



Stonehouse team members enjoying the Melbourne Cup

**It's November and we're off with the race that stops a nation. While this is normally a given, the fact that the Spring Carnival is going ahead, and overseas travel is back on the agenda, is a welcome sign that Australia is getting back to business.**

All eyes were on the September quarter inflation figures in October, as speculation mounted that the Reserve Bank may be forced to raise interest rates sooner than planned. The Consumer Price Index (CPI) rose 0.8% in the September quarter while the annual rate eased from 3.8% to 3%, although this was distorted by the end of free childcare in the September quarter last year. A more accurate measure is underlying inflation, which rose to a 6-year high of 2.1% in the year to September.

Rising fuel and construction costs were the main culprits, as global supply chain disruptions pushed import prices up 6.4% over the year to September. Australia's national average petrol price hit a record 169.5c a litre in October, as rising demand and supply constraints pushed the price of Brent Crude to a three year high. Inflation fears lifted the Australian dollar to US75.2c, up 4% over the month, while the interest rate on 3-year Australian government bonds lifted 82 basis points over the month to 1.14%.

Inflation fears also dented consumer confidence in the final week of October, but the ANZ-Roy Morgan rating still ended the month higher at 106.8. Rising business optimism saw the NAB business confidence index lift from -5.5 to +13 points in September.

We are unlikely to get a clear picture on inflation until supply pressures ease. The Reserve Bank has stated it won't lift rates until inflation is "sustainably" within its 2-3% target band and wages growth is above 3%.

## Kane baby arrival

Stonehouse partner Kane Livingstone and his wife Kirsty and their two children Jett and Penelope welcomed their third child Vander Cove on the 14th of July, a healthy baby boy weighing in at 3.8kg's and 54 cm's long.

Everyone is doing well and Van is settling in well at home.





# Responsible **INVESTING** on the rise

Michelle Poulsen  
Financial Adviser



For many people, there's much more to choosing investments than focusing exclusively on the financial returns. Since I commenced in financial planning over 10 years ago, I have had a growing number of clients seek access to investments that align with their values.

Everyone's values are different but given the choice most people would wish to make a positive difference to their community and/or the planet. Or at least to do no harm.

Indeed, four out of five Australians believe environmental issues are important when it comes to their investment decisions.<sup>i</sup>

As a result, there has been a surge in what is called responsible investing. Also known as ethical or sustainable investing, responsible investing includes investments that support and benefit the environment and society, rather than those whose products or way of conducting business have a negative impact on the world.

## Millennials driving growth in sustainability

The trend toward responsible investment is growing rapidly. According to the Responsible Investment Association of Australasia (RIAA), Australians invested \$1.2 trillion in responsible assets in 2020.<sup>ii</sup> While money flowing into Australian sustainable investment funds was up an estimated 66 per cent in the year to June 2021.<sup>iii</sup>

Responsible investing is particularly popular among millennials, now in their late 20s and 30s and beginning to get serious about building wealth. Many in this group are getting a foot on the investment ladder via exchange-traded funds (ETFs). A recent survey of the Australian ETF market found 28 per cent of younger investors had requested more ethical investments.<sup>iv</sup>

## More sustainable investment options

As awareness of responsible investing grows, so does the availability of sustainable investment options, beginning with your super fund.

Most large super funds these days offer a sustainable option on their investment

menu. While relatively rare even 10 years ago, the availability and performance of sustainable options has grown strongly over the past three to five years.

According to independent research group, SuperRatings, the top performing sustainable options now surpass their typical balanced style counterparts in some cases.<sup>v</sup>

If you run your own self-managed super fund or wish to invest outside super, there is a growing number of managed funds that actively select sustainable investments, or ETFs that passively track an index or sector.

There were 135 sustainable funds in Australia and New Zealand in 2021, so there is plenty of choice.<sup>iii</sup>

## How to screen

So how do you find the ethical investments that best suit your values?

There are several methods used with the most common being negative screening. This is where you exclude investments in companies engaged in unwelcomed activities such as gambling, tobacco, firearms, animal cruelty, human rights abuses or fossil fuels.

Positive screening is the opposite, where you actively seek out investments in companies making a positive contribution. Some examples might be companies involved in renewable energy, health care or education.

