GFM Wealth Advisory | TRADE SECRETS

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GFM ACQUIRES AN ACCOUNTING PRACTICE

By Paul Nicol

It has been a long term ambition of our business here at GFM to have the ability to offer our clients a full in-house "one stop" financial services offering encompassing both Financial Planning and Accounting. Our desire was very much "born out" of how complementary good Financial Planning and Accounting advice is.

Combined with regular requests from our clients to assist with their accounting affairs, we have been on the constant look out to acquire an accounting firm over the last couple of years. We looked at several firms for potential acquisition, but finding a firm with a complementary service offering and cultural characteristics was challenging.

The good news is we were introduced to a well-established accounting firm P. Gruchy and Associates Pty Ltd in the middle of last year and after a significant due diligence process, effective from 1st January 2014 we acquired their business.

P. Gruchy and Associates is a specialist accounting firm that has now been rebranded GFM Gruchy Accounting whose business has been in operation for more than 40 years. The business has a very broad client base, but specialises in income tax returns for individuals, companies, trusts and SMSF's.

As is the case with our business, they have many clients who have been with them for more than 20 years. We certainly believe this is an indication of the quality of their advice and service as well as the stability of the business.

GFM Gruchy will operate out of their existing premises at 330 Whitehorse Rd, Balwyn. It is expected once their lease expires later in the year, we will come together at the one premise.

We are exceptionally excited by this acquisition. As many of our clients that have SMSF's know, effective from 1st July 2013, we brought the accounting functions for SMSF's in house and the transition has been very smooth. We completed the vast majority of our SMSF tax returns (nearly 400) before Christmas, much faster than last year. Offering our clients the ability to assist with the remainder of their accounting requirements seems the logical next step.

Going forward, we are now able to offer our clients the following accounting services:

- Partnership Returns
- Family Trust Returns
- Company Tax Returns
- Business Activity Statements
- Bookkeeping Services
- Financial Statements
- Individual tax returns for:
  - Investors
  - Motor vehicle expense claims
  - Rental property investors
  - Business Income for sole traders
  - Capital gains
  - Contractors
  - Primary production income
  - Late or multiple year Tax Returns
  - Amendments to prior year Tax Returns

If you would like to consider us assisting with your personal taxation affairs, please do not hesitate to give your adviser a call and we can discuss how this would work with an estimate of the likely cost.

NEIL HARTLEY: A "SUPER" CLIENT OF GFM SINCE 1983

By Tony Gilham

I started my own Self Managed Superannuation Fund back in February 2012 and I think it is the best financial decision I have ever made.

The connection with Tony Gilham and GFM goes back over 30 years to November 1983, when Tony convinced me to start up a new superannuation plan with a monthly contribution of $80. I was 28 at the time and $80 seemed like a lot, but my superannuation contribution was tax deductible and I would save about $25 a month in tax, so my net outlay was only about $55 a month.

I am amazed to think that Tony still kept all the records from 1983 and he recently showed me the original proposal where

Neil, with his 3 children, Shannon, Courtney and Brittany in Whistler, Canada.

he estimated my retirement benefit at age 60 would be $565,000. Well I am pleased to say that I am not quite 60 yet and my SMSF balance is comfortably in excess of that figure.

I work for Goodyear Dunlop Tyres. Having started with them in Melbourne more than 35 years ago I have had a number of different roles starting as a tyre fitter through to various management positions and I'm currently the Training Manager for Queensland. The job moved me to Canberra in 1986 and then onto Brisbane in 1993, and our three children grew up in Brisbane.

My wife, Sally, tragically died in September 2000, at the time our three children were only 9, 10 and 12. My boss & senior management were very supportive and allowed me to change my working hours to part-time which gave me greater flexibility to look after the three children. It also meant that some of my superannuation plans had to be put on hold for a while.

My children have now grown up and are independent young adults. I have been back working on a full time basis for a number of years now, allowing me to concentrate more on building my own long term financial security.

