

March 2024

After a summer of quite extreme weather in many places around Australia, we can hopefully look forward to the cooler, calmer weather that Autumn brings.

While economic bright spots can be found in Australia right now, there are also some less than stellar results.

On the positive, inflation has remained at a two-year low giving some commentators confidence of a rate cut in the coming months. CPI was steady at 3.4% in the 12 months to January. In other good news, business capital investment rose in the December quarter to be 7.9% higher than it was 12 months before and average weekly earnings rose by 4.5% or \$81 per week.

It has been a mixed report for retail, with a 1.1% increase in sales for January but that wasn't enough to make up for the 2.1% loss in December. The Australian dollar remains in the doldrums, weakening below 65.2 US cents after reaching a high of 69.48 near the end of 2023.

Australian shares were up by just over 1% for the month after a shaky start thanks to worries over US interest rates and China. US stocks edged higher during February with the S&P 500 and the Dow Jones Industrial Average reaching record highs during the month. February was dominated by news of the massive profit report by artificial intelligence chipmaker Nvidia, which had a massive effect on markets across the world.

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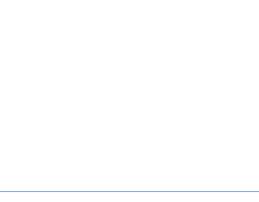
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Market movements and review video – March 2024

Stay up to date with what's happened in markets and the Australian economy over the past month.

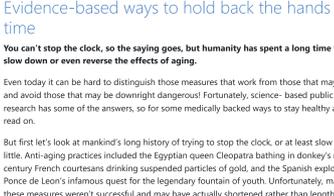
The economic indicators for February were mixed.

Inflation has remained at a two-year low, giving confidence of a possible rate cut in coming months, and business capital investment rose in the December quarter.

However, the Australian dollar remained in the doldrums and retail figures from January remained weak after a 2.1% loss in December.

Click the video below to view our update.

Please get in touch if you'd like assistance with your personal financial situation.



Evidence-based ways to hold back the hands of time

You can't stop the clock, so the saying goes, but humanity has spent a long time trying to slow down or even reverse the effects of aging.

Even today it can be hard to distinguish those measures that work from those that may not work and avoid those that may be downright dangerous! Fortunately, science-based public health research has some of the answers, so for some medically backed ways to stay healthy as you age-read on.

But first let's look at mankind's long history of trying to stop the clock, or at least slow it down a little. Anti-aging practices included the Egyptian queen Cleopatra bathing in donkey's milk, 16th century French courtesans drinking suspended particles of gold, and the Spanish explorer Juan Ponce de Leon's infamous quest for the legendary fountain of youth. Unfortunately, many of these measures weren't successful and may have actually shortened rather than lengthened the lives spans of those trying them.

Today the quest continues...

The quest for the fountain of youth has not ceased - it's just taken other forms in today's society. The anti-ageing market is ever expanding and expected to be more than \$119.6 billion globally.¹

American tech centimillionaire Bryan Johnson is a significant contributor to that figure, reportedly spending \$2 million a year on a complex regime designed to reduce his biological age from 45 to 18, which includes injecting himself with his 17-year-old son's plasma.

The truth is, aging is natural. Our bodies aren't meant to stop aging entirely. But the good news is that there are some tried and true, medically proven ways to stave off many of the problems associated with aging and, in some cases, slow down the aging process. While none of these are groundbreaking discoveries, it's worth keeping in mind that you don't have to spend all your money or waking hours to stay healthy as you age.

Tips for living well and living long:

Move it!

That treadmill at the gym may not be a time machine but it can play a part in slowing down the clock. In fact, research showed that those who ran a minimum of 30-40 minutes, five days a week, had an almost nine-year "biological aging advantage" over those who lived a more sedentary lifestyle.² Doctors call physical exercise a "poly pill" because it can prevent and treat many of the chronic diseases associated with aging and it's never too late to start getting the benefits from regular exercise. Even a daily walk can do wonders!