Another criterion is to look at companies that monitor their environmental, social and governance risks. This cuts across all industries and is more about the way the company conducts its business.

Environmentally they may monitor their carbon emissions or pursue clean technology, socially they may be active in ensuring a safe workplace and on the

governance front they may pursue board diversity or anti-corruption policies.

## Greenwashing on the rise

As the popularity of responsible investing grows, so do concerns about the practice of so-called greenwashing. This is where a company or fund overrepresents the extent to which its practices live up to their promises. ASIC recently announced a review into the use of greenwashing in Australia, prompted in part by the demand for such funds.<sup>iii</sup>

Another trend is impact investing in companies or organisations helping to finance solutions to some of society's biggest challenges. This might include investments in areas such as affordable housing or sustainable agriculture.

## Solid returns

While some investors are driven by their values alone, more of my clients are now seeking a balance between return and responsible investments and the good news is that they have been able to achieve this and have it both ways.

The RIAA survey found super funds that engage in responsible investments outperformed their peers over one, three and five years.

Clearly responsible investing is a trend that is gaining momentum, with the financial performance of sustainable investments attracting wider following.

*If you would like to discuss your investment options and how they might fit within your overall portfolio, don't hesitate to get in touch.*

i <https://www.canstar.com.au/investor-hub/ethical-investing/>  
ii <https://responsibleinvestment.org/resources/benchmark-report/>  
iii <https://www.morningstar.com.au/funds/article/australias-sustainable-funds-market-is-growin/214505>  
iv <https://www.betashares.com.au/insights/millennials-on-top-betashares-investment-trends-etf-report-2020/>  
v <https://www.lonsec.com.au/2021/07/21/media-release-stellar-fy21-returns-as-super-funds-deliver-for-their-members/>



On the 3rd of October 2021, Elaine Stewart nee Stonehouse (the original) celebrated her 90th Birthday. Unfortunately due to Covid restrictions at Dovetree – Sinnamon Village which Elaine had recently moved into, she had to celebrate the occasion waving at the family from a window. The following Sunday she had the opportunity to celebrate the milestone together with family and friends.

The journey for Elaine from independent living to permanent care has been an emotional one and we have also had to navigate the complex nature of how accommodation charges and daily fee's are calculated.

We understand that navigating residential aged care can be a challenging journey, so we are here to assist with the complexities of the system, to create a smooth transition for your loved ones.

## Aged care payment options

When it comes time to investigate residential aged care for yourself, your partner, parent or relative, the search for a facility and how to pay for it can seem daunting. The system is complex, and decisions are often made in the midst of a health crisis.

Factors such as location to family and friends, reputation for care or general appeal are just as important as the sometimes-high price of a room and other fees in residential aged care.

Even so, costs can't be ignored.<sup>i</sup>

### Accommodation charges

The first thing to be aware of when researching your residential aged care options is that there are separate costs for the accommodation and the care provided by the facility.

The accommodation payment essentially covers your right to occupy a room. You can pay this accommodation fee as a lump sum called the Refundable Accommodation Deposit (RAD), or a daily rate similar to rent, or combination of both.

The daily rate is known as the Daily Accommodation Payment or DAP and is effectively a daily interest rate set by the government. The current daily rate is 4.04 per cent. If the RAD is \$550,000 then the equivalent DAP is \$60.87 a day ( $\$550,000 \times 4.04\%$ , divided by 365 days).

A resident can pay as much or as little towards the RAD as they choose, but any outstanding amount is charged as a DAP.

The RAD is fully refundable to the estate, unless it is used to pay any of the aged care costs such as the DAP.

### Daily fees

As well as an accommodation cost there are daily resident fees that cover living and care costs. There is a basic daily fee which everyone pays and is set at 85 per cent of the basic single Age Pension. The current rate is \$52.71 a day and covers the essentials such as food, laundry, utilities and basic care.

Then there is a means tested care fee which is determined by Services Australia or Veteran's Affairs. This figure can range from \$0 to about \$256 a day depending on a person's income and assets. The figure has an indexed annual and a lifetime cap – currently set at \$28,339 a year or \$68,013 over a lifetime.

