, encourage investment and support those businesses in distress due to the COVID-19 pandemic.

The measures include:

- Cashflow assistance of between $20,000 and $100,000 for small businesses (including not-for profits and charities) that employ people. The payment will be tax free.
- A wage subsidy of 50 per cent of an apprentice/trainee's wage (up to $21,000 per person) in the 9 months from 1 January 2020 to 30 September 2020.
- Temporary relief from actions that may otherwise result in insolvency or forced closure.
- An increase from $30,000 to $150,000 in the Instant Asset Write-off threshold allowing businesses to immediately deduct each eligible asset purchased for less than $150,000 until 30 June 2020. Deductions for depreciation will also increase.
- Additional access to short term funding with the Government guaranteeing 50 per cent of unsecured loans up to $250,000 where eligibility criteria is met.

For more information

Please speak with your financial adviser or refer to one of the official Government information sources below:

Treasury - ***https://treasury.gov.au/coronavirus***

Australian Tax Office - ***https://www.ato.gov.au/General/COVID-19/***

ASIC's Moneysmart website - ***https://moneysmart.gov.au/covid-19***

Australian Government - ***https://www.australia.gov.au/***

Changes ahead for disability income insurance but value remains

After a decade of unsustainable market practices, disability income insurance is finally moving towards a sound footing.

Disability income insurance provides crucial protection for Australians against the risk that illness or injury may stop them from working. It has been a safety net against serious conditions such as cancer, musculoskeletal issues, and mental illness.

However, the financial health of life insurers has not been as robust. Last December, the prudential regulator wrote to all life insurers outlining new sustainability measures after the industry lost a collective $3 billion on individual disability income insurance policies over the last five years.

"Australia's $5 billion disability income insurance sector must undergo long-term reform to protect customer and broader community interests," says the Actuaries Institute. "Product design, rating, advice, risk management, governance and regulation must be reviewed."

APRA's regulatory intervention is already ushering in a new era for life insurers, who will now stop offering agreed and guaranteed value disability policies. These policies were previously meant to pay a set income regardless of actual earnings at the time of the claim.

Further changes to disability insurance are likely to follow that will bring Australian practices in line with countries such as the UK, US and South Africa – but is it in the interests of policy holders?

Insurance continues to play a vital role in troubled times

While the price of disability income insurance policies has increased and terms have been made more stringent in recent times, those changes aim to ensure that the sector is viable and able to continue paying claims.

A sustainable insurance sector is ultimately also in the interests of policyholders. But while coverage is changing, insurance remains more crucial than ever.

For example, the coronavirus pandemic that spread across the world this year took many people by surprise.

The most common causes of individual disability income insurance claim payments are musculoskeletal issues (15%), cancer (14%) and mental health issues (13%), according to the Financial Services Council.

Disability income insurance provides crucial protection against these common problems, given no one knows what lies ahead. Future changes to policies are also likely to encourage people to return to work.

Removing disincentives to return to work

The replacement income rate offered by many Australian disability income policies has been among the highest in the world. Replacement income rates of 75% of earnings are common compared to 50-65% in the US or 60-65% in the UK, according to the Actuaries Institute/KPMG report.

"In some circumstances, where an Australian policyholder has an income replacement ratio of 75%, the policy may typically permit more than 102% of pre-disability take-home pay," Daniel Longden, KPMG Actuarial and Financial Risk Partner, said when unveiling the report earlier this year. "A high replacement ratio can be a disincentive to returning to work."

While scaling rates back to more moderate levels sounds like an unappealing prospect, relying on government assistance is unlikely to be preferable. A worker who earned the average weekly full-time wage who is paid 60% of their income under an income replacement policy is likely to receive more than twice as much as the government's Disability Support Pension.

There are also currently regulatory limits on insurers offering early rehabilitation services to policyholders, particularly when the policy is written through a member's superannuation fund. It has obvious individual and societal benefits but it could also create a conflict of interest because life insurers would be paying claims while also trying to encourage the policyholder to return to work.

The situation is different in the UK where 2017 data shows 3,000 employees were provided with services such as counselling or physiotherapy that enabled them to return to work without having to claim for income replacement.

https://www.apra.gov.au/sustainability-measures-for-individual-disability-income-insurance
https://home.kpmg/au/en/home/media/press-releases/2020/02/disability-insurance-sector-reform-needed-says-actuaries-institute-and-kpmg-10-february-2020.html
https://www.servicesaustralia.gov.au/individuals/services/centrelink/disability-support-pension/how-much-you-can-get/payment-rates

“More than half of these employees were provided with help to deal with a mental health illness and 17% were provided with support to help with musculoskeletal conditions, according to the Actuaries Institute and KPMG. “Of 5,255 who made claims in 2016, almost 2,000 people were helped by the insurer to make a full return to work in 2016 or 2017.”