Back when I started the superannuation plan in 1983, I didn't understand much about super or investments, but it seemed like a good idea at the time and I am very glad that I was convinced to make a start.

Through the big 2 moves to Canberra (1986) and Brisbane (1993), GFM diligently "stayed on the case" and about 4 or 5 years ago, brought up the subject of an SMSF.

Initially I was quite hesitant, because I really didn't understand what was involved and not having a great understanding of superannuation, investments or the tax system, I thought it might have been just a little bit too complicated.

I really didn't see any value at the time, but the "defining moment" came when Tony explained the relatively high level of tax I was paying on some term deposits I had invested and that this money would be better suited in an SMSF and being over age 55, I could start a "Transition to Retirement" pension and pay no tax on investment earnings.

I had a good amount of money saved in term deposits in the bank, but it was annoying me, because I was paying a hefty amount of tax on the interest that I earned and Tony worked out for the year ending June 2011, I paid $3,262 in tax just on the interest. I was also in a position where I was about to receive an inheritance of $180,000 and it was easy to see that putting this in the bank wasn't the right move.

So we started setting up an SMSF, which began in February 2012 and it was made quite clear to me that boosting my salary sacrifice superannuation contributions up to the $25,000 limit and commencing a "Transition to Retirement" pension at the same time would provide substantial benefits.

In fact as a result of the strategies undertaken, it was estimated that the first year tax savings alone would be $11,200 and I think he is absolutely correct. For the 2012/13 financial year, the taxable income to my superannuation fund was $35,390, but I now understand fully that because I am in the pension phase I pay zero tax on the fund earnings. And the pension income that I take out of the fund more than covers the drop in take home pay as a result of my salary sacrifice arrangement. Just a brilliant result.

What I admire most about Gilham Financial Management is their commitment to the client relationship. Tony does a full review of my fund with me, twice a year in Brisbane and I just love the online access, I look up my portfolio 2 or 3 times a week.

I always thought that my long term financial security was important and I really only had a basic understanding of investments and superannuation and I just appreciate the fact that GFM are just so good at what they do.

DEEMING OF ACCOUNT BASED PENSIONS

By James Malliaros

Legislation is now before the Senate to introduce a Bill, which will apply existing deeming rules to Account Based Pensions (ABP), which are superannuation fund pension income streams commenced on or after 1 January 2015. Existing ABP's, will be grandfathered for those in receipt of Centrelink Income Support Payments (aged pensions etc), on 1 January 2015, meaning that there will be no detrimental impact.

The deeming of ABP's commenced on or after 1st January 2015, will, in many cases, bring about a reduction in Centrelink aged pension benefits. People likely to be affected by the new deeming provisions include:

- Anyone 65 or over on 31 December 2014, receiving Centrelink income support payments along with a superannuation ABP.
- Anyone less than age 65 receiving other Centrelink income support payments such as Disability Support Pension, Newstart Allowance, wife pension, carer payment, single parenting payment (and quite a few others) where they are also eligible to commence a superannuation ABP prior to 1st January 2015.

Superannuation ABP's are concessionally treated for the Centrelink Income Test. The current concessions are exceedingly generous, which is the reason why the Government is proposing to apply deeming to ABP's. This legislation was proposed by the previous Government during 2013, and is supported by the current Government, and does seem logical.

A simple example will illustrate the point. A male at age 65 with $500,000 in a superannuation fund, can draw an ABP up to $26,969, to which none of this will count towards the Centrelink Income Test. But for an ABP commenced on or after 1 January 2015, this $500,000 would be deemed, and the deemed income would be $17,034, which will almost certainly reduce the persons Centrelink Age Pension benefit.

So any ABP commenced on or after 1 January 2015 will be deemed, and unfortunately this will have a detrimental impact on Centrelink recipients that tend to have balances below $500,000.

Under the deeming provisions, all financial investments are assumed to earn a certain rate of income, regardless of the income actually generated by the investment. The current deeming rate for a single person eligible for Centrelink benefits is 2% on the first $46,600 of an account balance and then 3.5% on the remainder. For a couple the 2% rate applies to the first $77,400 of an account balance, with 3.5% on the remainder.