Some facilities offer extra services, where a compulsory extra services fee is paid. It has nothing to do with care but may include extras like special outings, a choice of meals, wine with meals and daily newspaper delivery. It can range from \$20-\$100 a day.

A means assessment determines if you need to pay the means-tested care fee and if the government will contribute to your accommodation costs. Everyone who moves into an aged care home is quoted a room price before moving in. The means assessment then determines if you will have to pay the agreed room price, or RAD, or contribute towards it.

### How means testing works

A means-tested amount above a certain threshold is used to determine whether you pay the quoted RAD and how much the government will contribute towards the means-tested care fee.

A person on the full Age Pension and with property and assets below about \$37,155 would have all their costs met by the government, except the \$52.71 a day basic daily fee.

A person on the full Age Pension with a home and a protected person, such as their spouse, living in it and assets between \$37,155 and \$173,075 may be asked to contribute towards their accommodation and care.

To be classified a low means resident there would be assessable assets below \$173,075.20 (indexed). It is also subject to an income test.

A low means resident may pay a Daily Accommodation Contribution (DAC) instead of a DAP which can then be converted to a Refundable Accommodation Contribution (RAC). They may also pay a small means-tested care fee.

### Payment strategies

The fees you may pay for residential care and how you pay them requires careful consideration. For example, selling assets such as the former home to pay for your residential care can affect your aged care fees and Age Pension entitlements.

*If you would like to discuss aged care payment options and how to ensure you find the right residential care at a cost you or your loved one can afford, give us a call.*

<sup>i</sup> All costs quoted in this article are available on <https://www.myagedcare.gov.au/aged-care-home-costs-and-fees>

## More Baby News!

Our Brisbane CBD team had a morning tea celebrating the impending birth of our Practice Manager Jenna's baby daughter (due date Oct 22nd). Jenna the entire Stonehouse team wish you, Eric and Jasper all the best and we can't wait to meet your new baby.



## 5 MINUTES WITH... Michael Saunders



### Your qualifications?

Certified Financial Planner – CFP

Diploma of Financial Planning – DFP

Cert IV – Finance and Mortgage Broking

I've also done tax return preparation for a couple of tax seasons. For a while I also worked at Centrelink (it was called the Dept of Employment Education and Trade back then) so I have a well-rounded background for financial planning work.

### What you were doing before moving to Stonehouse?

I was working in a similar role assisting with projections, compliance, investments, technical, tax strategies – all the nerd work that I find challenging and interesting.

### What are you enjoying about your role?

I love working for a company that is big enough to provide excellent career development opportunities for the younger (that's not me!) staff but small enough to still really be in touch with their clients and have a genuine passion for helping people

with the complexities of investments, superannuation, the economy and their clients' goals and dreams.

### What are you reading / watching at the moment?

I am reading 'Vaxxers' by Catherine Green and Sarah Gilbert. They are two extraordinary women who are leaders in their field and by late January 2020 had already had the DNA sequencing done for the AZ Covid vaccine. It's an interesting account on the barriers they faced and overcame to bring us a vaccine in months, rather than years. A good lesson on never taking 'no' for an answer.

### Tell us a bit about your family life?

True story. My grandmother, on my father's side, used to work as a professional contortionist probably around a century ago. In Sydney she used to appear at the old Tivoli theatre where the finale of her show involved standing on a chair, then bending down backwards so low that she could pick up a glass of water in her teeth (backwards), then drink the water as she

went back upright. I try to bring a similar degree of flexibility to the work I do here at Stonehouse! (chortle, chortle)

### Pastimes?

I am a tragic when it comes to pinball machines. I am a bit of a collector and also go in all the major Australian competitions. My current world ranking is 941st – so there is always a lot more work to do. I have a couple of brand-new pinballs on the way. A Guns 'n' Roses Limited Edition coming from Chicago and an Alien (think Sigourney Weaver) themed pinball coming from Italy. I am hoping the dockside dispute down in Melbourne gets sorted out quickly so I can have those machines pinged by the time Santa arrives.

### Other interests / comments?

It's been a tough couple of years with Covid, but I think we have been blessed living in Australia, and particularly Queensland. As a life lesson I think for me it's highlighted not to 'sweat the small stuff' and to appreciate some of life's simpler joys.

