



Your future is our  
business

## Polio Australia

**Natalie Bordun CFP<sup>®</sup>, DFP**

Accredited Aged Care Professional <sup>™</sup>

Minerds Bell Consultancy Group

Saturday 13<sup>th</sup> October 2018

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## Who am I?

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**Natalie Bordun** CFP®, DFP, Accredited Aged Care Professional™

Natalie has over 28 years of experience within various sectors of the financial industry, with 18 of those in financial planning.

She completed her diploma in Financial Markets with the Securities Institute in 2000, Diploma of Financial Planning from Deakin University in 2004, and is a Certified Financial Planner® as designated by the Financial Planning Association.

Natalie is also an Accredited Aged Care Professional™ as per the Aged Care Steps training program. As an Aged Care specialist Natalie has been appointed to the Bupa Aged Care Financial Guidance Panel.

Natalie's experience includes providing advice in the areas of Superannuation, Self-Managed Super Funds, retirement planning, wealth creation, insurance protection, aged care, gearing, redundancy packages and Centrelink issues.

# Who is Minerds Bell Consultancy Group?

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- Based in Kingswood, Minerds Bell has been providing tailored financial planning solutions to South Australians for over 40 years.
- The business currently employs 4 highly trained and experienced advisers and 8 dedicated and friendly support staff. We also have a mortgage broker in-house.

## Specialists in the following areas of financial planning:

- Protection of wealth (personal risk and business owners insurance)
- Investment (including gearing)
- Superannuation including Self Managed Super Funds
- Pre /Post Retirement strategies
- Centrelink advice
- Aged Care strategies
- Redundancy

# Contents

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1. Superannuation & Retirement
2. Downsizing your home
3. Centrelink
4. Benefits for Retirees
5. Home Care
6. Aged Care
7. Estate Planning

# 1. Superannuation & Retirement facts

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- The system holds \$2 trillion in assets and pays over \$70 billion in benefits annually
- The Australian compulsory superannuation system is still relatively immature in the sense that many individuals have had superannuation coverage only since the commencement of industrial award-based superannuation in the late 1980s and the introduction of the Superannuation Guarantee (SG) in 1992. The SG only reached 9% in 2002 and is currently set at 9.5%
- Around 1.8 million people rely mainly on the Age Pension for their income in retirement. There is still a significant proportion of the population who do not have any superannuation, with one in four men and one in three women reporting they have no superannuation savings.
- Self-employed people represent a big gap in coverage in the system, with one in four reporting they have no superannuation savings and those with superannuation reporting lower balances on average relative to employees.

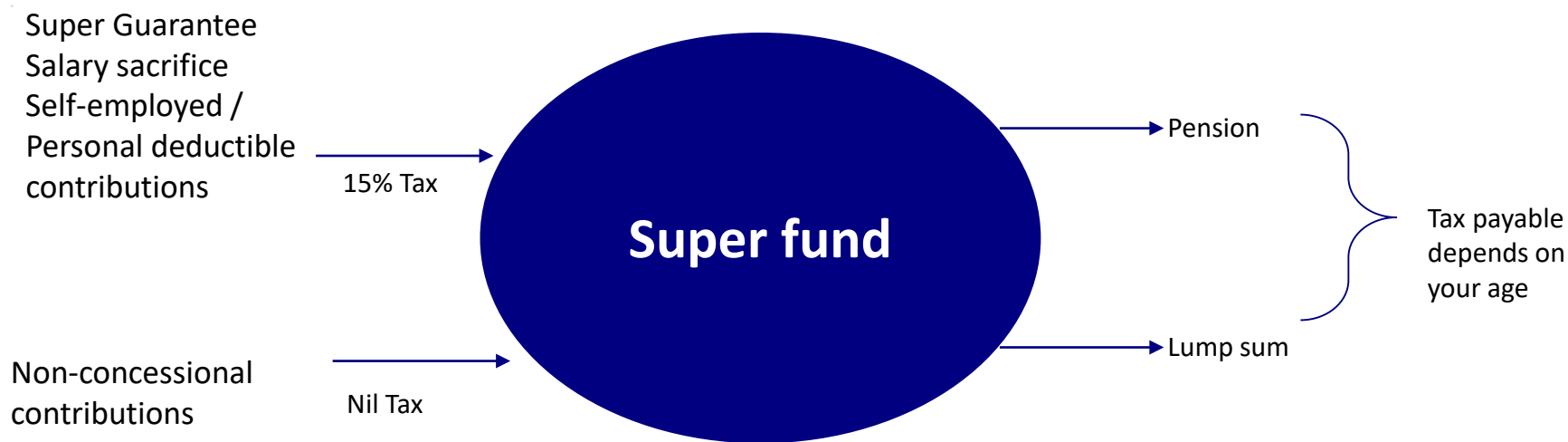
# What is Superannuation?

