

Your Personal Wealth AUTUMN

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IN THIS EDITION



COVID-19

The viral pandemic



CORONAVIRUS SHUTS DOWN GLOBAL ECONOMY

What this means for you



SOCIAL DISTANCING

How to look after your mental and physical health while self isolating



GOVERNMENT STIMULUS

How the government is assisting during this crisis.

THE COVID 19 CRISIS

Since the World Health Organization announced that COVID-19 is a pandemic on March 11, 2020 the topic has rarely been out of the news.

Currently, Australia does not have widespread community transmission of COVID-19, however this is a rapidly changing situation and come the time of print the numbers of infected will have changed drastically.

The Australian Government is monitoring and responding to the outbreak, and have provided some simple measures on how you can help slow the spread of COVID-19 in Australia, and what to do if you have symptoms.

What Coronavirus?

Coronavirus causes respiratory illness (like the flu) with symptoms such as a cough, fever, sore throat, fatigue, and in more severe cases, difficulty breathing.

What can I do to protect myself?

To help stop the spread of coronavirus, stay 1.5 metres away from others where possible, wash your hands regularly for at least 20 seconds with soap and water, avoid touching your face and if sick, stay home.

The government has implemented many measures to stop the rapid rate of infection including the closure of non-essential services, and places of social gatherings like pubs and clubs.

We need every Australian to do their bit to save the lives of other Australians. This includes self-isolation if you believe you may be infected, and maximizing social distancing to avoid potential spread by working from home if possible.

If you develop symptoms within 14 days of last contact with a confirmed case or of returning to Australia, you should seek medical attention. Your doctor will tell you if you need to get tested. If you unsure you can check your symptoms online at healthdirect.gov.au

Where can I get more information?

There a National Coronavirus Helpline if you are seeking information on coronavirus . The line operates 24 hours a day, seven days a week. Phone 1800 020 080. You can also visit www.health.gov.au/

We understand all the information can be overwhelming, as it's a continually changing situation we recommend you keep up to date with new information via the australia.gov.au website.

Source: Lifespan

CORONAVIRUS SHUTS DOWN GLOBAL ECONOMY

The outbreak of COVID-19 has resulted in much of the global economy shutting down as the situation has become a global pandemic. Since we do not have a cure, the only option to contain it is to limit human to human contact to slow the spread. This has devastating consequences for the economy as whole industries are shut down and many businesses struggle to survive. We expect unemployment to rise dramatically and most economies to be in recession.

The outbreak first occurred in November in Wuhan (Hubei province) but was initially covered up by the local Chinese officials. The result was that those infected were free to travel and spread it far and wide. The infection appears to be more contagious than regular flu and it results in higher rates of hospitalization and deaths than flu.

The best data we have on fatality rates is from the Diamond Princess cruise ship and South Korea. On the ship, all 3,711 passengers and crew were tested and 705 contracted the virus. There were 7 deaths which suggests a fatality rate of 0.99%. However, 392 who had the virus had no symptoms on testing. What this means is that the number of cases is likely a least twice the reported numbers and they contribute to spreading it. South Korea have done the most detailed testing of any country, ~250,000 people. The fatality rate there was just over 0.9%. While this is 10 times higher than regular flu it is much lower than the World Health Organisation (WHO) estimate of over 3%.

Markets and Outlook

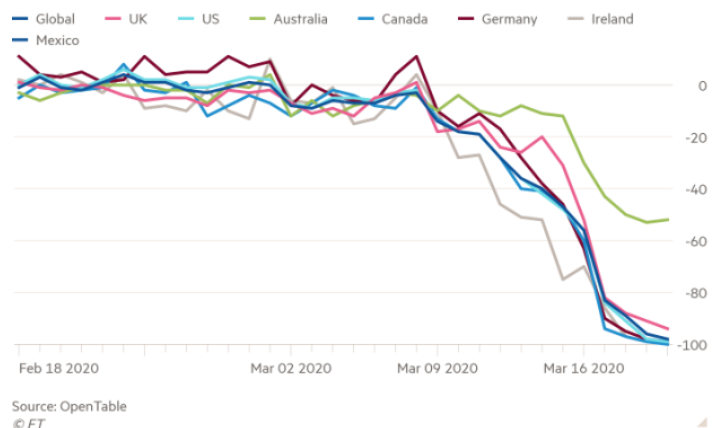
We have not included an economic update since the world has changed in the last week. In fact deeper recessions may perversely be a good indicator as it would imply that containment is being taken seriously. This is a health crisis that has very quickly become an economic one as well. We do not know how deep this contraction will be, but it will be accompanied by massive fiscal stimulus. The federal government has announced a package equivalent to around 10% of GDP and we expect more to come.