Australian insurance and fund manager representative group, the Financial Services Council, has lobbied government to allow insurers to take a more active role in helping Australians return to work.

While insurers have been required to make recent changes to their disability income insurance policies, we believe they continue to offer good value and protect Australians when they most need it.

If you have concerns about your life insurance policy, speak to your adviser today.

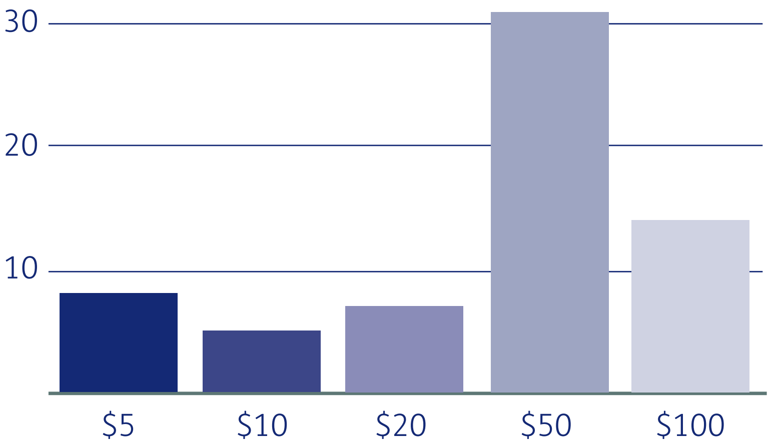
Digital delay? Why people still love cash and coins

A newly designed $100 note will be released later this year, but is there any need given the shift to digital and contactless payments?

The future of money is digital or so the story goes. So why is the Reserve Bank of Australia launching a new series of banknotes, especially when electronic and contactless payments have overtaken cash in popularity?

“Given these questions, it might surprise you then to know that the demand for banknotes in Australia is still strong,” RBA Governor Philip Lowe said last year. “The stock of banknotes on issue, relative to the size of the economy, is close to the highest it has been in 50 years.”

Banknotes on issue
per person



Sources: ABS; RBA

New money, old uses

While the value of cash withdrawals at ATMs has fallen by a quarter over the past decade, the RBA estimates there is currently around $3000 worth of banknotes on issue for every Australian.

“I, for one, don’t have anywhere near that amount,” Lowe said – a sentiment many Australians will share.

About one-quarter of cash is used for legitimate day-to-day transactions while between half and three-quarters is held as a store of value in safes or under beds. Between 5 and 10% of banknotes are probably lost or accidentally destroyed while a further 4 to 8% are used in the shadow economy to hide transactions from the tax office or for illegal purchases.

While a new law is set to ban cash transactions over $10,000 in Australia in an effort to stamp out illegal or black-market transactions, it appears cash is not going anywhere soon.

A recent Deutsche Bank global survey found a third of people in developed countries still consider cash to be their favourite way to pay, while more than half believe cash will always be around.

The RBA's new $100 note will be released into circulation in the second half of 2020 – the final redesigned Australian banknote that forms part of its Next Generation Banknote Program. The note contains new security features to fight counterfeiting, such as a flying owl and a reversing number 100.

Banknotes also provide accessibility for significant portions of the community who can be left out of the digital revolution.

Cash supports accessibility

A significant proportion of people still rely heavily on cash for their daily payment needs, according to the RBA's review of retail payments regulation issues paper, which explores the role of cash in our society.

There is growing concern that cashless payments discriminate against 'unbanked' citizens or those excluded from the financial system, prompting US cities such as Philadelphia and New York to require all merchants to accept cash.

An estimated one billion people worldwide are without basic proof of their identity, while up to half the population lacks identification documents that authorities routinely accept, which often leaves them excluded from banking, insurance, and financial services, according to the Gates Foundation.

Even in wealthy countries like the US, an estimated 8.4 million households (or 6.5% of all households) were unbanked in 2017.

Indigenous Australians are around twice as likely as other Australians to suffer financial exclusion, although the big four banks have made changes to increase access to transaction accounts and appropriate credit, according to a report by the Banking Code Compliance Committee.

