



Financial Focus

Autumn 2024 Edition



Bigger bonus for working pensioners is now permanent

Senior Australians can earn more from employment to address cost-of-living pressures without impacting their pension payments.

This is great news for people who receive the Age Pension, Disability Support Pension or Carers Payment and are at least Age Pension age. It results from the expansion of the Work Bonus, which came into effect on 1 January this year.

What's the Work Bonus?

The Work Bonus provides pensioners of Age Pension age with an incentive to remain employed, at least part-time, by exempting a portion of their employment income from means testing. It's relevant for pensioners who have their benefits determined by the income (not the assets) test.

The Work Bonus allows pensioners to earn \$300 per fortnight from working without reducing their benefits. What's more, any unused part of the \$300 accrues in what's called an 'Income Bank', where it can be used to offset future employment income.

What's changed?

Two key changes took effect on 1 January that enhance the Work Bonus.

1. **Permanent increase in maximum Income Bank.**

The maximum amount that can be accrued in the Income Bank permanently increased to \$11,800. This limit was

temporarily raised from \$7,800 to \$11,800 on 1 December 2022, but the increase has now been locked in.

2. **\$4,000 starting income Work Bonus balance.**

New eligible pension recipients will receive a one-off starting Work Bonus balance of \$4,000. Modified rules may apply to people who have previously received a pension.

We can help you work out if you might be eligible for the Work Bonus and the impact it could have if you're thinking of starting or increasing part-time work.

Something to think about

The expansion of the Work Bonus may appeal to a range of eligible pensioners, including those who:

- are looking for some extra dollars to help navigate cost of living increases
- are not quite ready for seven days a week as a free agent, or
- have fully retired but are now craving a bit of variety.

Whatever the reason, the Work Bonus could help facilitate a more purposeful, fulfilling and financially rewarding retirement.



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Rebalancing – what it is, why it matters

Whether you work with a financial adviser or manage your own portfolio of investments, it's important to understand the role of rebalancing and regularly review your asset allocation.

Below, Pental's Head of Multi-Asset Michael Blayney explains what it is and why it matters.

In a given year, certain asset classes will perform better or worse on the market relative to others.

This means that the sizes of your allocations (or weights) to certain asset classes within your investment portfolio can fluctuate, changing the level of risk – and return – in your portfolio.

That's where rebalancing comes in.

By regularly reviewing and rebalancing your portfolio's exposure to certain asset classes (be they equities, cash or bonds), you can ensure your portfolio continues to align with your risk tolerance.

"If an investor had not rebalanced all last year, then they'd be sitting on a portfolio overweight equities and underweight bonds. They'd be running more risk now than they were at the start of the year, when equities were cheaper than what they are now," Michael says.

"Rebalancing helps keep your assets in line with your desired risk profile."

According to Michael, another benefit of rebalancing is that it takes some of the emotion out of investing.

"It helps avoid behavioural problems, liking wanting to bail from the stock that just did really well, or wanting to load up on tech stocks given the extraordinary year they have just had.

"People start to believe that certain parts of the market will never do well, and certain parts are impregnable. But over long periods, these tend to even out and rebalancing helps address that sentiment."

Technology stocks are a good example of why rebalancing matters.

The technology-heavy Nasdaq on Wall Street returned 55 per cent last year, which super-charged global equity returns – but that doesn't mean it will happen again.

"You always get technological change. People tend to underestimate how much that happens over the long term," Michael adds.

Rebalancing also allows an investor to run a good quality defensive portfolio, that allows them to have enough liquidity for their expenses, and to take advantage of opportunities that arise.

"When markets do eventually have a downturn and a period of volatility, you don't want to be sitting on a position where you have more risk than what your long-term strategy called for," Michael says.

"For an adviser, it's important to set the long-term strategy with the client. Review regularly – perhaps once a year – and then have active asset allocation. And if you do nothing else, rebalance because then you will naturally buy low and sell-high."

Key Points

- Rebalancing is an important part of managing your investment portfolio
- It may also help reduce risk in your portfolio and free up cash for opportunities

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Finding joy in unusual places

Looking for some alternative and unusual ways to de-stress, relax and find a spot of joy?

Today's world is dominated by connectivity and digital devices, and on average, we spend almost six hours a day on our phones¹ – and that's before we start taking time in front of computers or the television into account.

We tend to live busy, always-on lives, so carving out some time to find some joy – something that can help us relax and take a step away from the every day – is vitally important in both the short and long term.

Immediately, it can reduce stress, bring down your heart rate and provide balanced perspectives, while in the longer term, building relaxation and de-stressing techniques into your routine can have hugely positive effects on mental and physical health.

But knowing how to truly take that step away can be a challenge. Here are eight ways you can switch off, ranging from the unusual to the, well, very unusual.