Centrelink age pension benefits are calculated after applying an income and asset test. Because deeming rates are so low at the moment, for most people the asset test determines the level of the Centrelink age pension benefit they receive, but inevitably deeming rates will increase, and the deeming of ABP's will in many cases reduce Centrelink age pension benefits.

The good news is that ABP's commenced prior to 1 January 2015 will retain their current income test treatment (very generous) provided that the person is eligible to receive an income support payment prior to 1 January 2015. In other words, existing ABP's for Centrelink recipients will be "grandfathered".

Importantly grandfathering also extends to a pre-2015 ABP that later automatically reverts to a reversionary beneficiary on the death of the original owner, provided that at the time of the reversion, the reversionary beneficiary is receiving an eligible income support payment. The reverted ABP will continue to be grandfathered into the future provided that it continues to be paid and the reversionary beneficiary continues to receive an eligible income support payment.

It is also critically important that grandfathered ABP's are maintained in their current form, otherwise the ABP will lose its grandfathering treatment.

How does this proposed change impact pensioners?

The direct outcome of ABPs being deemed is that a client's total assessable income will increase.

If you are not receiving any Centrelink income support payments on 1 January 2015, or if your superannuation fund balance is well in excess of $500,000, then it is unlikely that this change to deeming rules will impact you.

For those people affected by the assets test there will be no change to their social security entitlement. However those who have other substantial assessable income in addition to their ABPs may see the most significant reduction to their social security entitlement. This may include individuals who have a large amount of financial assets already subject to deeming, or who are receiving income such as employment income, taxable defined benefit pensions and foreign pensions.

- A single 65 year old home owning retiree with $185,000 in an ABP, drawing the minimum pension ($9,250 pa), would be $860 a year worse off under the new rules. But if deeming rates increased to 3.5% and 5% below and above the $46,600 threshold, they would be $2,250 worse off under the new rules. The sad thing is that as deeming rates increase (remember they were at 6.0% only 5½ years ago), those with relatively low superannuation benefits could be significantly worse off. Those with larger superannuation benefits, in most cases well in excess of $500,000 per member, won't be impacted, because it is the asset test that determines their Centrelink age pension entitlement.

It is interesting to note that non-homeowners will be impacted more than home owners under the proposed deeming rules. This is because non-homeowners are allowed to have a higher level of assets before their pension starts to reduce under the assets test.

Under the current rules this allows non-homeowners to have a larger ABP (taking up to the deductible amount as a pension payment) before their social security entitlement starts to reduce.

It is difficult to exactly quantify the potential impact of this proposal as the reduction in social security benefits under the new deeming rules will be different for each person and needs to be determined based on their individual circumstances, including the balance of their ABP, their current level of pension payments and any other assessable income or assets.

On the assumption that this proposed legislation passes through the Senate, we will write to all of our clients that we believe could possibly be impacted by the new deeming provision on account based pensions.

The bottom line is, if you are age 65 on or before 31 December 2014, or are receiving another Centrelink income support payment which is likely to continue through to age 65, you should be starting a superannuation account based pension before the end of this year.

> **"it is almost inevitable that, probably within the next 10 years or so, we will see the age pension age pushed out to age 70."**

AGE PENSION AGE:
YOUR ENTITLEMENT AGE

By James Malliaros

15 years ago, a woman was entitled to age pension benefits from age 60. But progressively since 1999, the age pension age for women has been increasing, and now effective from 1st January 2014, age pension age for women is now at age 65, exactly the same as men.

But as we have explained in the past, the entitlement age for age pension benefits will again start increasing in the next few years, so that eventually you have to be age 67 to receive any age pension entitlements. This has already been legislated. The table below shows the dates and ages for this increased age pension entitlement:

Effective Date	Age Pension Entitlement Age
1-7-2017	65.5
1-7-2019	66.0
1-7-2021	66.5
1-7-2023	67.0

In just over 9 years, the age pension age for men and women will be at age 67. But don't think it will stop there. Governments around the world are very conscious of being able to maintain age pension entitlements, and it is almost inevitable that, probably within the next 10 years or so, we will see the age pension age pushed out to age 70.