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- Superannuation is a tax structure, not an investment
- The structure is concessional taxed to help build retirement savings
- What are the benefits of super versus other investment entities?
- How can you make your super work harder for you?

# How does Superannuation work?

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- 15% tax on investment earnings in accumulation phase and TTR pensions
- Tax free earnings on investment in pension phase



# Removal of 10% test to claim super

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- Removal of the 10% test allows anyone to claim a tax deduction for personal contributions (subject to age and limits).
- If an employee, no longer the requirement to salary sacrifice to super.
- Reduces employer risk of not passing on the contribution.
- Only issue, no reduction in provisional tax, tax refund when tax return is lodged.

# Removal of anti-detriment benefit deduction

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- What is a anti detriment payment
- **Significant reform effecting all super.**
- Government will pick up millions of tax whereby previously was largely neutralised in the past
- Consider re-contribution strategies,
- **Warning:** Centrelink - make sure you don't squander grandfathering provision on existing Account Based Pensions, with considering a re-contribution strategy.

## 2. Downsizing your home – super contributions

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### NEW LEGISLATION

#### Eligibility:

- Sale contract is entered into on or after 1 July 2018
- Must have been owned for at least 10 years
- Must be eligible for at least part CGT main residence exemption
- Both members of a couple can contribute up to \$300,000 to super
- You do not need to purchase another home

## Downsizing your home (continued)

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- Super funds will be allowed to accept 'downsizing' contributions from those age 65 or more (no work test)
- Not included in contribution caps
- Contribution limited to sale proceeds of home
- Must be made within 90 days of settlement
- Notice must be provided to super fund of the type of contribution it is
- No special Centrelink means test exemption applies to downsizing contribution

### 3. Centrelink – Current Asset Test Thresholds

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Thresholds to 31 December 2018	Lower Asset Threshold	Upper Asset Threshold
Single – Homeowner	\$258,500	\$564,000
Single – Non-Homeowner	\$465,500	\$771,000
Couple – Homeowner	\$387,500	\$848,000
Couple – Non-Homeowner	\$594,500	\$1,055,000
Illness separated couple – Homeowner	\$387,500	\$998,500
Illness separated couple – Non- Homeowner	\$594,500	\$1,205,500

For every \$1,000 of excess assessable assets above the lower asset threshold, pension payment will reduce by \$3.00 per fortnight.

### 3. Centrelink – Age Pension Rates

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Status	Per Fortnight *	Per Annum *
Single	\$916.30	\$23,823.80
Member of Couple	\$690.70	\$17,958.20
Illness Separated Couple	\$916.30	\$23,823.80

\* Including the Pension Supplement and Energy Supplement

Important to note that if you are still working but have met age pension age, you may still be able to claim the pension.