Stress less

It's no secret that being in a constant state of stress is wearying and can make you feel older than your biological age, but recently scientists confirmed that exposure to stress can cause inflammation and damage to DNA in cells, which in turn can accelerate aging.³ The good news is this can be reversed using stress busting techniques such as mindfulness meditation, breathing exercises and progressive muscle relaxation which can lead to improvements in various biological markers associated with aging.

Nourish yourself

While there is plenty of hype around the plethora of "superfoods" that are touted to possess anti-aging qualities there is no one food that will significantly impact the aging process and turn back the clock. However, the food and drink we put in our bodies day after day does make a difference to our health as we age. Research from the worlds "Blue Zones" - areas where people tend to reach the age of 100 - demonstrate the benefits of a relatively plant-focused diet consisting largely of vegetables, fruits, grains, and legumes.⁴

Maintain a positive mindset and embrace aging

Finally, it's also worth considering that as we can't beat the clock, we might as well accept, if not embrace, the gifts that come with age (wisdom and a longer-term perspective come to mind). And moving through life with a positive mindset about the aging process might also give you more days to enjoy. A study recently confirmed that those with a positive view of growing older lived seven years longer than those who complained about it.⁵

All in all, life is to be lived to the fullest and it's precious because it's finite. Do what makes you feel healthy and gives you joy now and that will also help you to enjoy life in the future.

- i <https://www.globenewswire.com/news-releases/2022/03/29/2412093/0/en/Anti-aging-Market-Size-to-Worth-Around-US-119-6-Bn-by-2030.html>
- ii <https://news.byu.edu/news/high-levels-exercise-linked-nine-years-less-aging-cellular-level>
- iii <https://www.healthline.com/health-news/stress-can-increase-your-biological-age/#low-stress-ages-the-body>
- iv <https://www.everydayhealth.com/diet-nutrition/the-blue-zone-diet-a-complete-scientific-guide/>
- v <https://pubmed.ncbi.nlm.nih.gov/12150226/>



Insurance is a sound investment

Managing risk is an essential part of investment strategy to reduce the potential for losses.

Risk is not just associated with investing though - life can throw a curve ball or two and insurance is one way to manage risk in a broader context.

It's a matter of weighing up your risks and thinking about what you would do if the worst happened. Could you afford to build a new house, buy a new car or support your family if you became too ill to work?

Various insurance products or self-insurance can help to mitigate these types of risks.

Underinsurance

While many Australians have some form of life insurance through their superannuation, the level of cover is rarely sufficient. The standard offering within the super framework is well below what your family need to live comfortably should you die or lose your ability to earn an income.

A Financial Services Council report, estimates that as many as one million Australians are underinsured for death and total permanent disability (TPD) and 3.4 million for income protection.¹

Rice Warner estimates that insurance cover for a 30-year-old with dependents should equal eight times the annual family income for life insurance, four times the family income for TPD and 85 per cent of the family income for income protection. The default superannuation offering falls well short of this figure.²

Home and contents

But it's not just life insurance. There is also a fair amount of underinsurance in home and contents.

With the growing incidence of bushfires, floods and storms, protecting your home and possessions with insurance is more important than ever.

The biggest mistake is insufficient cover to rebuild your property particularly with the recent surge in building costs. You should also consider the costs associated with demolition and removal of debris, the cost of architects and builders and the need to find alternative accommodation while your home is being rebuilt.

It is important not to head for the cheapest policy as this may well fail to meet your needs. Read the product disclosure statement to make sure the cover delivers exactly what you need.

Health and travel

Health insurance and travel insurance are also important considerations.