STAFF PROFILE:
MAREE MEEHAN

By Tony Gilham

Maree joined Gilham Financial Management in February 1997 on a part time basis after raising her three daughters Belinda, Rebecca and Kelli.

Her initial role was as an administrative assistant working with the various areas of the business which was at the time best described as very labor intensive, manual in nature with very little computer support.

Today, as our receptionist, all clients are very familiar with Maree as she is our first point of contact, whether you ring us or arrive at our office for your appointment.

We are most fortunate as a business to have Maree as a long time employee, always very friendly and welcoming to our clients, very knowledgeable about the business operations and very skilled in the daily administrative requirements of our busy office. Maree has a very close working relationship with all staff, is extremely popular and very supportive of all team members.

Here's a quick Q and A with Maree, with some things that you may not know about her:

Q. Your family

A.I am married to our Operations Manager (Bryan) who joined us in November 2004 and we are looking forward to celebrating 40 years of marriage in June this year. Our three daughters are all married and we have been blessed with nine adorable grandchildren ranging from 11 down to 3. My mother Marge is 92 and lives with us and fortunately still quite well apart from failing eyesight.

Q Favourite holiday destination?

A. We have not been big travellers at all (in fact we don't have passports) but we do enjoy holidays to Sydney and the Gold Coast. In August last year (as part of my 60 year celebrations) we were most fortunate to have a weeks holiday with all the family and grandchildren in Port Douglas which was just awesome!

Q. Interests?

A. These days certainly the grandchildren and my family and it is great meeting up for coffees, shopping and looking after the little ones. I love catching a good movie, wining and dining with family and friends and supporting Carlton (only this has become stressful of late!!)

Q. Favourite food/drink?

A. I love a glass of champagne and crayfish is my favorite food and Bryan is always complaining that I am very expensive to keep and he will never be able to retire!

Q. Little known fact about yourself

A. When I was three years old I contracted polio which resulted in paralysis of my left arm, but I am forever thankful for the support of my family that has allowed me to lead a relatively normal life and raise my own family.

Q. Best part of working at GFM

A. Firstly, I am most grateful to the company for giving me an opportunity to work initially part time at GFM some 17 years ago.

I really enjoy my reception role greeting and chatting with our clients. All of our staff are wonderful to work with and they have amazing dedication and commitment to the role they play as part of GFM. We all get on very well as a team and enjoy social times together as a group as well.

INTRODUCING OUR NEW EMPLOYEES: REBECCA LOWE AND BREE HALLETT

By Paul Nicol

Rebeca joined our organisation in October last year after a working for the last 10 years at a large financial planning firm specialising in wealth strategies and retirement planning.

Rebecca has been welcomed on board to lead our Para-planning team that do a mountain of work in preparing all client review documents, strategy and investment recommendations. Rebeca has fitted into her role and our organisation extremely well and brings significant expertise to her role.

In her spare time Rebecca plays competitive netball and enjoys spending time with family and friends.

Bree joined us in January this year after spending the last 5 years working for Colonial First State.

Bree joins our team as an Associate Financial Planner, bringing a much needed female presence to our adviser team of Tony, James, Patrick and I! In her role as an Associate Financial Adviser, Bree will initially be involved in the preparatory work for client appointments, attending client meetings as well as co-ordinating all follow up work.

Bree is originally from Western Australia and (unfortunately) a West Coast Eagles supporter. In her spare time Bree enjoys keeping active, sport and socialising with friends.

No doubt you will bump into Rebecca and Bree at our client functions or during an appointment.

FUTURE OF FINANCIAL ADVICE (FOFA): AN UPDATE

By Bryan Meehan

In the July 2013 edition of Trade Secrets, we outlined details of the then Labor Governments FOFA legislation that was enacted on 25 June 2012 and officially came into force from 1 July 2012 with compliance with the legislation mandatory from 1 July 2013. In particular we covered the requirement to provide annual Fee Disclosure Statements (FDS) to our clients from 1 July 2013.