## 4. Benefits for Retirees

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- Pensioner Concession Card
- Commonwealth Seniors Health Care Card
- Low Income Health Care Card
- Carer Payment & Allowances – **New Income Test**
- Bereavement Allowances
- State Seniors Card

## 4. Benefits for Retirees.....

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### Discounts on things like:

- Public Transport Fees
- Drivers License & Registration Fees
- Dog Registration
- Mail Redirection and stamps
- Personal Alarm Systems Rebate Scheme
- Passports
- Medical Heating & Cooling





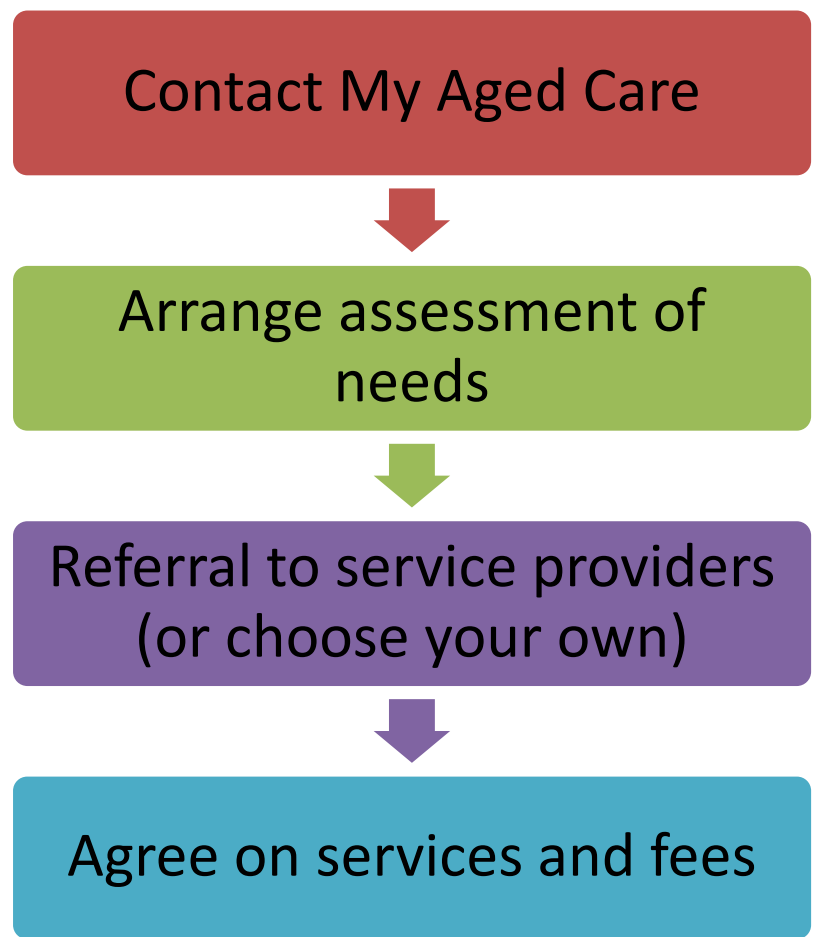
## 5. Help around the home

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### Commonwealth Home Support Program (CHSP)

Support with meals, cleaning, transport to help you remain living independently

Often first step before home care packages or residential care



## Help to stay in your home

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- ▶ Home care packages may defer need to move into care, but often also need family/spouse support as well
- ▶ Subsidised by government so need an ACAT assessment

