



Aged Care Planning

Starting 'The Conversation'

By Michael Stewart and Mark Stewart, Senior Partners

It is time to get people thinking and talking about ageing - what are our plans for how we want to live in the latter stages of life? Increasingly, Australians have a range of issues that they must deal with whilst juggling the complexities of work and family responsibilities. The media and political forums regularly flag the Childcare human resource shortage and other such topics however there is another issue looming largely on the social landscape - that is Aged Care.

Many of you will know our father Kevin has recently retired and is now enjoying his journey through the latter third of his life. Of course he's just fine looking after himself for a while longer yet (with his wife Linda's help of course!) however the next generation collectively need to consider what may be required over the coming years - hence the particular relevance of this article to the writers. Fortunately, coming from such a large family, we have seen how the issues touched on below were considered (sometimes argued), planned and implemented for our Grandmother Elaine Stewart, now in her eighties (and still going strong, thank the Lord).

Why Aged Care? Why Now?

By 2034 the population of over 65 year old Australians will double from 3 million to 6 million, representing 19%

of the nation's total. The over 80, 85 and 90 years old segments will also double to a collective 4 million plus people, or over 12% of the population. Further, a massive 30% plus of the population will be in the over 65 segment which represents over 9 million people.

The ageing population presents several challenges for governments and the community including a demand for formal care services to assist the elderly and their families.

Preparing - The Conversation

Inevitably it is the adult children, the 'sandwich generation', who will find themselves responsible for the caring of ageing parents and/or finding suitable Aged Care



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services for them over the next 10 to 20 years. Most are not prepared - presently the response to caring needs are often reactive and event driven. The Aged Care system in Australia is extremely complex, with more changes expected in the future. Often the elders are not equipped to manage the stages themselves and friends and family are frequently ill-equipped to assist.

Retirement planning needs to change so today's retirees are prepared, having the funds and planning in place for later life, with the next generation really thinking about their lives at 80 or 90 years of age.

Many families should begin the conversation about being equipped for the needs of ageing family members and/or relatives. This should cover items such as preferred care service providers, the process to access subsidised care, and to ensure that the family affairs are well structured and complete.

This can be a difficult conversation to have. In fact, this is where the process often fails as it can be tough to broach the subject of ageing and what this stage of life entails.

Planning and Guidance

There is a need for information and awareness for those aged 45-65 years for guidance and direction in Aged Care.

We now have the budget implications for Aged Care residents and the flow on costs that will be applied.

Families are now, more than ever, going to require advice and assistance in achieving the optimal outcome for the care recipient and the broader family.

Stonehouse assists by educating clients that are faced with navigating the Aged Care system and the complexities that this presents. We do this through research and advice that focuses on planning for care and living options for later life. When required we can assist families confronting the complexity on an individual basis and help facilitate their needs accordingly.

To ensure that we continue to offer the very best we can to our clients in this complex area we have both internal Advisers and relationships with external consultants who are specialists in the Aged Care arena. Stonehouse has a broad range of service solutions to assist families navigate the care spectrum, receive strategic advice on funding care, and assist in finding the right residential care provider.

Importantly, the conversation needs to be had before it is too late and potentially problematic.



Stonehouse scholarship

In May, the 2016 Stonehouse Group Scholarship was awarded to Griffith University Student James Van Zyl Cunningham.

The Stonehouse Group Scholarship is open to students of Australia's leading university in the delivery of financial planning as a dedicated field of study at both undergraduate and postgraduate levels.

The scholarship extends for a one year duration and provides an award of \$10,000 to assist students achieve academic excellence. It also offers successful applicants a cadetship to gain an understanding of the attributes required to deliver the highest quality advice within a professional financial planning firm.

"We selected James as the 2016 recipient due to his exceptional academic record and his strong desire to build a career as a professional financial adviser" said Senior Partner, Ben Hancock.

James will seek to undertake a cadetship with Stonehouse in the second half of the year.

Pro Vice Chancellor of Griffith Business School, Professor David Grant, said "We're delighted to be partnering with Stonehouse in this way – the scholarship opens up significant opportunities for our students and graduates and is indicative of our standing among Australian financial planning firms".

The Stonehouse Group Scholarship was first launched in conjunction with Griffith University in 2015, with James being the second recipient of the award.