This legislation had been nearly four years in the making and was the Government's response to the Inquiry into financial products and services in Australia by the Parliamentary Joint Committee on Corporations and Financial Services (PJC) in 2009.

The inquiry examined the issues associated with the collapses of financial product and services providers, such as Storm Financial, Opes Prime and other similar collapses.

From our point of view, it was a very welcome and very important enquiry for our industry to ensure that you as investors are protected and that our industry's advice providers (like us) act at all times in your best interests under the legal requirements set out in legislation and in their Australian Financial Services Licence (AFSL).

During the consultation process leading up to the enactment of Labor's FOFA legislation, there had been much debate from our industry bodies, fund managers and advice providers about the complexities of the requirements, the costs associated with system enhancements to meet these requirements and the added costs that would eventually be passed on to the investors.

In the lead up to the Federal election last year, the then Liberal Coalition Government promised to review the FOFA legislation if they were to win power.

True to their word, on 20 December 2013 the Assistant Treasurer, Senator the Hon Arthur Sinodinos announced reforms to the FOFA legislation with the following extract from his media release

"Consistent with the Coalition's election commitment to reduce compliance costs for small business, financial advisors and consumers who access financial advice, the Government will undertake a package of amendments to improve FOFA.

The Government supports the principles of FOFA, however the previous Government's reforms went too far, creating unnecessary complexity, imposing significant burdens on industry and reducing the availability and increasing the cost of advice to consumers.

Our consultation with industry indicates that the Abbott Government's FOFA reforms will save the financial services industry an estimated $90 million in implementation costs and reduce annual compliance burdens by an average of approximately $190 million per year".

As part of the above reforms, the requirement on us to issue annual Fee Disclosure Statements for all existing clients, on board with us prior to 1 July 2013 has been removed. You are all well aware that all of the fees have been fully disclosed in all of the Statements of Advice (and our Financial Services Guide) that you have previously received.

For new clients that have come on board with us after 1 July 2013, annual Fee Disclosure Statements will be required, but only if the client has not been provided with an invoice during the annual period stating the ongoing fee that has been paid for the ongoing advice provided to them.

THE BEST SUPER FUND RETURNS IN 20 YEARS:

By Tony Gilham

2013 was a bumper year for superannuation fund investors.

No doubt you have seen a bit in the press over the last month or so, with the various research houses giving out average superannuation fund returns for calendar year 2013.

The three prominent research houses, Chant West, Super Ratings and Mercer, came to conclusions that the average growth style fund made 17.5% during 2013, the best yearly result in two decades. Growth funds are generally assumed to have between 60% and 76% of their assets invested in growth assets and the balance in defensive assets.

The best fund performance for the year was REST (Retail Employees Superannuation Trust), which is obviously an industry based fund for retail employees and that fund made 19.7% for the year. The outperformance was attributed to an overweight position in international equities.

The average Balanced fund for the year returned 14.6%, where Balanced funds are assumed to hold between 40% and 59% in growth investments.

Obviously much more conservative superannuation funds, with a much larger weighting to cash and fixed interest investments, would have generated much lower returns and a very small number of superannuation funds that have a 100% invested in cash and fixed interest investments, would have been quite pleased with a return above 3.5%.

The superannuation funds that performed the best during 2013 were those that had a healthy allocation to Australian shares and in particular, an overweight position in international shares. Everything else was fairly ordinary for the year.

So how did your superannuation fund go during 2013?

We think that anything above 15% for balanced or growth style fund is certainly respectable and if your returns are below that figure, it is presumably because you had a smaller weighting to Australian and International shares, or alternatively, some of your investments performed poorly.

CHANGES TO THE AGED CARE SYSTEM FROM 1 JULY 2014:

By Patrick Malcolm

A raft of significant changes to the aged-care system, due to take effect mid-year, will deliver greater transparency in the way facilities operate and charge.

