stonehouse

Newsletter

Spring 2022

Taylor Boyce's birthday celebrations

It's October and the footy finals are over. In Canberra though, Treasurer Jim Chalmers is warming up for his first Budget on October 25 against a background of mounting economic pressures.

In September, persistently high inflation and aggressive rate hikes by the world's central banks put global share and bond markets under pressure. The US Federal Reserve has lifted rates seven times this year, but US inflation remains at 8.3%. There is now growing fear that central banks may push the world into recession. In a surprise twist, the Bank of England (which has also lifted rates seven times this year) was forced to switch back to Quantitative Easing, buying government bonds to support the British pound which crashed to a record low in response to a stimulatory mini-Budget released by the new Conservative Party leadership. This led to a late relief rally on global sharemarkets and a fall in the US dollar and global bond yields. Even so, major global sharemarkets finished the month down 6% or more.

In Australia, the picture is a little brighter. Economic growth was up 3.6% in the year to June. Company profits are also strong, up 28.5% in the year to June, and unemployment remains low, at 3.5% in August. While inflation eased from 7% in July to 6.8% in August, due to falling petrol prices, it is still well above the Reserve Bank's 2-3% target. Aussie consumers continue to spend at record levels, pushing up retail spending by 19.2% in the year to August, and petrol prices are set to increase by at least 22c a litre after the reinstatement of the fuel excise. Both will put upward pressure on inflation and interest rates.

The Aussie dollar fell more than 3c against the surging US dollar in September, to US65c.

Belinda recently celebrated 20 years at Stonehouse. We asked Belinda a few questions about her 20-year tenure….

I've met so many wonderful clients and worked alongside great colleagues, seen multiple office moves and the business grow in strength and numbers and glad I can contribute to helping our clients reach their financial goals.

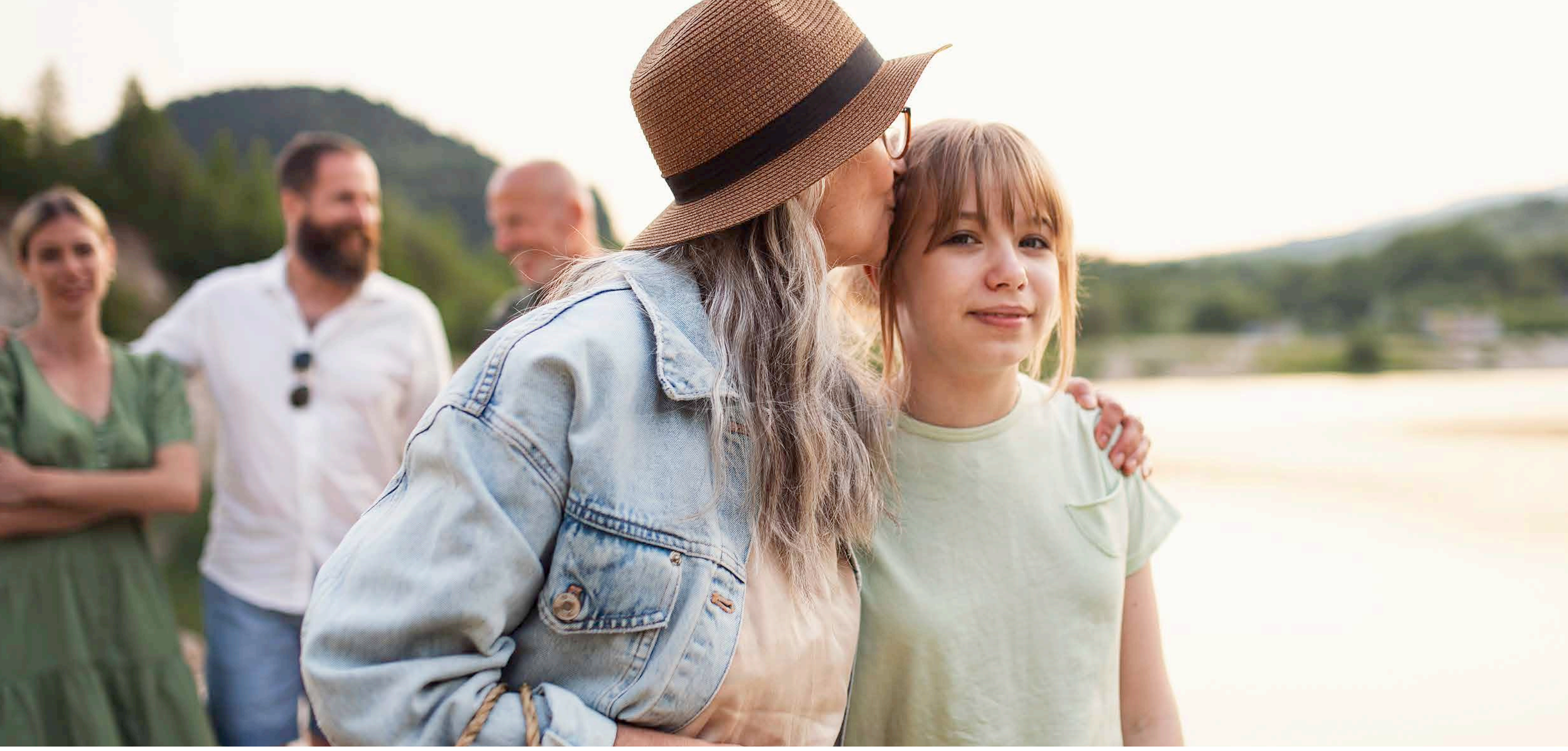
Stonehouse is like family, we've had many celebrations, trials, and tribulations, and as any family does, we come out the other side as better people.