Cash can also play a crucial role enabling the lives of older Australians, people living in rural areas where digital access is patchy, recent immigrants who may not speak English, and people with disabilities.

All Next Generation banknotes also have tactile features, such as raised bumps on the edges, to help people who are blind or who have low vision to identify each denomination.

Cash serves many purposes but as the new banknotes find their way into circulation, Governor Lowe also has some advice.

"For those of you who still use banknotes for your spending, it would be good to see a bit more use and spending out there."

Speak to your financial adviser about your budget or financial concerns today.

https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000504353/The_Future_of_Payments_-_Part_I__Cash%3A_the_Dinosau.PDF
https://www.rba.gov.au/media-releases/2020/mr-20-04.html
https://theconversation.com/depending-on-who-you-are-the-benefits-of-a-cashless-society-are-greatly-overrated-113268
https://www.gatesfoundation.org/goalkeepers/report/2019-report/progress-indicators/financial-services-poor/

Beating the first home buyer blues

The price of east coast residential property is skyrocketing as interest rates are slashed to unprecedented lows, pushing the dream of home ownership out of reach. But there are still ways to make the dream a reality.

While the longer term effect of the current pandemic on property prices remains to be seen, home ownership forms the financial foundation of most Australians' lives. Residential property is usually their most valuable asset and, given it is not counted as part of the Age Pension means test, it also underwrites a comfortable retirement.

However, skyrocketing property prices mean the dream of home ownership is slipping away for many working families. Home ownership levels have fallen from a long-term average of around 70% of households to about 66%, according to the Australian Bureau of Statistics.

A property slump has quickly disappeared with Sydney and Melbourne property prices surging more than 10% over the 12 months ending in February 2020, according to CoreLogic. Both cities have now almost regained their peak values.

	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
Sydney	1.7%	4.6%	10.9%	14.4%	$872,934
Melbourne	1.2%	3.9%	10.7%	14.3%	$689,088
Brisbane	0.6%	1.7%	1.9%	6.5%	$503,265
Adelaide	0.1%	0.8%	0.4%	4.9%	$439,453
Perth	0.3%	0.4%	-4.0%	0.1%	$442,691
Hobart	0.8%	1.9%	5.0%	10.5%	$488,968
Darwin	-1.4%	-1.8%	-7.8%	0.1%	$386,345
Canberra	0.8%	1.1%	4.1%	8.9%	$631,862
Combined capitals	1.2%	3.4%	7.3%	11.1%	$637,710
Combined regional	0.7%	1.9%	1.4%	6.3%	$391,460
National	**1.1%**	**3.0%**	**6.1%**	**10.1%**	**$549,918**

Source: CoreLogic

The long road: start saving

Saving for a first home requires many lifestyle sacrifices. The more people can cut spending and save, the faster they can save for a deposit. Online spending trackers and apps are a great place to start given the popularity of paying using cards and other digital means rather than with cash. They can quickly reveal where money is going, allowing for targeted changes instead of wholesale cutbacks.

The government's First Home Super Saver Scheme can also provide a tax-advantaged way to boost savings. It allows first home buyers to make up to $15,000 in annual voluntary super contributions to save for their first home. The benefit is that contributions are taxed at a concessional rate of just 15% and receive the deemed rate of interest (calculated as the 90-day bank bill rate plus three percentage points), which is higher than the interest that most banks pay.

The scheme has a number of caveats and other requirements so it is wise to speak to a financial adviser to ensure eligibility.

Building a deposit

Saving a deposit can be slow going given the median dwelling value is now almost $900,000 in Australia's most expensive capital city, Sydney.

Interest rates have fallen dramatically as the Reserve Bank of Australia has cut rates to record lows in an effort to stimulate economic growth and fight the downturn prompted by the coronavirus. While that provides relief for people with a mortgage, it's bad news for those trying to get a foot in the door.

Savers can expect no more than 0.75-1.5% a year from the best high-interest online savings accounts – and even those rates are continuing to fall. Whether people can realise higher investment gains comes down to their individual timeline.

For example, if a person only plans to buy a house in the medium to long term (5-10 years), then investing in a balanced portfolio can potentially deliver higher returns. However, higher-returning assets such as shares are also more volatile, which is why they need a long-term perspective.

The cost of mortgage insurance (which protects the lender, rather than the borrower, in case of default) is another hurdle when saving a deposit. Home buyers are slugged with it when their deposit is than 20% of the purchase price.

