



WA  
**Aged Care**  
Financial Solutions



**AFFILIATE**  
2020-2021



## Winter 2021

It's June which means winter has officially arrived. As we rug up and spend more time indoors, it's a perfect time to get your financial house in order as another financial year draws to a close. And what a year it has been!

Interest rates remain stubbornly low, with modest returns to investors holding cash or fixed term deposits. Despite that, Centrelink is still deeming up to 2.25% per annum on financial assets for means testing purposes. Good luck trying to get 2.25% per annum from a bank these days! On that front beware of offers spruiking high interest rates, and remember the old expression "if it sounds too good to be true, it probably is".

The report from the Royal Commission into Aged Care was finally released with no implications to Aged Care fees and charges for residents at this stage. The Basic Daily Fee payable by a resident remains unchanged, though the Government will top up the Aged Care provider with another \$10 per day for basic living expenses. Changes to the structure of Aged Care fees and charges may arise going forward, as the Government fully digests the Royal Commission Report. That said, grandfathering has applied in the past to protect existing residents from structural changes in Aged Care fees and charges.

As always, just be in touch with either Trish or myself should you have any queries or like our assistance.

Andrew Hopkins  
Principal



### **WA Aged Care Financial Solutions**

Unit 1, Wembley Green Offices  
61 Flynn Street, Wembley WA 6014

**P** 1300 827 229

**F** 08 9287 2933

**E** [andrew.hopkins@agedcarefswa.com](mailto:andrew.hopkins@agedcarefswa.com)

**W** [www.agedcarefswa.com](http://www.agedcarefswa.com)

# Here's to a happy, healthy, long life!



One of the things that we all have in common as living beings is our finite lifespan and our awareness of this also contributes to motivating us to make each and every moment count.

Yet while many of us don't want to reflect much on our mortality, we all want to live happier, healthier and longer lives. In fact, it's a very human trait to be fascinated by the potential of extending our lifespans.

While one 105-year-old woman, who has survived COVID and the 1918 Spanish flu outbreak, recently credited her longevity to eating gin-soaked raisins on a daily basis, there are those who go to much greater lengths.<sup>i</sup>

## Living long

Over the past 100 years, life expectancy in Australia has increased from around 50 years to well over 80 years, with a boy born today expected to live around 80.9 years and a girl 85.0 years.<sup>ii</sup> Most researchers looking at trends in mortality believe life expectancy will continue to increase in coming decades.

That's not enough for a small cohort of people termed 'Biohackers' who 'hack' their bodies to make them function better and in many cases, live significantly longer.

One high profile biohacker, Dave Asprey, is vocal in his aim to reach the grand old age of 180. Dedicating millions of dollars to the cause, Dave gets regular stem cell injections, bathes in infrared light, uses a hyperbaric chamber and takes over 100 supplements a day.<sup>iii</sup>

## How to live longer and better

We're not all Silicone Valley millionaires, able to access expensive biohacking

treatments, nor do we all want to. But there are some common-sense ways to not only live longer, but live better.

### Eat well

While the 'perfect' diet is often contested, what the experts generally agree on is that we should incorporate plenty of plant foods, limit red meat, avoid processed foods and eat healthy fats and complex carbs.<sup>iv</sup> Often the Okinawa Diet is referenced when it comes to living longer, as the residents of this Japanese island can live to 100 – Okinawa has the most centenarians per 100,000 population. The Okinawans eat a lot of plant foods, with some seafood and meat.

### Move it

Being physically active is also important. Again, this can look different for different people, but regular exercise has been proven to improve heart health, control blood sugar levels, maintain or provide weight loss, and also possibly decrease our risk of developing cancer.<sup>v</sup>

### Stay sharp

Staying mentally active can also improve our lifespans. As we age, our mental abilities decline, but that doesn't mean that there's nothing you can do about it. And it's not all bad news either, in fact, an older brain can create new connections between neurones. As some neurones die, their roles are taken up by others to help you adapt.<sup>vi</sup> Prioritising your social life, being open to new experiences and

taking up new hobbies will keep you mentally active, as will that puzzle book or game of Trivial Pursuit.

