

KeyPlay Financial Services' 2018 Spring Newsletter

Introduction Scammers Page 1	Argentina interest rates Page 2	Plans scrapped to raise Age Pension Age. How do you behave in the face of fear? Page 3	How do you behave in the face of fear? New Age Pension rates from 20/09/2018 Page 4	New Age Pension rates from 20/09/2018 The Rise and Rise of Instagram Page 5	Lindsay Vanstan Retires Annual Progress Reviews Page 6
------------------------------------	---------------------------------------	--	---	---	--

Hello and welcome to the 2018 Spring edition of the KeyPlay Financial Services' Newsletter.

It is now just on 10 years from the collapse of Lehman Brothers in the USA, which was the trigger that fired a bullet that was to become known as the Global Financial Crisis (GFC). It certainly does not seem like 10 years to me as the memories of that time are still vivid in my mind.

However, even though the Australian sharemarket did well to climb back to a high around 6,481 points on the 30th August 2018 - it has still failed to reached the previous high point of 6,873 achieved in November 2007.

Yet even though we are still below that high point, a number of voices are warning that whilst everything in the "sharemarket/investment garden" may seem rosy, there are worries that markets are heading for further turbulence.

A recent article from Arminius Capital explained that the US equity market has risen by 350% from its March 2009 low, (which alone sounds and is great news) - but the real growth has been in debt, (thanks to central banks flooding the system with credit and allowing eager corporate and individual borrowers to take advantage of impossibly low interest rates).

Other voices are spreading the same cautionary tale. At the Australian AIMA (Alternative Investment Management Association) conference recently, a number of respected voices, warned of the dangers of the valuations of some growth stocks which they fear will be unsustainable in due course.

This echoes what I have been saying for the past few years now – that the level of debt in both household and at government levels are at points that cry out for attention. Yet nothing happens.

Our Government (and those around the world including the US), need to address their high debt levels by reigning in unnecessary and wasteful expenditure.

Without positive action, our children and their children will be lumbered with the scourge of this huge amount of debt.

[Scammers siphoned \\$4.4m remotely from victim's bank accounts in 2018:](#)

Sophisticated scams by criminals accessing victims' bank accounts via their computer - have stolen more from Australians already this year than they did for all of 2017.

According to Scamwatch, the Australian Competition and Consumer Commission's scam warning and reporting arm, Australians have lost \$4.4 million to remote-access scams in the eight months of 2018. (And I think that this would be well under the true amount due to non-reporting).

More than 8000 victims have reported having their bank accounts cleaned out by criminals while they were sitting at their computer, often with the victims giving the scammers access themselves.

The way the scam works is deceptively simple: criminals impersonate large companies such as Telstra, the NBN, Microsoft or even the police, and inform victims there is something wrong with their computer.

After opening communications, the scammers will then tell victims they need their help in catching a "scammer" or "hacker" and to grant them access to their computer remotely using software such as "TeamViewer".

When access is granted, the scammer will then pretend to deposit money into their victim's account to gain trust, only to siphon funds into criminal accounts.

If the victim becomes wary of the scam during the process, the scammer will often become threatening and angry, telling victims they will "jeopardise the investigation" if they stop remote access or will be in breach of police orders.

ACCC Deputy Chair Delia Rickard said a new level of sophistication used by criminals was putting less tech-savvy and vulnerable Australians at risk.

"The scammers are becoming more sophisticated. The "old trick" that scammers used to use was to call people and say there was a virus on their computer that needed fixing but, in a new twist, scammers are now telling people they need their help to catch hackers," said Mr Rickard.

"Unfortunately, there are many stories from people who give a scammer access to their computer and are then conned into giving the hackers access to their online banking accounts".

"Some are also tricked into providing iTunes gift card numbers over the phone to these scammers."

Mr Rickard said general personal security practices, such as never giving out personal information on the phone, still remains the best advice to avoid scammers.

"It's vital that people remember they should never, ever, give an unsolicited caller access to their computer, and under no circumstances ever provide personal, credit card or online account details over the phone," said Rickard.

"If you receive a phone call out of the blue about your computer and remote access is requested, **it's a scam 100% of the time. Just hang up.**"

[Argentina hikes interest rate to 60%, peso plunges:](#)

ARGENTINA'S Central Bank increased its benchmark interest rate on the 30th August to 60% — the world's highest — in an effort to halt a sharp slide in the value of the peso, which plunged to a record low.

The peso fell more than 15% against the US dollar that day, trading at 40.5 per greenback, after slipping about 7% the day before.

The Central Bank said in a statement that it was hiking its benchmark interest rate by 15 percentage points to 60% in response to the currency problems and the risk of greater impact on local inflation, which is already running at about 30% a year.