For those who are struggling to reach that target, the government's recently-launched First Home Loan Deposit Scheme may help. The scheme guarantees 10,000 low-deposit bank loans each year for eligible low or middle-income earners, who may have saved a deposit as little as 5%.

It could cut around four years and three months off the time it takes to save for a deposit on a $400,000 property, and save up to $30,000 in mortgage insurance, according to Canstar.

Unsurprisingly, this Scheme has proven to be popular. Almost two-thirds of the available places in the scheme for this financial year had been filled before the end of February, following its launch at the start of the calendar year.

Like the First Home Super Saver Scheme, there are restrictions that apply. These include caps on the property value which, while they vary by region, are all below median prices.

Are you concerned about buying a first home for yourself or your family?

Your adviser can help you formulate a strategy to make home ownership a reality.

Should you help your children get into the housing market?

Many parents are rightfully concerned about whether their children will ever be able to afford their own home. The 'bank of mum and dad' is increasingly relied on by adult children to buy their first property.

However, it's important to keep in mind that retirement can last for decades, with Australians enjoying some of the longest lifespans in the world. While home ownership is difficult for first home buyers, an increasing number of older Australians either don't own their own home or are retiring with outstanding mortgage debt.

The cost can be enormous. A retiree renting a one-bedroom unit in Sydney would require more than $500,000 in extra superannuation savings to fund the same lifestyle as a homeowner, according to actuarial firm Milliman.

Meanwhile, almost half of older Australians say they plan to leave the family home to their children, which will represent a significant tax-free wealth transfer, according to the Productivity Commission.

Some retirees may want to unlock the value in their home sooner for themselves or their family, whether through choice or necessity.

The government has recently made it more attractive for older Australians to free up capital in the family home through its Pension Loans Scheme (a type of reverse mortgage) or, if they sell the family home, they can use up to $300,000 of the proceeds to make a "downsizer contribution" to their superannuation.

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook46p/HomeOwnership
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https://www.ato.gov.au/individuals/super/withdrawing-and-using-your-super/first-home-super-saver-scheme/
https://www.nhfic.gov.au/what-we-do/fhlds/
https://www.canstar.com.au/home-loans/first-home-loan-deposit-scheme/

Coronavirus and market volatility

The coronavirus is first and foremost a public health issue, but it has also drastically impacted the economy and the financial system.

As the spread of the virus continues, countries have restricted the movement of people across borders and have implemented social distancing measures. This has resulted in major disruptions to economic activity across the world which is likely to remain for some time as efforts continue to contain the virus.

The severe economic disruption and uncertainty caused by the coronavirus has resulted in high levels of financial market volatility. Equity prices have experienced large declines and the Australian dollar has fallen sharply. Government bond yields have also declined to historic lows and there have been significant liquidity issues in global bond markets.

However, it's important to remember that when investing, it's the long-term results that matter. Capital values are going to fluctuate over shorter-term periods. The vast majority of large companies which people own in their share portfolios are likely to get through this difficult period and recover to a huge extent.

As a result, the share prices of these companies should, in time, retrace their falls. Hence, it is highly likely that this current circumstance is a transitory period of volatility and not the end of the world.

Believe it or not, big falls of 30% to 50% are actually not that uncommon in share markets. If you look at the follwing table you can see the history of the US share market, which is the world's largest share market.

US Share Market	
Bear Market	**% Fall**
Dec-1968	-36%
Jan-1973	-48%
Nov-1980	-27%
Aug-1987	-34%
Jul-2000	-49%
Oct-2007	-56%
Feb-2020	???
Average	**-42%**

Since 1968, the US share market has had 7 periods (including this one) where there have been large falls. In 2000 and 2007, the share market lost almost half its value! We note, however, that each time it has more than fully recovered, delivering excellent returns for investors. Long-term returns to share markets have historically been in the 7% to 9% per annum range for most markets around the world. That is better than any other type of investment. However, these great returns come at the price of bouts of volatility every 10 or so years.

There will always be risks, recessions, and crises of different types. As investors, we need to accept that some volatility is inevitable. To earn good returns over time, we should invest in well-constructed and diversified portfolios even if this means experiencing short-term volatility from time to time. While economic pain cannot be avoided in the near term, there are plenty of tools available to fight the economic slowdown in the longer term. It's important to remember that financial markets have been through all sorts of crises and this is one from which the economy will eventually emerge.

For further information on your investments, please contact your financial adviser.

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