You will pay a Medicare Levy surcharge if you do not take out private health insurance and have a taxable income above \$93,000 for singles or \$186,000 for a family, couple or a single parent (increased by \$1,500 for each dependent child after the first child). This starts at 1 per cent of your taxable income and goes up to 2.5 per cent. So, it is worthwhile weighing up whether taking out private health insurance is the better option.³

When it comes to travel insurance, if you can't afford it, you can't afford to travel overseas, according to the Federal Governments Smart Traveller website.⁴ The cost of medical care in other countries can be exorbitant and you may need to be transported back to Australia. The expenses can be enormous.

Of course, travel insurance can also help to compensate for cancelled or delayed trips and lost luggage.

Self-insurance alternative

An alternative to taking out an insurance policy is to self-insure. That means putting money aside regularly to build up a big enough fund to help keep a roof over your head or replace a vehicle.⁵

The upside is that these funds are yours and, properly invested, can grow over time. The downside is that you may not have enough money together when a disaster happens.

Insurance can be the difference between successfully recovering from an event and changing your life forever. If you would like to discuss your insurance needs, call us.

- i <https://fsc.org.au/resources/2537-fsc-australia-life-underinsurance-gap-research-report-2022/#page-18>
- ii <https://www.ncmwanman.com/2016/insurance-adequacy/>
- iii <https://www.atb.gov.au/individuals-and-families/medicare-and-private-health-insurance/medicare-levy-surcharge/medicare-levy-surcharge-income-thresholds-and-rates>
- iv <https://www.smarttraveller.gov.au/before-you-go/the-basics/insurance>
- v <https://www.investopedia.com/terms/s/selfinsurance.asp>



Understanding the new \$3m super tax

The much-debated tax on superannuation balances over \$3 million is inching closer and those who may be affected should ensure they have considered the implications.

Although it is not yet law, the Division 296 tax should be taken into account when it comes to investment strategy and planning, particularly in relation to any end-of-financial-year contributions into super.

Tax for higher account balances

The new tax follows a Federal Government announcement¹ it intended to reduce the tax concessions provided to super fund members with account balances exceeding \$3 million.

Once the legislation passes through Parliament and receives Royal Assent, Division 296 will take effect from 1 July 2025. Division 296 legislation imposes an additional 15 per cent tax (on top of the existing 15 per cent) on investment earnings of a super account where your total super balance exceeds \$3 million at the end of the financial year.¹

The extra 15 per cent is only applied to the amount that exceeds \$3 million.

Given the complexity of the new rules, it is important to seek professional advice so you can make informed decisions.

How the new rules work

A crucial part of the new legislation is the Adjusted Total Super Balance (ATSB), which determines whether you sit above or below the \$3 million threshold.

When assessing your ATSB, the ATO will consider the market value of assets regardless of whether or not this value has been realised, creating a significant impact if your super fund holds property or speculative assets. The legislation also introduces a new formula for calculating your ATSB for Division 296 purposes.

The legislation outlines how deemed earnings will be apportioned and taxed, based on the amount of your account balance over the \$3 million threshold.

Negative earnings in a year where your balance is greater than \$3 million may be carried forward to a future financial year to reduce Division 296 liabilities. If you are liable for Division 296 tax, you can choose to pay the liability personally or request payment from your super fund.

Strategic rethink may be needed

For many fund members, superannuation remains an attractive investment strategy due to its favourable tax treatment.²

But those with higher account balances need to understand the potential effect of the Division 296 tax. For example, given the new rules, you may need to consider whether high-growth assets should automatically be held inside super.

Holding long term investments that may be more difficult to liquidate, such as property, within super may be less attractive in some cases, because the new rules create the potential to be taxed on a gain that is never realised. This could occur where the value of an asset increases during a financial year but drops in value by the time it is actually sold.

For some, holding commercial property assets (such as your business premises) within your SMSF may be less attractive.

It will also be important to balance asset protection against tax effectiveness. For some people, the asset protection provided by the super system may outweigh the tax benefits of other investment vehicles, such as a family trust.

Division 296 will require more frequent and detailed asset valuations, so you will need to balance this administrative burden with the tax benefits of super.