The tumult in the exchange market came a day after President Mauricio Macri said he was asking for an early release of some International Monetary Fund (IMF) funds under a \$US50 billion backup financing arrangement approved earlier. Some experts said the announcement, combined with the interest rate hike, had the

unintended effect of fuelling the crisis of confidence. "I think today's interest hike announcement will do nothing but leave investors even more jittery," said Monica de Bolle, senior fellow at the Peterson Institute for International Economics. "I'm finding it difficult to understand why, after yesterday's announcement about front-loading more of the IMF funding, the government thought the hike was warranted. Hyperactivity starts to look like desperation."

Macri has struggled to calm markets and bring confidence to Argentines who continue to lose purchasing power. Many are frustrated with lay-offs, higher utility rates and a rise in poverty levels.

Many also have bad memories of the IMF and blame its free-market economic policies for contributing to the country's worst crisis in 2001-2002, when one of every five Argentines went unemployed and millions fell into poverty.

Macri, a pro-business conservative who came into office in 2015, had promised to trim Argentina's fiscal deficit, reduce poverty and curb inflation. He cut red tape and tried to reduce the government's budget deficit by ordering lay-offs and cutting utility subsidies, but it triggered labour unrest.

Then in December, officials announced a rise in the inflation target, which caused investors to begin doubting Macri's commitment to taming price rises. Meanwhile, the peso slumped against the dollar as rising US interest rates lured investors to pull greenbacks out of Argentina.

That caused jitters among Argentines, who have been used to stashing away dollars as a cushion since the 2001 crisis, when banks froze deposits and put up sheet-metal barricades as thousands of protesters unsuccessfully tried to withdraw their savings.

Dozens died in protests and looting in December 2001 as the economy unravelled and Argentina eventually suffered a record \$US100 billion debt default. "The government will need to shuffle its cabinet and strike deals with provincial governors for next year's budget," said Argentine economist Marcos Buscaglia. "In the short-term, the government just needs to stop this crisis."

New PM scraps plans to raise Pension Age to 70:

Prime Minister Scott Morrison has dumped the plan to raise the pension age to 70, announcing the decision on September 5th on breakfast television even before Cabinet has formally agreed to it.

Joe Hockey announced the plan to lift the pension age from 67 to 70 in 2014, but Scott Morrison says it's no longer necessary, and once it hits 67 in 2023, it will stop.

The Pension age has already started increasing from 65, going up six months every two years. It was one of the issues that has been in the spotlight - especially highlighting the impact for people with physically difficult jobs.

Former treasurer Joe Hockey announced the plan to lift the pension age from 67 to 70 in his controversial 2014 Budget in a bid to help fund the cost of the ageing population.

The Senate has refused to ever agree to legislation to formalise the change, but until this announcement, the Government had stuck to the policy. Mr Morrison told Channel Nine he did not think the measure was needed anymore.

"It is one of the things I will be changing pretty quickly," Mr Morrison told Channel Nine after facing a question on it from a viewer.

Personally, I am not sure this is the right move as when the Age Pension was first introduced in the 1900's at age 65 for males - the life expectancy for a male then was about 55.

Today the life expectancy for males is around 85 - so a later starting Age Pension age certainly had some merit. Now the Government will have to find the funds from somewhere else - and that may not be much fun either!

How do you behave in the face of fear?:

Do you run towards danger, or turn and flee? Knowing how you and others react to extreme situations might seem remote from the world of investment, but could have a lot to do with what separates the great investors from the rest of us.

Humans have a tendency to be more scared of the things they cannot control. For example, you are statistically much more likely to die in a road

accident in Australia than you are in a plane crash anywhere in the world. But it is most unlikely that you feel the same apprehension pulling away from the kerb as you do when your flight gathers pace on the runway.

In the same way, we fear losing our money in an uncontrolled market crash even though this is actually rather less likely than losing it through poor decisions or even simply inertia.

Before anyone makes an investment, we consider what type of investor we are, how we cope with our emotions and what kind of appetite we have for risk. The conventional approach to doing this is often a box-ticking exercise which asks bland questions like; "are you prepared to take a little more risk for the possibility of a little more return?"

What a basic box-ticking exercise fails to take account of is the messy humanity of investors. We are all prone to changing our minds, inconsistency and a general propensity to react more to emotions than rational analysis when making investment decisions.

Novice investors need to understand that there are different types of risk and that not all of them are bad. In many people's minds, risk is now associated with the reckless behaviour caricatured in movies like the 'Margin Call' or 'The Wolf of Wall Street'. We tend to assume that vivid disasters, like the Global Financial Crisis, are more likely than mundane slow-motion catastrophes like the value of our investments being eroded over time by inflation. They are not.

An inexperienced or apprehensive investor should overcome this aversion to risk and be prepared to embrace the risks they can control. They should understand that being too cautious with their investments is a risk in itself and could mean they fail to achieve their financial goals. Investing money in what are perceived to be riskier assets might actually be safer than putting it in the bank.