2016 Federal Budget Update

Darren Lees, Senior Paraplanner

The 2016 Federal Budget released on Tuesday May 3rd contained some surprises, particularly with regards to proposed changes in the Superannuation and Retirement arena. Below is a brief outline of some of these new proposals and supporting commentary. Note these changes are subject to the outcome of the upcoming Federal election and their passage through the Senate.

\$500,000 lifetime non-concessional contributions cap

Applicable to all non-concessional contributions made on or after 1 July 2007.

This is huge step by the government. Some client plans for non-concessional contributions to superannuation may be impacted. Please contact your Adviser if you have any concerns.

\$25,000 concessional contributions cap

From 1 July 2017 this cap will apply to all ages.

However from 1 July 2017 superannuation balances below \$500,000 can take advantage of any unutilised concessional contributions from the previous 5 years (on a rolling basis).

For the financial year starting 1 July 2017, some clients may need to reassess their salary sacrifice strategies / personal deductible contributions to ensure the new \$25,000 limit is not breached. We also recommend where possible clients maximise the current higher limits (\$30,000 for those up to age 50 and \$35,000 for those over 50) both for this present financial year and the next.

\$1.6 million 'superannuation transfer balance cap'

Limits the amount of accumulation assets that can be transferred to pension phase to \$1.6m.

Amounts over this sum will be treated as per assets in accumulation phase (i.e. 10–15% tax on any growth of these assets).

For those with SMSFs, the \$1.6m cap applies to each member's balance (not the combined total assets of the SMSF pension accounts). Note your Adviser will likely

discuss any ramifications to your financial plans prior to 1 July 2017 (as it comes into effect in the 2017-18 financial year).

Taxing earnings on Transition to Retirement Income Streams (TRIS)

Removal of the tax exemption on earnings within a TRIS meaning a Growth Tax of 10-15% will apply from 1 July 2017.

Some clients will need to reconsider the overall benefit of TRIS strategies as a result.

Elimination of 'Work Test' for those aged 65 to 74

From 1 July 2017 the government will remove the 'work test' requirement for those between the age of 65 - 74 wanting to contribute to super.

Tax deductions for personal super contributions

Income tax deduction will become claimable for concessional contributions made by clients under age 75 from 1 July 2017

This will make it easier for 'employee' clients to maximise concessional contributions (\$25,000 limit) effectively getting more money into super, but without the need to do so specifically via salary sacrifice arrangements. Effectively, a contribution could be made personally, and a tax deduction claimed.

High income contribution rules (over \$250,000 p.a.)

From 1 July 2017, concessional contributions will be subject to 30% tax (up from the normal 15%) for those with Adjusted Taxable Incomes in excess of \$250,000 per annum.

Increased 37% personal income tax threshold from \$80,000 to \$87,000 from 1 July 2016

This will provide an income tax saving of approximately \$400 per annum for those with income exceeding this range.



Last Minute Contributions to Super!

As referred to in our Budget Update on the previous page, concessional contributions (deductible) are flagged to reduce to \$25,000 from 1 July 2017. To take advantage of the current higher limits available this financial year, you will need to ensure your contribution is received by your superannuation fund no later than 30 June. Please contact your Adviser should you require further discussion or assistance.

15 Years of Service



Stonehouse's in-house Self Managed Super Fund Manager, Jo-anne Davis, recently celebrated 15 years of loyal service with the Group.

Jo-anne commented, "I think what I have enjoyed most about working for Stonehouse is the people – those I work for, those I work with and the clients."

We thank Jo-anne and look forward to working together for another 15 years!

Do you 'Like' us?

Social Media is upon us, for better or worse!

Stonehouse is now on Facebook and Instagram so please feel free to follow us.

 www.facebook.com/StonehouseGroup.au

 @stonehouse_wealth_management

SMSF Notice Board

- The lodgement deadline for the Fund's 2015 Annual Return has passed. If your return is still outstanding, please provide our office with the necessary information immediately.
- There are still a number of electronic bank data services forms that have not been returned to our office for processing. Can you please sign and return these forms as soon as possible.
- For the Fund's that hold real estate, please organise for a real estate agent to provide a valuation for each property as at 30 June 2016.

Touch Footy Triumph



Account Executive, Jasmine Bailey is making quite the impact in the world of touch football, having been selected again this year to play for Queensland in the Mix Master Competition.

In addition, her team 'Sharknadoes' just won the grand final, while her weekend comp saw her team (pictured), draw, while also raising funds for Cancer research.

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