### Full pensioners

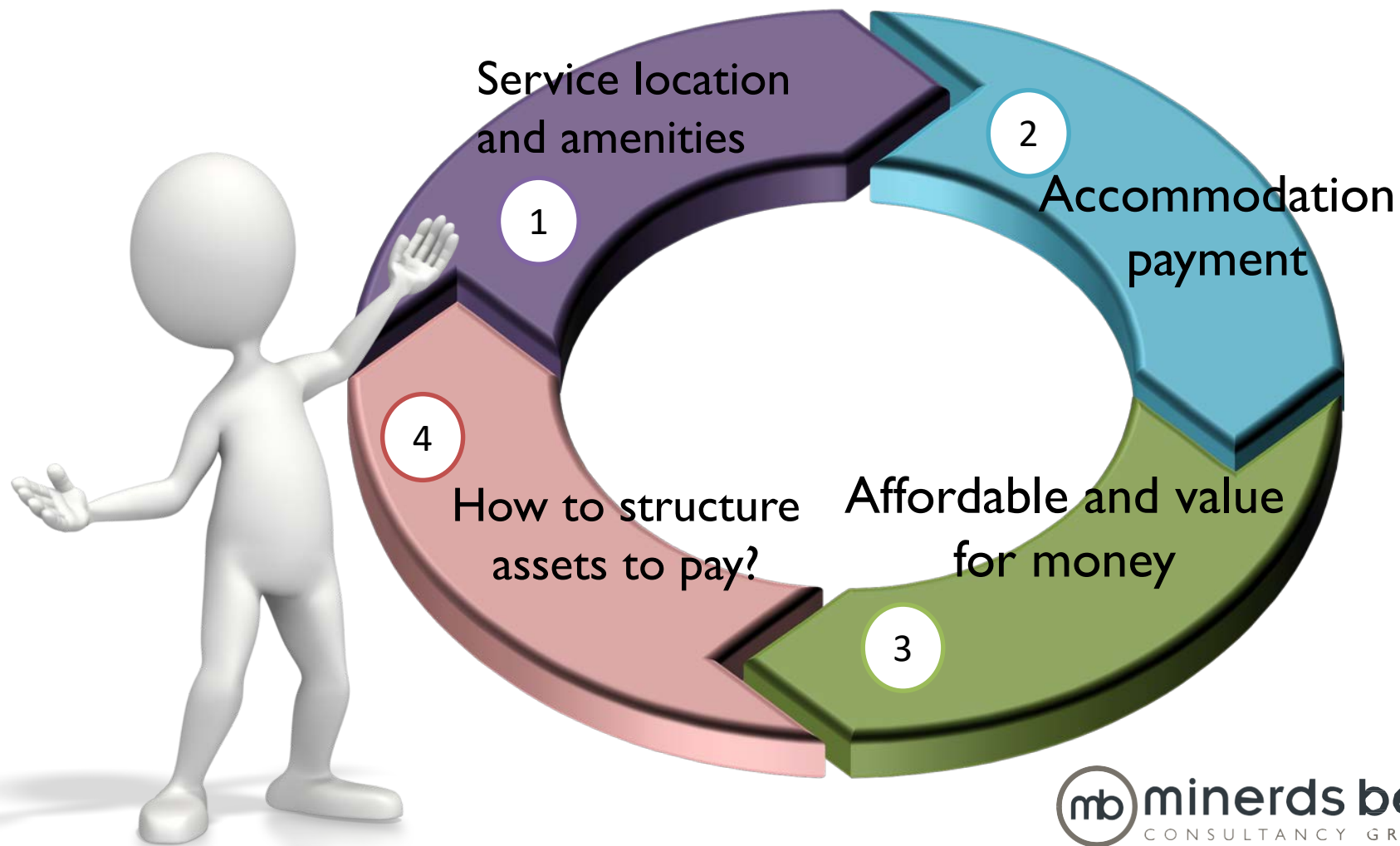
- Fee set at 17.5% of basic single age pension
- \$10.43 every day

### Part-pensioner or self-funded

- Fee set at 17.5% of basic single age pension PLUS
- 50% of assessable income over threshold but annual & lifetime caps\* apply

