

WHY A LOW CASH RATE IS BAD FOR INVESTORS



If you're a mortgage holder and property investor, you've probably been high-fiving yourself during the last few years of low interest rates. And with good reason.

However, in times such as these, it's worth remembering Newton's Laws of Physics – 'for every action, there is an equal and opposite reaction'.

It happens in nature, and it happens in the financial and property markets.

Everything is connected.

High property sales are connected to low rental returns.

The low interest rate is connected to a low cash rate.

And while a low interest rate makes some consumers happy, it makes those who invest in the cash market not so happy.

With the official cash rate having been at an all-time low for several years, thousands of Australian investors are left earning less than 2% on their idle cash. That includes retirees, self-managed superannuation funds (SMSFs), companies and individuals.

For many, earning a low rate of return on their idle money isn't simply undesirable – it's unsustainable. With inflation currently higher (1.6% pa) than the cash rate (1.0% pa), these Australian investors are the low interest rate's 'equal and opposite reaction'. And they are feeling the pinch.

For many investors, the fall in interest rates on cash investments over the past eight years has led to:

- less retirement income for living expenses
- fewer family holidays
- reduced discretionary spending
- downsizing of the family home
- taking risks with more volatile investments
- ... and in many instances, financial duress

These frustrations are shared by many Australian investors.

However, Newton isn't the only physicist worth remembering here. It was Albert Einstein who said

"We cannot solve our problems with the same thinking we used when we created them."

So, rather than risk going backwards by doing nothing, astute investors are now looking at alternatives.

WHAT ARE YOUR INVESTMENT ALTERNATIVES?

Low interest rates have resulted in necessary innovation within the financial services industry, and non-bank alternatives are creating wide opportunities for investors.

Investing is not set-and-forget. Reviewing, researching and looking into options are common practices of successful investors.

TIME FOR A CHANGE?



If you have underperforming cash market investments and are considering investment alternatives, you should seek proper financial advice.

Remember that all investments carry a level of risk and you should be comfortable with the strategy of your chosen investment company.

If you want to improve and protect your financial future, we are your first point of call...

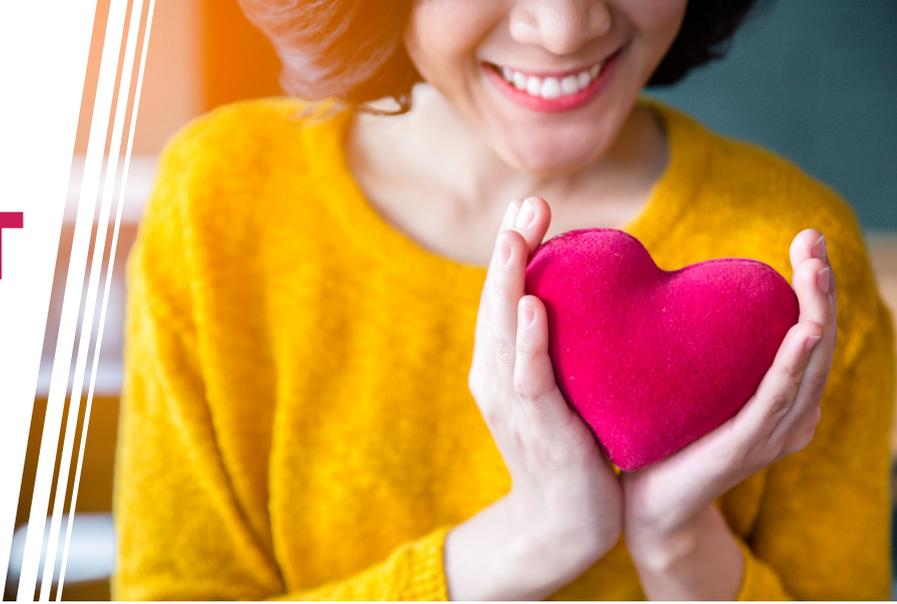
Health and happiness are the true measures of wealth. Download our FREE fact sheet about 'Heart health'.



A HEALTHY INVESTMENT

Health and happiness are the true measures of wealth.

Use World Heart Day, September 29, to invest in your health and do something for your heart.



At the heart of our health, is our heart.

But when it comes to our heart health, the numbers aren't good.

Heart disease is Australia's biggest killer. It kills one Australian every 26 minutes.

Stats from the Australian Bureau of Statistics (ABS) suggest around 1.2 million (6%) Australian adults had one or more conditions related to heart or vascular disease in 2017-18.*

There are various types of heart disease – coronary artery disease (heart attacks and heart muscle disease) and heart rhythm problems (arrhythmias – try saying that out loud 10 times in a row (lol)). Some people also suffer from life-long congenital heart defects.

What are the risk factors for heart disease?

You can't change risks such as family history of heart disease, diabetes, age or other inherent factors.

But you can lower a lot of the risks – risks like:

- smoking
- high 'bad' cholesterol
- low 'good' cholesterol
- uncontrolled high blood pressure
- physical inactivity
- obesity and
- uncontrolled diabetes

by following a heart healthy lifestyle.

What is a heart healthy lifestyle?

The Heart Foundation website outlines a healthy eating lifestyle in detail, but the basics are things you probably already know:

- Eat fresh, unprocessed foods such as fruit and vegetables, lean proteins - meat, chicken, fish and tofu, healthy nuts and legumes - and good fats such as olive or flaxseed oil. A little red wine is OK too.
- Don't eat too many processed and packaged foods – they are full of artery-clogging saturated fats, trans fats, sugars, salts and chemicals.
- Move it! Move your body – however you like. Walk, dance, golf, bowls. Every day for at least half an hour.
- Every bit helps. Even just a minute or two of walking up stairs, or hanging out laundry, or taking the bins out will relax the muscles around your blood vessels, reducing your blood pressure and lowering your heart rate.
- Look on the bright side – it's good for your heart. In a study** (of women) Harvard researchers found the most optimistic people had a nearly 40% lower risk of heart disease and stroke than the least optimistic.

This information is not medical advice and does not take the place of professional or medical advice. You should obtain advice relevant to your particular circumstances from a health professional.

**Australian Bureau of Statistics (ABS) National Health Survey, 2017-18.*

*** Harvard Men's Health Watch, Optimism and your health, May, 2008.*