Central to the reforms is the introduction of a refundable accommodation deposit (RAD) that will replace the accommodation bond currently paid by residents going into low-care accommodation and the accommodation charge paid by residents entering high-care accommodation.

In fact, from July, there will no longer be a distinction between high and low-care accommodation.

Residents will have the option of paying for their accommodation as a lump sum up front or the equivalent in periodic payments, or a combination of both.

Published prices and means-testing

From July 1 all aged-care facilities must publish their RAD prices and equivalent daily charge (known as the daily accommodation payment or DAP) on their website, as well as on the government website – www.myagedcare.com.au

For the first time people will be able to see up front whether they can afford a certain facility.

Unlike the accommodation bond amount, which can currently be arbitrarily set by a provider and negotiated with the incoming resident, a maximum level of RAD above certain levels has to be applied for and approved.

A further significant change is the replacement of an income-tested fee with a means-tested care fee to determine how much a resident can pay towards the cost of their care. This fee is based on a new income and assets test.

Where someone going into care owns their own home and no one eligible lives in it, a portion of its value – currently set at $144,500 – will count towards the assets test.

Depending on the facility, an amount of the RAD paid may also count towards the asset test and thus affect the care fee payable.

Under the current rules, a potential resident can sell their home for say, $1 million and negotiate with the facility to put most of the proceeds towards an accommodation bond. Because the bond is not assessed under the income test, that person could avoid paying an income tested fee.

Part of the reform is about making it a user-pays system. From July 1, someone who chooses to go to one of the higher-charging facilities would be seen to be making a lifestyle choice and expected to contribute towards their care fees, which under current funding arrangements could be up to $72.48 day.

The government will no longer subsidize the cost of care based on one's accommodation choices. People will now have to ask themselves whether they can afford the level of accommodation they want, as well as the ongoing costs of care. If they can't afford those ongoing costs, they may have to drop the level of accommodation or look at alternate ways of paying for both.

Greater transparency

However, in order to make aged care affordable – especially for those requiring care for longer periods of time – the care fee will be capped at $25,000 per annum and $60,000 (indexed) over their lifetime.

Residents will continue to be fully supported by the government if they have income of less than $25,440 a year and assets less than $44,000.

The RAD or DAP charged by a facility will depend on a number of factors, including the age and location as well as the services offered.

RADs are being capped at $550,000 (and its DAP equivalent) and where providers wish to charge above this cap, they are required to apply for the higher amounts.

Having one fee structure and greater transparency means people can prepare earlier by putting funds aside for their own care.

It is important to note that residents who enter before July 1 will continue to have the old rules apply to them.

An allowance is given for accommodation when calculating the fee. Anyone paying a higher RAD will now have a portion of their RAD count when calculating their fee.

MORE GEMS FROM WARREN BUFFETT

By Patrick Malcolm

Why you should invest long term and not speculate

"Your goal as an investor should simply be to purchase, at a rational price, a part interest in an easily understandable business whose earnings are virtually certain to be materially higher 5, 10 and 20 years from now.

Over time, you will find only a few companies that meet these standards – so when you see one that qualifies, you should buy a meaningful amount of stock.

You must also resist the temptation to stray from your guidelines - if you aren't willing to own a stock for 10 years, don't even think about owning it for 10 minutes. Put together a portfolio of companies whose aggregate earnings march upward over the years, and so also will the portfolio's market value." *– Chairman's letter, 1996 – Think Long Term*

Buying a share is about more than just price

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price." *– Letter to shareholders – 1989*

The more you trade, the more you underperform

"Long ago, Sir Isaac Newton gave us three laws of motion, which were the work of genius. But Sir Isaac's talent didn't extend to investing - he lost a bundle in the South Sea Bubble, explaining later, "I can calculate the movement of the stars, but not the madness of men". If he had not been traumatized by this loss, Sir Isaac might well have gone on to discover the fourth law of motion - for investors as a whole, returns decrease as motion increases." *– Letter to shareholders – 2005*

Price and value are not the same

"Long ago, Ben Graham taught me that 'price is what you pay; value is what you get'. Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down." *– Letter to shareholders – 2008*

Low interest rates in the United States

"Interest rates are to asset prices what gravity is to apples. Lower rates mean a lower pull on asset prices. We have seen that play out.

