PARRISH FINANCIAL

NEWSLETTER

CHRISTMAS EDITION

DECEMBER 2022

And just like that, Christmas has come around again in the blink of an eye! As we aim to slow down for the festive season, we take stock of all the highs and lows that have happened in 2022.

Thankfully the intensity and impact of COVID has significantly eased this year allowing our personal and business lives to resume to some form of normality. The economy has remained very resilient despite high inflation and a rapid increase in interest rates. The Australian economy is forecast to slow next year as higher consumer prices, rising interest rates and declining housing prices weigh on growth.

For us at Parrish Financial, we have had another busy year staying abreast with the latest (and ever-changing) industry developments. We've also had the pleasure of welcoming new team members, supporting the local community and celebrating Fred's milestone 80th Birthday.

During this special time of year, we'd like to express our gratitude and thank you for your continued support of Parrish Financial! We wish you and your loved ones a very Merry Christmas and a safe and prosperous New Year.

Merry Christmas from the team! **Back row:** Marinda, Matthew, Marina, Tanille. **Front row:** Rochelle, Lee-Anne, Simone

STEPPING STONES *to reach your goals*

The calendar turns over to a fresh, brand new year, full of promise, so how do we keep these promises we make to ourselves and get to the end of the year with our resolutions intact and goals realised?

We all start out with good intentions when we set our objectives for the year to come, but motivation notoriously wanes with time and has the potential to sabotage our chances of achieving our dreams.

While many studies reinforce the notion that willpower struggles after only one month, a study tracking respondents over the course of a full year suggested that at around the three month mark half of resolutions fall over, increasing to a failure rate of around 82% by years end.[i]

Monthly micro goals

One way to deal with our waning motivation, instead of setting one daunting goal to be achieved over the period of a whole year, is to come up with a series of monthly, smaller goals. That will give you 12 'mini goals' which ideally need to be achievable on a daily basis. The theory is that if you follow the same pattern for around 30 days, you'll be establishing this pattern as a habit that you are likely to continue into the future. Each successive month will see you build on that success.

Working towards an end goal

Part of the key to making this approach work, is to ensure that all your monthly micro goals are working towards an overarching end goal. Your micro goals need to follow a theme.

This is where you can come back to your New Year's resolution and base your theme on what you want to achieve for the year. Say your theme for the year is around career aspirations – for example achieving that promotion. Your first month could simply be setting aside some time each day to network and meet people within the organisation – improving your interpersonal skills. The next month might be focused on exploring tools to improve your productivity...and so on as you work your way through each successive month.

If your priority is to work on your health and wellbeing, and end the year capable of running ten kilometres, it's also important to set some micro goals that get you there. Again, you can start small - a way of working incrementally towards your goal might be to start by drinking more water, then a month dedicated to getting more incidental exercise in your day, then a month focused on improving your diet and losing a little weight, working slowly up to lacing up your boots, hitting the track and increasing your endurance.

Smaller goals add up with time

We are calling them micro goals for a reason, it's important to not bite off more than you can chew. The key is how they add up. Viewed alone these smaller goals may not seem like a lot, but the shorter duration makes it a lot more likely you'll stick at them, developing good habits that will hopefully accrue, rather than fade over time. The fact that you are in effect starting afresh every month also gives you a much better chance of success.

Add some support into your plan

Don't be afraid to put in some processes to help you get there – it can be a good idea to use online apps to aid or track your progress. It can also help to dangle the carrot and build in some rewards for when you get to the end of each month successfully. Tell friends and family what you are working on and celebrate your successes with them.

By the end of the year, you can look back with satisfaction at each little milestone as a personal win and you'll have stepped towards, and finally reached an overall goal that may have seemed intimidating unless broken down into manageable chunks.

So what are you waiting for? Get out that calendar and pencil in a goal a month to reach your dreams.

i http://www.richardwiseman.com/quirkology/new/USA/Experiment_resolution.shtml

CHANGES TO THE COMMONWEALTH SENIORS HEALTH CARD (CSHC)

More self-funded retirees will be helped to ease their cost of living pressures with changes to the Commonwealth Seniors Health Card (CSHC) now legislated. The CSHC can provide many discounts for self-funded retirees. The increases in the income threshold means that if your income was too high in the past you may now be eligible for this valuable card.

The new income limits took effect from 4 November 2022.

Under the new eligibility rules, the maximum annual income threshold in 2022–23 for singles is $90,000 (up from $61,284) and for couples the combined annual income threshold is now $144,000 (up from $98,054).

The CSHC offers many benefits for seniors including:

- Prescription medicines at concessional rates through the Pharmaceutical Benefits Scheme (PBS);
- the Medicare Safety Net threshold available to Commonwealth concession card holders;
- and bulk billed GP appointments (at providers discretion).