### Connection

Maintaining a healthy social life won't just help your brain, research has also shown there are many physical benefits to staying connected. Lower blood pressure, a stronger immune system and possibly reduced inflammation can be the result of being happy around other people.<sup>vii</sup>

### Purpose

It's also important to be happy within yourself. Feeling fulfilled has been linked to longevity. A research scientist called Robert Butler found that those who could express their sense of purpose or life meaning lived about 8 years longer than those who were rudderless.<sup>viii</sup>

Ultimately, it's not just the years in your life, but the life in your years that's important. What's the point of living to 100, or 180, if you don't feel content and well? Living a full and satisfying life is the main goal we should strive for, and by taking care of ourselves, we hopefully will have years in our life and life in our years.

<sup>i</sup> <https://www.forbes.com/sites/brucelee/2021/02/27/105-year-old-recovered-from-covid-19-her-tip-eating-gin-soaked-raisins/?sh=1b702a2ee551>

<sup>ii</sup> <https://www.abs.gov.au/media-centre/media-releases/life-expectancy-continues-increase-australia>

<sup>iii</sup> <https://www.menshealth.com.au/how-to-live-to-180-years-old-bulletproof-founder-dave-asprey>

<sup>iv</sup> <https://www.nbcnews.com/better/lifestyle/what-science-says-about-best-way-eat-what-we-re-ncna1104911>

<sup>v</sup> <https://www.health.harvard.edu/healthbeat/5-ways-exercise-helps-men-live-longer-and-better>

<sup>vi</sup> <https://www.betterhealth.vic.gov.au/health/HealthyLiving/healthy-ageing-stay-mentally-active>

<sup>vii</sup> <https://www.betterhealth.vic.gov.au/health/HealthyLiving/Strong-relationships-strong-health>

<sup>viii</sup> <https://www.bluezones.com/2019/05/news-huge-study-confirms-purpose-and-meaning-add-years-to-life/>



# COUNTING DOWN TO

# JUNE 30

It's been a year of change like no other and that extends to tax and superannuation. As the end of the financial year approaches, now is a good time to check some new and not so new ways to reduce tax and boost your savings.

With so many of us confined to our homes over the past year, the big deductible item this year is likely to be working from home expenses.

## Home office expenses

If you have been working from home, the Australian Taxation Office (ATO) has introduced a temporary shortcut method which can be used for the 2020-21 financial year. This allows you to claim 80c for each hour you worked from home during the year.<sup>i</sup>

The shortcut method covers the additional running costs for home expenses such as electricity, phone, internet, cleaning and the decline in value of home office furniture and equipment.

Some people may get a better result claiming the work-related portion of their actual working from home expenses using the actual cost method.

Alternatively, if you do have a dedicated home office, you can claim using the fixed rate method. The fixed rate is 52c an hour for every hour you work at home and covers things like gas and electricity, and the decline in value or repair of office furniture and furnishings. On top of this, you may be able to claim the work-related portion of phone and internet expenses, computer and stationery supplies, and the decline in value of your digital devices.<sup>ii</sup>

## Pre-pay expenses

While COVID has changed many things, some things stay the same. Such as

the potential benefits of pre-paying next year's expenses to claim a tax deduction against this year's income.

Some examples are pre-paying 12 months' premiums for your income protection insurance and work-related expenses such as professional subscriptions and union fees. If you are unsure what you can claim, the ATO has a guide for a range of occupations.

If you own an investment property, you might also consider pre-paying 12 months' interest on your loan and other property-related expenses.

## Top up your super

If your super could do with a boost and you have cash to spare, now is the time to check whether you are making the most of the contribution strategies available to you.

You can make tax-deductible contributions up to \$25,000 a year, including Super Guarantee payments by your employer. You can also contribute up to \$100,000 a year after tax. From July 1 these caps will increase to \$27,500 and \$110,000 respectively, so it's important to factor this into decisions you make before June 30.

For instance, if you recently received a windfall and are considering using the 'bring forward' rule, you might consider holding off until after July 1. This rule allows you to bring forward two years' after-tax contributions. By holding off until July 1 you could contribute up to \$330,000 under the new limits.

Also increasing on July 1 is the amount you can transfer from your super account into a pension account. The transfer balance cap is increasing from \$1.6 million to \$1.7 million.

So if you are about to retire and your super balance is close to the cap, it may be worth delaying until after June 30.

Finally, from 1 July 2020, if you are under age 67 you can now make voluntary contributions without meeting a work test. And if 2020-21 is the first year that you no longer satisfy the work test, you may still be able to add to your super if you had a total super balance below \$300,000 on 1 July 2020.

## Manage investment gains and losses

Now is a good time to look at your portfolio for any loss-making investments with a view to selling before June 30. Any capital loss may potentially be used to offset some or all of your gains.