To make matters worse, humans are inconsistent in their inconsistency. This can make it near impossible to pigeon-hole investors into neat high, medium and low-risk categories.

Most people would immediately recognise themselves as a glass-half-empty, or glass-half-full type of person. But consider this study. One group of people is shown an empty glass which is then half filled. The majority describe the glass as

half full. Another random group of people is shown a full glass from which half the contents are subsequently poured. The majority of these people describe the glass as half empty.

The way a question is phrased and the context in which it is asked clearly influences our perception of it and therefore our response. On tackling your first profiling questionnaire, you might feel apprehensive and therefore more cautious, or perhaps more bold than usual. This could influence your responses to the risk-profiling questions you are asked.

The same instinct that made early man run from a saber-toothed tiger thousands of years ago, gives professional investors sweaty palms today. What else explains the instant market reaction whenever a company reports disappointing results, or when a negative rumor circulates? How can these well-trained, highly-professional investors suddenly panic and sell a carefully-researched investment that moments before they believed in implicitly?

It is clear that we cannot reverse thousands of years of evolution so it's better to understand the power of these instincts and take account of them at those crucial moments when decisions are made.

New Age Pension Rates of Payment from 20/09/2018:

The Age Pension rates, effective from 20 September 2018, and applicable until 19 March 2019, are set out in the tables below. (Age Pension rates applicable from 20 March 2018 until 19 September 2018 also appear in the tables below).

A single person eligible for the FULL Age Pension can expect an annual Age Pension income (including Pension Supplement and Energy Supplement) of around \$23,824.

A couple eligible for the FULL Age Pension can expect combined annual Age Pension entitlements (including Pension Supplement and Energy Supplement) of around \$35,916.

Extra payment amounts: The Pension Supplement (PS) is paid fortnightly like the Age Pension (unless you request for it to be paid quarterly), and it is designed to assist you with household bills and everyday expenses.

The maximum fortnightly payment for the PS is now \$67.80 for singles, and \$51.10 each (or \$102.20 combined) when part of a couple.

The Energy Supplement (ES) - (formerly called Clean Energy Supplement) is no longer indexed, but is paid fortnightly. The maximum fortnightly payment for the ES is \$14.10 for singles, and \$10.60 each (or \$21.20 combined) when part of a couple.

The Energy Supplement is an "an ongoing payment to help eligible households with any impact from the carbon price on everyday expenses... provided you are residing permanently in Australia. The ES is treated as non-taxable, and is not considered 'income' for the purposes of family assistance or income support.

Note: In the May 2016 Federal Budget, the Liberal Federal Government announced that taking effect from 20 September 2016, the Energy Supplement would not be available to new Age Pensioners, although existing Age Pensioners as at 19 September 2016, would continue to receive the Energy Supplement. This proposed change never became law and in mid-2018, the Federal Government announced that it would retain the Energy Supplement, which means the Energy Supplement will continue to be paid to all Age Pensioners.

• Age Pension rates – Single (per fortnight)

	From 20 September 2018	From 20 March 2018 (until 19 September 2018)	Increase
Base	\$834.40	\$826.20	\$8.20 pf
Pension Supplement	\$67.80	\$67.30	\$0.50 pf
Energy Supplement	\$14.10	\$14.10	\$0.00 pf
Total	\$916.30	\$907.60	\$8.70 pf

Source: Centrelink

• **Age Pension rates – Couple (each member of couple, per fortnight)**

	From 20 September 2018	From 20 March 2018 (until 19 September 2018)	Increase
Base	\$629.00	\$622.80	\$6.20 pf
Pension Supplement	\$51.10	\$50.70	\$0.40 pf
Energy Supplement	\$10.60	\$10.60	\$0.00 pf
Total	\$690.70	\$684.10	\$6.60 pf

Source: Centrelink

The Rise and Rise of Instagram:

Fi Bendall is chief executive of The Bendalls Group and a Westpac/AFR 2015 100 Women of Influence, who was described by CEO Magazine as 'The CEO's Secret Weapon'. An expert and pioneer in digital strategy, she has over 23 years' experience in the digital and tech sectors. She recently penned this article on the social media behemoths Facebook and Instagram.

"Facebook has had a miserable past year or two. Mark Zuckerberg no longer looks like the sprightly Harvard dropout genius who created a billion-dollar company and game-changing platform. He looks worn down, worried, and like he wants to be somewhere else.

He looks like the guy who wants to be living the Instagrammable life but is stuck in the worst sort of neverending Facebook news feed scroll.

Because while Facebook has had to fight allegations that it is simultaneously destroying democracy and making people depressed, it's "pretty younger counterpart" - Instagram - is flitting about from 5-star restaurants to movie premieres hobnobbing with celebrities and the beautiful people.