Every day is a learning opportunity, and we're always striving to improve and give the clients the best experience possible.

I've raised my children (Adrian, Zachery & Mollie) alongside my husband Jeff and seen them grow and become parents themselves. I now have 3 beautiful Granddaughters – Addison, Arayah and Dakota.

Alongside my family, I love my 2 border collies and we all love camping/glamping and spending time at our semi-rural family home in Jimboomba Woods.

Congratulations again Belinda, you're an incredible asset to the Stonehouse team!



Estate Planning
– the last thing on your list

Taylor Boyce
Financial Adviser

When we think of getting our Will organised we must contemplate our mortality and therefore tend to avoid it and move it to the bottom of the list of importance – especially when we are young and 'indestructible'. The fact is that a Will is just as important as building your wealth because it allows you to protect that wealth for your family and other beneficiaries if organised correctly.

It has become all too common these days to have a Will challenged or contested. Typically, these claims come from a child, spouse, former spouse, or certain dependants left out of a Will or a beneficiary wishing to challenge the fairness of the gift allocated to them. There are ways to protect the proceeds of an estate in this regard which we've helped arrange for many of our clients at Stonehouse.

Although death taxes were abolished in Queensland in 1979 and was soon followed by the other states and territories of Australia, there are typically considerations around stamp duty and capital gains tax that need to be taken into consideration when arranging a Will.

A Will should consider the surviving spouse, children, other financial dependents, and the protection of assets that go to them after your passing. For many clients it's important that the assets remain in the family if your children have a marriage breakdown, have a higher risk career where negligence claims may be likely or the remarriage of your spouse after death and subsequent protection of assets.

The main goal of a Will is of course to ensure that the wishes of the deceased are carried out according to their preferences regarding their estate assets. When making a Will there are many things to consider, but as a Financial Adviser, I consider three things:

- Control,
- Tax implications and,
- Protection for family and other beneficiaries.

These three elements can comfortably be managed using a Testamentary Trust that is established through the Will upon death. The trust will protect assets from creditors, remarriage of spouse, Will challenges and divorce of a child amongst other events.

They also have significant tax benefits especially if you have children under the age of 18 at the time of death. They allow distributions from the trust to children to be taxed at adult tax rates instead of child rates which can lead to very substantial tax savings. They also allow for the Will maker (or testator) to have discretion over when children inherit funds, whether that be at a particular age or at a particular stage in life.

Recently we had a client approach us after the unfortunate passing of her husband. Her husband was survived by her and several young children. We found that the husband's Will didn't provide for a Testamentary Trust, so we were forced to seek an alternative strategy by way of an Estate Proceeds Trust. This trust has many features of a Testamentary Trust but the funds must be inherited by the child beneficiaries on their 18th birthday. An Estate Proceeds Trust provides the tax benefits for minors much like a Testamentary Trust but there are some limitations on which assets of the estate may be incorporated, as the assets initially used to establish the trust cannot exceed the amount which the beneficiary would have received under the law if you died without a Will. As most people would agree, an 18-year-old inheriting a large amount of funds is often less than ideal so in this example an Estate Proceeds Trust was passed on as an option. This situation highlights the importance of ensuring that your Wills are set up early on and if necessary, have the inclusion of a Testamentary Trust. In doing so, control over the timing of children's inheritance can be maintained whilst maximising the tax benefits.

If you're unsure if your Will is appropriate for your situation I'd encourage you to speak to your Financial Adviser so they can refer you to a suitable legal professional.

Guide to aged care at home

Steven Putt
Partner

As we get older, most of us want to remain independent and in our own home for as long as possible, but this can be challenging without some help with household tasks and personal care.

Recognising this, the government runs a Home Care Packages program where approved aged care service providers work with individuals to deliver co-ordinated services at home.

Approval for a Home Care Package starts with an assessment by the Aged Care Assessment Team (ACAT). Eligibility for a Home Care Package, or other government subsidised help at home, is based on your care needs as determined through the assessment. You must also be an older person who needs co-ordinated services to help them stay at home or a younger person with a disability, dementia, or other care needs not met through other specialist services.