Sound baths

There's no water involved in this bath – but rather, you're engulfed in waves of sound from a variety of sources, including gongs, singing bowls, percussion, chimes, rattles and tuning forks. Participants lie on their backs for between 15-60 minutes and enjoy a 'state of harmony' that comes from energy fields being cleared of discordance.



Ice baths

Dunking yourself in freezing cold water may not sound the most appealing of propositions, but it has been shown to help delay muscle soreness after exercise and perceptions of fatigue after exercise. In Norway, it's been found that alternating between a sauna and an ice bath may have positive health effects too², including a heightened sense of pleasure and a positive mental state.



Float tanks

Lying in the dark and floating on water... it's certainly one to challenge yourself with. However, if you're wanting an escape from the day-to-day, you'll certainly get it here. You would typically spend an hour floating on salt water, and many people find they move into a meditative state, feeling entirely calm and relaxed, as well as enjoying creative, healing and visualisation benefits. It also is said to stimulate the release of endorphins, the same feel-good chemical that's released during exercise.³



Laughter yoga

Laughter yoga relies on laughter without any type of humour – it's an exercise program that is founded on the premise that laughter exercises combined with yoga breathing techniques can help you feel more energetic and healthy. Laughter yoga is practised in more than 110 countries, including here in Australia, and it's said that ten to fifteen minutes of laughter yoga can help decrease stress, strengthen your immune system and help you stay positive.⁴



Salt cave therapy (halotherapy)

Halotherapy dates back to the 12th century, and involves breathing in tiny salt particles, usually in spa-like salt rooms. It's said halotherapy can help with lung conditions such as asthma, bronchitis and chronic coughs, as well as skin conditions, allergies and, of course, can help aid relaxation too.⁵



Hypnagogic light experiences

This has its origins in research into near-death experiences, and the psychological benefits that often result from said experiences. It works by wide-spectrum solid and flickering lights entering the body through closed eyes, travelling through your optic nerve and into the central brain. Waves of light move through your body, activating neural networks and chemicals, resulting in a deeply relaxed state that resets your nervous system, lowers baseline levels of stress and can inspire creativity too.⁶

¹<https://wearesocial.com/au/blog/2023/02/digital-2023-australia-1-in-3-australians-use-social-networks-for-brand-research/>

²<https://openarchive.usn.no/usn-xmlui/handle/11250/3074802>

³www.ncbi.nlm.nih.gov/pmc/articles/PMC4219027/

⁴<https://laughteryoga-australia.org/benefits-of-laughter-yoga/>

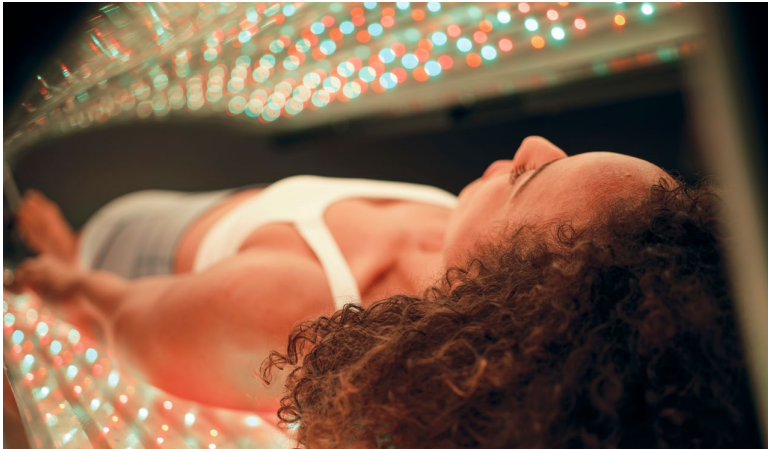
⁵www.webmd.com/balance/what-is-halotherapy

⁶<https://roxiva.com/hypnagogia-the-hypnagogic-light-experience-light-machine/>



Colour therapy (chromotherapy)

Another 'new' technique that has its origins in the deep and distant past, chromotherapy can be traced back to ancient Egypt, where people used sun-filled rooms with coloured glasses for relaxation purposes. Today, colours can be physically looked at or reflected onto your body, with colour therapists believing that different colours have different effects – warm colours can stimulate, while cooler colours can calm. As well as treating stress and depression, colour therapy can be used for anxiety, sleep disorders, high blood pressure, skin infections and to reduce aggression.⁷



Choosing the right relaxation for you

As always, what works for one person may not work for another, and it's important you conduct your own research before undertaking any new relaxation technique and visiting a new provider. It's important to take time out for yourself – however you choose to do it – and building some relaxation time into your busy schedule can reap mental and physical benefits.

⁷www.healthline.com/health/mental-health/the-mood-boosting-benefits-of-color-therapy

Thinking ahead? Let's talk about strategies for creating a positive financial future.

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