It is very difficult to know when the economy will turn the corner. We would not watch that too closely (leave it to the government) but rather look at the trajectory of new cases or some treatment. We would not expect a vaccine for 12 to 18 months but there is some chance of an anti viral therapy in a 3 to 6 month timeframe.

Equity markets have had a huge fall but so have earnings with total shutdowns in some industries and the population hunkering down. The chart below gives one example, restaurant bookings which have plunged.

Restaurant bookings have collapsed

Bookings for seated diners (% change on same day of the week a year before)



We expect a lot of distress with many companies needing to raise capital to service debt amid declining cashflow. One thing we would avoid is higher yielding credit as that tends to be illiquid when markets are under stress. The problem is that we do not know what earnings will be in this environment. One thing that has cushioned the blow has been unhedged global equities with the falling Australian dollar adding about 15% to returns.

Eventually we will come out of this just as the world has recovered from previous pandemics. Generally the bounce is V - shaped but we suspect that this recovery will be a little more protracted given the economic damage. However, we expect rates will stay much lower and for longer than they would have without this shock. What this means is that growth assets will be the only way to get any reasonable yield. There will also be some second order effects with supply chains being moved out of China and manufacturing returning to western countries. Not being dependant on China is in the national interest of most countries but we suspect there will also be some payback given the damage China has inflicted on the global economy.

Source: Lifespan



LOOKING AFTER YOUR MENTAL AND PHYSICAL HEALTH WHILE SOCIAL DISTANCING

At first, getting two weeks off work or school might have seemed like a fun holiday. But those who have had to stay at home due to illness in the past will know that being forced to stay inside and away from others for more than a day or two can quickly become boring and even anxiety-inducing.

Keeping mentally and physically well will help self-quarantine feel more pleasant. And if you do happen to get sick, it may help if you've been as well as possible beforehand.

Get some physical activity

Getting your body moving can improve how you feel physically and mentally. You've been asked to stay inside your own home boundaries, which means you might not be able to do some of the types of exercise you would normally enjoy, but there are lots of ways to keep moving while inside the house or backyard.

The internet is full of free exercise routines from heart pumping cardio to or something a little more chill, like yoga. There are plenty of free classes on YouTube, so you can choose something that suits your abilities. If you're a regular in the weights room, you might be missing your time at the gym. But you don't have to visit the gym to be able to pump it up – there are lots of common household items you can use as hand weights. Grab some cans of food for bicep curls, or a bag of flour to add weight to your squats.

Get your nutrients

When your normal routines have changed, it can be easy to start eating differently, too. It's important to keep eating a well-balanced diet while you self-quarantine, because getting all your normal daily nutrients will keep you feeling well. If you've stocked up on some longer-lasting foods, like pasta or rice, make sure you still add some fruits or vegetables, and protein to each meal.

Remember that frozen or canned fruits and veggies are a great option if you're not able to access fresh food like you normally would.

If you're able to use your kitchen while you self-quarantine (some people who share houses with others will be required to not share common rooms such as kitchens), why not spend some of your time trying out new recipes?

Get creative or learn something new

Keeping your mind engaged is good for your mental wellbeing and a great way to spend time, something you might find you now have a lot of!

You could start a creative project or get back into an old hobby, like drawing, painting, knitting, writing or wood working. Or you could use this time to learn a new skill.

There are lots of free apps to help you learn a new language and online tutorials for everything from learning how to do a handstand (make sure you've got some room for this one), to mastering photography. Podcasts are also a great, free way to engage in learning about new topics.

Get some rest and relaxation

While binging on TV for the whole day will get old quickly, you should still take time every day to switch off and relax. Turn off the news and stay away from other virus alerts for an hour, and get cosy with a good book, movie, TV show or whatever entertainment takes your fancy.