You can make your own referral via the government's My Aged Care website (https://www.myagedcare.gov.au/) or by calling 1800 200 422 and answering some questions.

Financial eligibility

Your financial situation won't affect your eligibility. But once you have been assigned a package, you will need a financial assessment to work out exactly how much you may be asked to contribute.

There are four levels of Home Care Packages – from Level 1 for basic care needs to Level 4 for high care needs.

The annual budgets for the packages are (in round figures) $9,000 for a Level 1, $16,000 for a Level 2, $35,000 for a Level 3 and $53,000 for a Level 4. The government contribution changes on 1 July each year.

The idea is that a person, using a consumer directed care approach, can decide how they would like to use that money for help which may include equipment such as a walker or services such as household tasks, personal care, or allied health.

Your contribution could be a basic daily fee up to $11.26 a day, as well as an income tested fee up to $32.30 a day or $11,759.74 a year.[i] These fees are adjusted in March and September each year.

Expect a wait

Demand for packages is high, with a wait of 3-6 months for a low-level package and 6-9 months for a higher level package.

It's not unusual to be approved for a high-level package but be offered or 'assigned' a lower level package as an interim measure.

Once approved for a Home Care Package, you must appoint a provider approved by the government, whose role is to administer, and manage the package for you.

The provider will charge a fee for their services which is deducted from the Home Care Package. This essentially reduces the amount of money from the package that can be spent on services. Administration costs can be 10-15 per cent of the package and case management another 10 per cent, or thereabouts.

The services offered and the way they are delivered can vary between providers, so comparing offers is important.

How much help you get from a package will depend on your care needs and fees, but generally a Level 1 package might provide two or three hours of help a week, a Level 2 about four hours, a Level 3 package about 8 hours and a Level 4 about 12 hours.

A recent Fair Work Commission ruling mandating minimum two-hour shifts for casual home care workers, while improving conditions for low-paid workers, is also expected to lead to increased costs for providers and ultimately Home Care Package recipients.

Self-managed home care

One way to get more hours of help and have a greater say in who delivers it, is to self-manage your Home Care Package. As well as saving the case management fee you can generally negotiate directly with workers the hours worked and the rate of pay.

You still need an approved provider to administer the package, with the fee being about 10-15 per cent.

There are currently five providers offering a self-managed option. One way to find support workers to assist with your care needs is through one of several online platforms where carers register their willingness to help, along with their hourly rates.

If you are weighing up your aged care options for yourself or a loved one, and would like to discuss financing arrangements, please get in touch.

i https://www.myagedcare.gov.au/home-care-package-costs-and-fees

Michelle Poulsen
– Partner announcement

Stonehouse are proud to welcome Michelle Poulsen as a Partner to the firm and we would like to congratulate her on this achievement.

When we asked Michelle about the journey to Partnership since joining Stonehouse her response was:

“

I made the decision to join Stonehouse from a large financial institution as I felt the business aligned with my core values and my expectations of what a great client experience should be. The team at Stonehouse were very welcoming and within a short period of time I felt like an integral part of the business and haven't looked back since. Stonehouse prides itself on its client experience, engagement, and innovation and I am very excited to become a Partner of the Stonehouse group.

5 MINUTES WITH...
David Peck

David is a skilled strategic thinker who cares deeply about his client's and their financial security by partnering with them to create lasting value through appropriate strategies and sound investment management. He believes that quality planning is based upon understanding the unique needs of his clients, creating trust, and maintaining transparent relationships; only then can lasting, worthwhile outcomes can be achieved.

He holds a Bachelor of Business (Mgt) from the Queensland University of Technology, is a member of the Financial Planning Association, holds the highly regarded CERTIFIED FINANCIAL PLANNER™ (CFP®) designation and is a registered Tax (Financial) Adviser with the Tax Practitioners Board.

David and his wife Barb have 3 incredible adult children and 7 amazing grandchildren who he loves spending time with.

David's original plans after leaving school was to join the Air Force and fly fighter planes which was a boyhood dream. Instead, life took him in other directions which meant that life as a “Top Gun” wasn't to be. David did, however, obtain a student pilots licence at 16 and soloed before hanging up his wings. His love for flight has now grown into a love of travel generally which he and Barb love to share.

David's move into finance came when he was offered two jobs after graduating from high school: a trainee manager at Myer or working for the AMP. Needless to say, AMP became his first employer and as they say, the rest is history. Financial planning did not become David's focus until her left AMP some 11 years later and since then has been fortunate to grow and build his professional life in a variety of firms and as a self-employed owner of a financial planning practice with another business partner.

David is available for appointments at our Brisbane CBD office and is available for online and phone appointments.