Of course, any decisions to buy or sell should fit with your overall investment strategy and not for tax reasons alone.

For all the challenges of the past year, there are still many ways to improve your overall financial situation. So get in touch to make the most of strategies available to you to before June 30.

<sup>i</sup> [https://www.ato.gov.au/general/covid-19/support-for-individuals-and-employees/employees-working-from-home/#:~:text=The%20shortcut%20method%20covers%20all,computer\)%2C%20and%20gas%20heating%20expenses](https://www.ato.gov.au/general/covid-19/support-for-individuals-and-employees/employees-working-from-home/#:~:text=The%20shortcut%20method%20covers%20all,computer)%2C%20and%20gas%20heating%20expenses)

<sup>ii</sup> [https://www.ato.gov.au/individuals/income-and-deductions/deductions-you-can-claim/home-office-expenses/?=redirected\\_home20&anchor=Actualcostmethod#Fixedratemethod](https://www.ato.gov.au/individuals/income-and-deductions/deductions-you-can-claim/home-office-expenses/?=redirected_home20&anchor=Actualcostmethod#Fixedratemethod)

This advice may not be suitable to you because it contains general advice that has not been tailored to your personal circumstances. Please seek personal tax advice prior to acting on this information.

# THE FINANCIAL

## rewards of optimism



If it wasn't already clear, the past 12 months certainly cemented the fact that life has a habit of throwing us the occasional curveball. The reality is we all face challenges, however approaching life with a positive mindset can help us deal with any issues we may face and improve our lives in many ways.

Having a positive outlook not only improves our health and wellbeing, it can also have a meaningful and very real positive impact on our finances.

### How optimism can improve our finances

If you have a cautious or anxious approach to your finances, such as worrying you'll never have enough money or being wary of spending, it will likely come as a surprise to hear that being optimistic can improve your financial situation.

A recent study connected the link between financial well-being and an optimistic mindset, finding that people who classify themselves as optimists enjoy 62 per cent fewer days of financial stress per year compared to pessimists.<sup>i</sup>

### Superior financial well-being

When you are positive in your outlook, you are also much more likely to follow better financial habits in managing your money. Optimists tend to save for major purchases, with around 90 percent of optimists having saved for a significant purchase, be it a car, a house or an overseas holiday, compared to pessimists at just 70 per cent.<sup>i</sup>

However, optimism does not equal naivety, optimists still tend to have contingency plans in place

for unforeseen events that may detrimentally impact their bottom line. Some 66 per cent of optimists had an emergency fund, compared to under 50 percent of the pessimists.<sup>i</sup>

This goes to show that maintaining an optimistic approach to your finances does still involve planning for the future. By being prepared, you'll reduce the stress that comes from feeling the rug could be pulled from beneath you without a safety net.

### Your career and earning capacity

An optimistic approach to life and your career leads to achieving greater career success and the financial rewards that come with being successful in your job.

Optimists are 40 percent more likely than pessimists to receive a promotion within a space of twelve months and up to six times more predisposed to being highly engaged in their chosen career.<sup>i</sup>

### Changing your attitude

Knowing that optimism is great for your wallet and your health is one thing, but how do you shift your outlook? If you're prone to worry, focussing on pessimistic outcomes or a bit of a sceptic, looking on the bright side of life can seem easier said than done.

It is possible to nurture optimism, and you get this opportunity every day. Cultivating optimism can be as simple as adopting optimistic behaviours.

### So, what are the financial behaviours of optimists that we can emulate?

Optimists tend to be more comfortable talking about and learning about money, and are more likely to follow expert financial advice than their more pessimistic peers.

Positive people display a correspondingly positive approach to their finances. They tend to put plans in place and have the courage to dream big. You don't have to be too ambitious in how you carry out those plans, every small step you take will help you to get where you want to be.

Everyone experiences setbacks at various times, however optimists rise to these challenges, learning from their past mistakes and persisting in their endeavours. Don't be too hard on yourself if you are experiencing difficulties. We all face challenges and during these times, focus on solutions rather than just the problems, be conscious of your "internal talk" and don't be afraid to seek out support. It's important to focus on what you can do differently going forward, this could be as simple as working towards a "rainy day" fund.

It's never too late to change your outlook. By embracing optimism, you can reap the rewards that a more positive outlook provides.

<sup>i</sup> <https://www.optforoptimism.com/optimism/optimismresearch.pdf>