

Media Release



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Inflation may force retirees into action

Many retirees are being hit hard as living costs rise despite a sharp slowing in the economy and falling investment returns, but seniors can take action to help reduce their expenses and beat inflation, according to Dante De Gori, Technical Manager at ClearView Retirement Solutions.

Over the year to the March quarter 2009, food prices jumped 5.7 per cent compared to an overall inflation rate of 2.5 per cent, according to data released today by the Australian Bureau of Statistics.

But the prices of some staple goods jumped by a lot more, for example, bread rose 5.5 per cent, cheese was up 7.3 per cent, fruit and vegetables rose 5.6 per cent and bacon and ham rose 5.3 per cent.

The cost of health also jumped. Through the year to the March quarter 2009, the health group rose 5.3 per cent due to increases in the cost of pharmaceuticals rising 13.0 per cent for the quarter (2.6 per cent for the year) and transport costs rose 5.3 per cent.

According to Dante De Gori, Technical Manager at ClearView Retirement Solutions, the following tips could help retirees keep down the cost of living and beat inflation.

"Whether it's saving money with medical expenses or on public transport, pensioners can qualify for a range of government benefits," said Mr De Gori.

"Even if you're only eligible for \$1 from the Age Pension, retirees may still qualify for a range of pensioner discounts. You will, for example, receive a Pensioner Concession Card that lets you take part in the Pharmaceutical Benefits Scheme, giving you access to prescription medicines at greatly reduced cost.

"You'll also receive emergency ambulance services free (except in Queensland and South Australia, where costs are discounted)," he said.

Pensioners may also be entitled to receive a Utilities Allowance from the federal government, which is a payment to help older Australians with the cost of household bills such as energy, rates, water and sewerage. Pensioners may also be entitled to rental relief.

"There is a range of help available to help meet living costs from the government. Even if you do not qualify for the Age Pension, you may still be entitled to the low-income health care card or the Commonwealth Seniors Health Card. These cards, like the Pensioner Concession Card, entitles you to take part in the Pharmaceutical Benefits Scheme and to receive free or discounted emergency ambulance services," said Mr De Gori.

For people who qualify for the Commonwealth Seniors Health Card, you'll also receive a Seniors Concession Allowance, which is a non-taxable payment of \$129.70 (as at 20th March 2009) paid every three months to Commonwealth Seniors Health Card recipients.

"For people who don't qualify for the Age Pension, you could still be entitled to state government seniors cards, so it's worth checking. Seniors cards are issued by the Australian states and territories and entitle holders to things such as concessional travel on state transport services. Local councils may also offer discounts on council rates or other subsidies, so ask them what they offer," Mr De Gori said.

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“If you don’t ask, you won’t receive money to which you may be entitled.”

Mr De Gori said retirees may be able to help boost their savings and beat inflation by diversifying their investments and investing some of their money in growth assets. If people stayed only in cash, over time inflation would eat away at their cash returns. However, it is important to remember that the greater the potential return the greater the potential risk with an investment he said.

“With the inflation rate hovering at 2.5 per cent, the real return on cash is a number verging on zero. Therefore, in the long run, if you keep all your savings in cash, you could miss out on building your wealth.

“Make sure you seek professional financial advice and structure your investments to meet your financial needs and to help you beat the rising cost of living.”

To contact your local ClearView adviser, please visit www.clearview.com.au/advisers

About ClearView

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