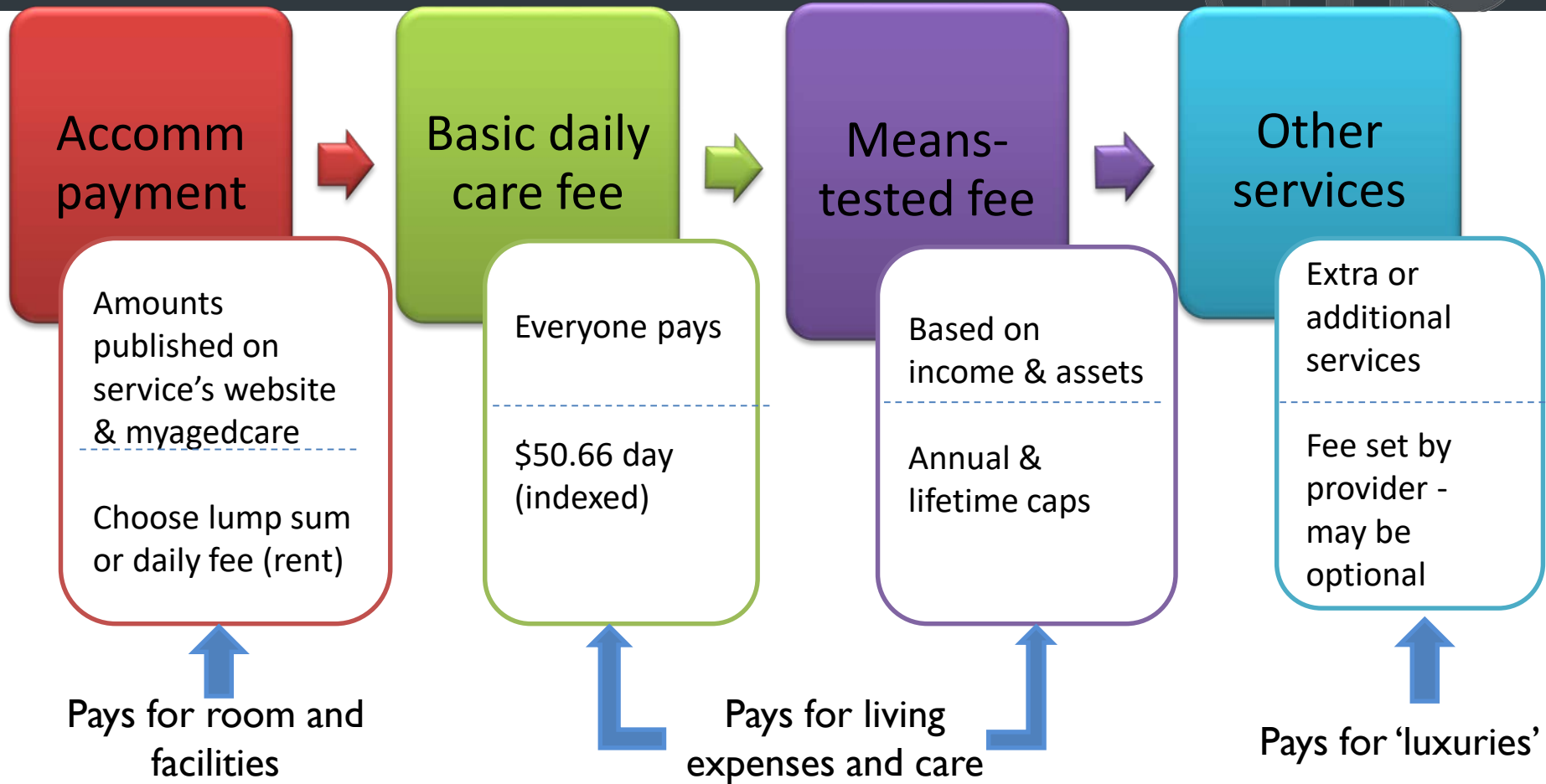
\* Annual caps of \$5,446.43 pa generally applies for part-pensioners and \$10,892.89 pa for self-funded. Lifetime cap of \$65,357.65 (all indexed)

## 6. Entering Aged Care





# What will you pay?





# Does your house count as an asset

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## ... to determine aged care fees?