Yes, there are no doubt social ills connected to the Instagram phenomenon too. However, the magnitude of those issues seems far less grave than what is confronting Mark Zuckerberg at Facebook.

Compare these two recent headlines and you quickly get an idea of the challenges facing each platform:

- "After Russia was accused of using memes and viral images to influence elections, Facebook will now fact-check pictures and videos".
- "5 influencer tips for taking the perfect food photo for Instagram".

The other thing is that Instagram is a business still on the rise, whereas Facebook's growth trajectory is starting to level out. It is the mega platform of social media, with 2.23 billion monthly active users as of the second quarter of 2018, but user acquisition has got that much harder, while user retention has become a significant concern.

According to an analysis by Recode, Facebook added 22 million new monthly active users for 2018 Q2, its lowest quarter-over-quarter rise since at least early 2011 for that all-important growth metric. Growth in the US and Canada has been stagnant now for the past year, while user numbers have dropped a little in Europe.

Contrast that to Instagram, which is Facebook's sister site after having been acquired by Facebook for around \$US1 billion in 2012. Instagram hit a billion monthly active users in June 2018, doubling the number of people using the site since June 2016.

Not only is it growing quickly, but it has also become the darling of advertisers, who see it as a perfect fit for marketing and selling to consumers. Mired in all of its other issues, Facebook continues to have trouble convincing advertisers it is an effective sales platform.

Facebook's gargantuan size is its main attraction. Much like the Yellow Pages of yesteryear, businesses and advertisers believe they have to be on Facebook because it is so dominant. However, that does not mean they think it's necessarily effective.

In the case of Instagram, advertisers want to use the site because it connects very directly to the aspirational nature of consumers. It boils down to the fact we mostly show off in pictures (Instagram), while we rant and complain in words (Facebook).

Facebook is not going anywhere anytime soon. However, Facebook as a company is looking increasingly towards Instagram for growth and advertising revenue. Mark Zuckerberg will be hoping Russian bots don't start using Instagram food photos to influence elections. He'll be in real trouble then".

Joke Corner 1:

When asked for his name by the coffee shop barista, Marc answered, "Marc, with a C." Minutes later, he was handed his coffee with his name written on the side: "**Cark**".

Joke Corner 2:

"Poor Old fool," thought the well-dressed gentleman as he watched an old man fish in a puddle outside a pub. So, he invited the old man inside for a drink. As they sipped their whiskeys, the gentleman thought he'd humor the old man and asked, "So how many have you caught today?"

The old man replied, "You're the eighth."

Lindsay Vanstan Retires:

After 10 years at KeyPlay helping people with their own retirement options - Lindsay has decided that the retirement lure was too strong and he also has joined the retired ranks and finished with KeyPlay at the end of June.

Lindsay had been phasing down his hours over the past couple of years and was spending more time travelling with his wife Ainslee in their caravan - so the decision was not a surprise.

In his 10 years with KeyPlay - Lindsay was able to help clients with a specialist Centrelink service - built on his 38 years' service with Centrelink.

In that time, he significantly helped many people across the country and he can retire with confidence that he has contributed positively to the retirement plans of so many.

We sincerely thank Lindsay for his contribution to helping the KeyPlay clients and the retiree clients of the Ballarat region over his many years and wish him and Ainslee a healthy and happy retirement.



Annual Progress Reviews:

We have been undertaking our Annual Progress Reviews and if you have not caught up for yours yet – let us know – so that we can make a time to do so.

It is most important that we keep up to date with relevant changes in your personal and financial circumstances so that any changes or recommendations can be made to help you if applicable.

Also, for those in receipt of Centrelink benefits, making sure that your details with them are up to date has never been more relevant. We have seen people receiving Accounts from Centrelink for overpayments (that can go back many years and add up accordingly) – so it is important to make sure that the details held by Centrelink are up to date and current. This is one of the many areas that we cover in our Reviews with you.

And finally: The Royal Commission continues into the Banking and Financial Services sector and initial recommendations and reports from the Commission are expected later this year with further recommendations early in 2019.

Already the industry is witnessing huge changes and the only certainty is that those changes will continue. Where it all ends up – we will have to wait and see.

Importantly, we will keep helping people at KeyPlay, as we always have, with honest, qualified and caring advice.

If you have any queries or concerns – as always – let us know.

Until Next Time....Keep Safe.

Tony

**Tony White CFP Dip FP
PRACTICE PRINCIPAL
CERTIFIED FINANCIAL PLANNER**

**KeyPlay Financial Services
90 Main Road
BALLARAT VIC 3350
Office Phone: 03 53 335519
Email: tony.white@hillross.com.au**

**Authorised Representative and Credit Representative of:
Hillross Financial Services Limited. AFSL No: 232705**