Estate planning implications

Your estate planning will also need to be revisited once Division 296 is law.

The tax rules for super death benefits are complex and should be carefully reviewed to ensure you don't leave an unnecessary tax bill for your beneficiaries.

If you still have many years to go before retirement and hold high-growth assets in your fund, you will need to closely monitor your super balance.

If you want to learn more about how Division 296 tax could affect your super savings, contact our office today.

- i <https://www.treasury.gov.au/sites/default/files/2023-09/2023-09-12-2023-44396-en.pdf>
- ii <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/taps-limits-and-tax-on-super-contributions/understanding-concessional-and-non-concessional-contributions>



How to increase your IQ for later in life

Key points:

- Dr Vincent Candravinata founded Renovatio Bioscience in 2016 following international research at the University of Newcastle
- Dr Candravinata is among many researchers who believe that a person's intelligence quotient, commonly referred to as IQ, can be increased — instead of simply remaining static throughout life
- As a lauded expert in the field of dietary science and wellness, Dr Candravinata became one of the youngest PhD holders and was recognised by the Australian Government as an Individual with a Distinguished Talent in Research and Academia

According to Dr Vincent Candravinata, a respected food scientist, clinical nutritionist and health researcher, many different factors influence your intelligence quotient or IQ as you age, such as diet, genetics, upbringing, lifestyle and education.

The founder of Renovatio Bioscience, a former researcher, has claimed that activated saffron can potentially facilitate mental agility and stimulate brain function when trying to boost a person's intelligence.

"Activated saffron together with activated phenolics support mental and nervous system well-being, healthy mood balance and sleep quality. Activated saffron is known for its ability to relieve symptoms of stress and mild anxiety, decrease restless sleep and promote deep sleep and reduce nervous tension," Dr Candravinata said.

"This supports the brain to function at optimum levels which is important when seeking to increase your IQ. We have seen the extraordinary results supplements can deliver."

"We conducted a trial this year where we asked 20 people to take an IQ test and then consume activated saffron in the form of mental resilience chewables every day for two weeks."

"They then undertook an IQ test after these two weeks and the group experienced an increase in their IQ test of over five points."

A previous study found that decreased risk of dementia later in life. Memory skills during high school were associated with a better IQ in old age.¹

Dr Candravinata said that engaging in mentally stimulating tasks was essential to improving your cognitive abilities, in addition to dietary supplements.

"It is possible to increase your IQ by training your brain to work faster and more efficiently. This involves undertaking simple daily activities and improving your lifestyle," the doctor added.

"Like your overall fitness, IQ improves over time. So if you undertake these activities consistently over time, your IQ will gradually improve. If you maintain these activities, you will minimise loss of IQ."

Dr Candravinata listed the different ways that people can keep their minds at work to stay sharp, quick-witted and on the ball, including:

- Playing games
- Reading
- Improving visuospatial skills
- Improving executive control activities
- Maintaining a healthy lifestyle

"It is said that reading just 30 minutes a day can improve your IQ over time," the doctor said.

"This is a pretty powerful reason to read. Reading, whether you are reading fiction or non-fiction, helps to improve your cognitive abilities and support brain development. It also improves memory, imagination and spatial skills."

"The majority of IQ tests assess your visuospatial skills in some way. This measures your ability to comprehend and envision the physical representation of objects in your mind. In simple terms, it means you can determine the space and location of objects."

"Hobbies such as photography, jigsaw puzzles, memory games, geography, origami, chess and drawing are also good for developing your visuospatial skills."

"Games that push you to think such as word games, knowledge games and activities that require you to strategise and process activities, organise and plan are also very good for your mind."

By combining each of these in your day-to-day activities, you can help keep your brain active later in life.

Source: Article was originally published on <https://www.agetcareguide.com.au/talking-aged-care-how-to-increase-your-iq-for-later-in-life/>

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