To be eligible, you must:

1. Have reached your Age Pension eligibility age
2. Not qualify for any payment from Services Australia or the Department of Veterans' Affairs (DVA) (ie. you can't be entitled to receive an Age or DVA Pension).
3. Live in Australia and meet the residence rules
4. Be under the annual CSHC income threshold
5. Provide a Tax File Number (TFN)
6. Meet the identity requirements. You will need to prove your identity to Services Australia before you are entitled to receive a CSHC.

If you meet the eligibility criteria or have any questions about the CSHC, please contact us on 07 4054 7778 to discuss how we can assist with the application process.

Fred with grandchildren, Zac, Lillie and Harvey (Delilah sleeping!)

HAPPY 80TH BIRTHDAY FRED!

Last month, Fred celebrated his milestone 80th Birthday with close family at Salt House enjoying lunch together. From all the team, we wish him a very Happy Birthday, good health and happiness for many years to come.

SUPPORTING THE LOCAL COMMUNITY

We love being a small business in our community and in doing so, we believe we have a responsibility to make an impact in the community we serve. Every year we take action to support those in need and this year we are proud to support the work and dedication of the following organisations:

- Scope of Cairns Club
- South Cairns Gymnastics
- Australian Red Cross
- Vinnies Community Sleepout
- Black Dog Institute

SCOPE

GymSports FNQ @ South Cairns Gymnastics

Australian Red Cross

VINNIES COMMUNITY SLEEPOUT™

Black Dog Institute

ECONOMIC UPDATE

This economic update has been provided by Evergreen Consultants – an external investment consulting business who work with financial advisory firms and institutions to provide a range of bespoke investment solutions designed to deliver flexibility, efficiency and an enhanced client experience. Parrish Financial work in closely with Evergreen to obtain external and quality investment and portfolio research.

PREPARE FOR MORE BUMPS ALONG THE INVESTMENT ROAD

- With the holiday season fast approaching, investors will be wishing for a less tumultuous 2023.
- The outbreak of war in eastern Europe poured fuel on the inflation fire and forced the hand of central banks to lift interest rates sooner rather than later...and faster than may be desired.
- Volatility looks set to continue in the year ahead as official interest rates are yet to peak, while some investors believe they have already risen too far.
- With the worst of the pandemic seemingly behind us, how sustainable is the economic recovery?
- And if a recession is inevitable, how deep will it be? How long will it last?

As another year comes to an end, investors have again been dazzled by the steep ups and downs that markets can bring. In shares, almost every month this year seemed to feature a sharp fall, a searing relief rally, or both. However, in bonds, it was a downhill ride for most of the year. At the low point, fixed interest posted its worst performance in modern history. These traditionally defensive assets fell from the artificially inflated highs that were made possible through prolonged unconventional monetary policy settings. Zero (even negative) interest rates and quantitative easing programs (where central banks buy debt securities) that reappeared as a response to the pandemic, were being promptly unwound.

As bond markets normalised, this meant that the wild ride investors had to endure was minus the usual shock absorbers that diversification would ordinarily bring. Balanced portfolios were especially hard hit and at times looked decidedly unbalanced. And while tech investors became reacquainted with a bear market after years of solid gains, spare a thought for the crypto traders that were late to the party. BitCoin slumped 70% in the year to 30 November 2022, while several virtually unregulated trading exchanges collapsed for an ever-expanding number of reasons that ultimately manifested in illiquidity.

Economic conditions were strong in 2022, as households and businesses brashly navigated the renewed supply chain disruptions that followed from Russia's largely unexpected invasion of Ukraine. Faced with rising employment and energy costs, businesses raised their prices (and then some). Meanwhile, households enjoying their strongest sense of job security in a generation, ramped up spending. And when escalating inflation saw interest rates move shockingly higher, consumers kept on spending, even if it meant running-up credit card balances to well above pre-Covid levels. And in the blink of an eye, many nations moved from a situation of elevated national savings to that of a fast-declining buffer.

As we look forward, we expect inflation to reset higher over the medium term. This means that interest rates are also likely to remain higher. House prices have promptly turned lower across many regions and will continue to adjust. But the impacts of tighter monetary policy are yet to be fully felt. Some investment markets are pricing for a recession in 2023. While the data does not yet reflect economic contraction, such a situation seems more likely to commence in the US, before possibly arriving at our shores in the latter half of the year. If by this time inflation has been tamed, it would allow for an about-face on interest rate settings...and a soft landing. History suggests that cycles of despair are often followed by those of euphoria. Investment markets are but a reflection of the human psyche, and this means that volatility is sure to follow.

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