- Exempt if spouse or protected person still living there
- Otherwise capped value of \$166,707.20
- Rental income (net) is assessable\*



## ... to calculate age pension?

- Exempt if spouse lives there or first two years if no spouse
- After two years, net market value is assessed\*
- Rental income (net) is assessable\*

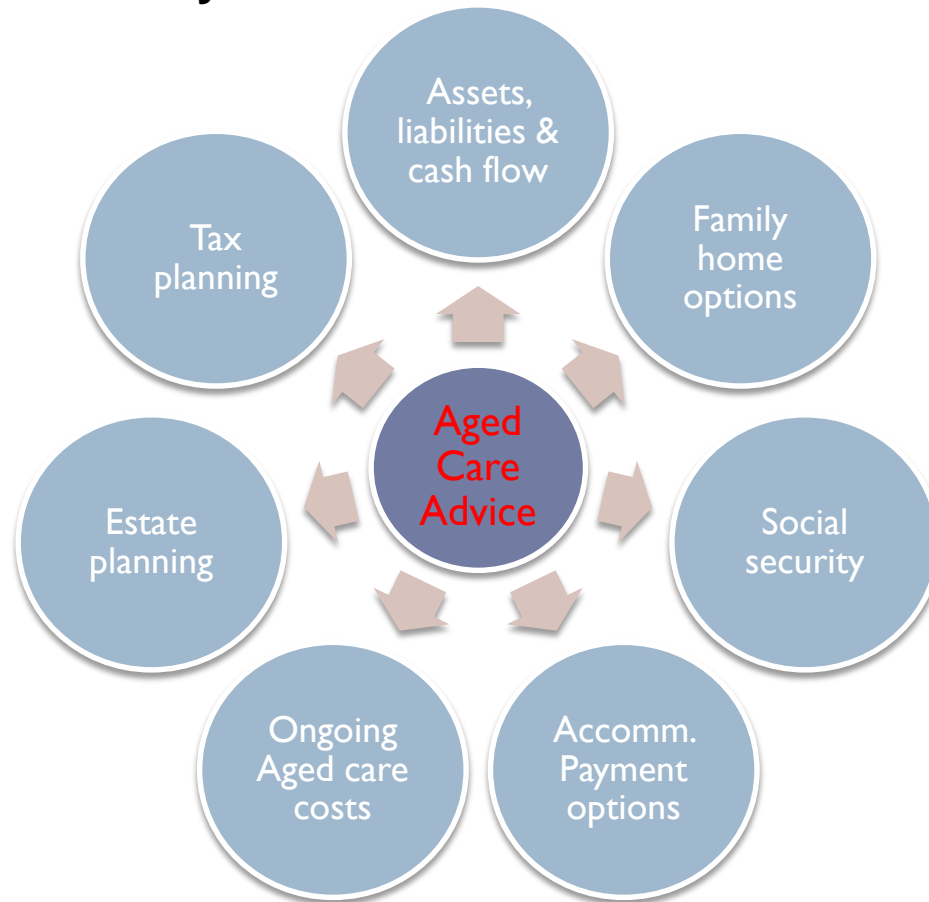
\* Different rules may apply for residents who entered permanent care before 1 Jan 2017



# Concerns and decisions

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Getting advice is the key



# 7. Estate Planning

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## Important Documents to have:

- Enduring Power of Attorney
- Advanced Care Directive
- Wills

We strongly suggest these documents are drafted by a solicitor.

## OFFER – POLIO AUSTRALIA

Initial Consultation 1 -2 hours

Mention you have been at this seminar

No Charge for first meeting (value \$300)







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**Thank you for your time today**

**Natalie Bordun CFP® DFP**

Accredited Aged Care Professional™

**Minerds Bell Consultancy Group**

**79 Belair Road, Kingswood SA 5062**

**Phone: (08) 8373 1711**

**Email: [natalie.bordun@minerdsbell.com.au](mailto:natalie.bordun@minerdsbell.com.au)**