This could also be a great time to learn some relaxation or meditation techniques. Smiling Mind has a free app to help you meditate, while Black Dog Institute has factsheets with mindfulness and relaxation activities.

Get plenty of sleep

Keeping a routine of going to bed and getting up at the same time will help you sleep better and feel rested during the day. Connect with others Connection with community can be a huge boost for our mental wellbeing. Just because you're self-quarantining, doesn't mean you have to be completely cut off from everyone. Luckily, these days we have phones and the internet to allow us to speak with our communities even if we can't meet face-to-face.

Some fun ideas can include starting an over-the-phone movie or book club, bust out some pen and paper and write some old-school letters to people you haven't seen in awhile. Making video calls rather than texting or talking means you can talk to more than one person at a time and see everyone's faces.

Manage anxiety

It's normal to feel some stress or anxiety when something out of the ordinary happens, and this situation is pretty unusual. There are lots of ways self-quarantine could make you feel worried about your health or your family and friends, frustrated or antsy at being stuck in one place, or concerned about the things you're missing out on, just to name a few. It's important to know that it's okay and normal to feel any emotions you're having.

The tips above will all help you look after your mental wellbeing while you're in self-quarantine. If you are still feeling stressed, overwhelmed, worried, or just not like your normal self, it's important to tell someone. This might be someone close to you like a family member, friend or colleague or contact Lifeline or Beyond Blue.



GOVERNMENT STIMULUS PACKAGE - *What this may mean for you*

On Sunday 22 March 2020, the Commonwealth Government released the second stage of its economic plan to support the economic impact of the Coronavirus. The economic support package includes:

- Support for households including casuals, sole-traders, retirees and those on income support
- Assistance for businesses to keep people in a job
- Regulatory protection and financial support for businesses to stay in business

Outlined below is the summary of some of the key measures announced. Full details of all measures can be found by accessing the Australian Government Treasury website.

Early access to superannuation

A temporary arrangement will be introduced to allow certain individuals who are significantly affected by the Coronavirus, to access their retirement savings. Eligible individuals will be able to access up to \$10,000 of their preserved superannuation in the 2019/20 income year and also up to \$10,000 in the 2020/21 income year (approx. 3 months from 1 July 2020).

Eligibility requirements

To qualify for early release, the individual must satisfy any one or more of the following requirements:

- Be unemployed; or
- Be eligible to receive a Jobseeker payment, Youth allowance for jobseekers, Parenting payment (which includes the single and partnered payments), Special benefit or Farm household allowance; or
- on or after 1 January 2020: was made redundant; or working hours were reduced by 20 per cent or more; or
- if a sole trader — business was suspended or there was a reduction in turnover of 20 per cent or more.

This payment will be a tax-free payment regardless of individuals age and will not affect Centrelink or Veterans' Affairs payments.

Temporary reduction in superannuation minimum drawdown requirements

The Government is temporarily reducing superannuation minimum drawdown requirements for account based income streams and similar products by 50 per cent for the 2019/20 and 2020/21 income years.

Income support and additional payments to support households

Income support for individuals – Over the next 6 months, the Government is temporarily expanding eligibility to income support payments and also introducing new payment, Coronavirus supplement. The rate of the new supplement is \$550 per fortnight and it will be paid automatically (from 27 April) with the person's ordinary fortnightly entitlement. This will be paid to both, existing and new recipients of Jobseeker payment, Youth allowance for jobseekers, Parenting payment, Farm household allowance and Special benefit.

The Government confirmed that anyone who is eligible for the Coronavirus supplement will receive the full rate of the supplement of \$550 per fortnight.

The usual waiting periods such as the Ordinary one week waiting period, the Liquid assets waiting period will be waived for new applicants. In addition, the assets test will not be applied when determining entitlement to Jobseeker payment, Youth allowance for jobseekers and Parenting Payment for 6 months.

The Income test, Income maintenance period and Compensation preclusion periods will continue to apply. Payments to support households – The Government is providing two separate \$750 payments to eligible social security, veteran and other income support recipients and eligible concession card holders. The first payment is due to be made from late March 2020 and the second payment will be made from 10 July 2020.

Please speak to your adviser on how this can help you.

Source: Lifespan



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