People make different decisions when they can borrow at extremely low rates. Interest rates power everything in our economic universe.

We can borrow money today at far cheaper rates than in the past and that obviously helps. This will change at some point.

This is like watching a good movie, because I don't know the ending – that's what makes it a good movie.

We will be back here in a few years and I will tell you I told you so, and hope you have a bad memory." *– Annual Shareholders' Meeting – 2013*

> **"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."**

INSIGHTS INTO AUSTRALIA'S CHANGING POPULATION

By James Malliaros

The Federal government recently updated "Australia's Welfare 2013: In Brief", and this report contains some interesting insights and statistics on the changing nature of our population.

We are living longer

In the last 40 years, those aged 65 or more have increased from 8% to 14% of the total population, and those 85 or more increased six-fold from around 70,000 people to nearly 424,000.

We are working longer

Over the last decade, the labour force participation rate for people age 65 or over doubled from 6% to 12%.

Families and households are changing

Due to the ageing population, couples without children in the household are projected to exceed the number of couples with children by 2014.

More households have mortgages

Of the 69% of Australian households that own their home, 36% have a mortgage and 33% do not. The reverse was true a decade ago.

Cost of house is soaring

House prices were more than seven times the average household income in 2011, compared with four times at the start of 2002.

More elderly people are in aged care facilities

158,700 Australians were permanent residents in Australian government subsidized rental residential aged care facilities.

NAVIGATING THE CHANGES TO THE AGED CARE SYSTEM SEMINAR – FEBRUARY 2014

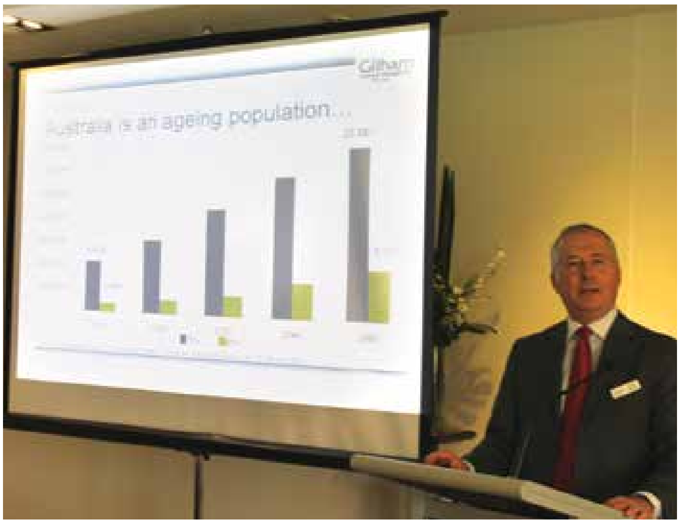
By Mai Davies

We recently held our first client lunch seminar for the year at Riversdale Golf Club with 85 clients and guests in attendance, covering the Aged Care Reforms that come into effect from the 1st July 2014.

With the growing aged population, it is becoming increasingly important to understand the issues surrounding moving to an aged care facility.

Over 1 million older Australians receive some form of aged care and support each year and this is projected to grow to over 2.5 million over the next 40 years. There are around 169,000 residents living in residential care with 58,172 people admitted in residential aged care between 1 July 2010 and 30 June 2011.

Tony Gilham and Patrick Malcolm did the presentation and the feedback from the attendees was excellent.



Although it's a complex subject, the attendees got to understand the changes taking effect from the 1st July and how the system works and the important issues to be aware of should the need arise for aged care, be it for a family member, friend or for themselves. Some of the comments from our clients:

- "It really brought home the importance of forward planning & the need for financial advice in regards to preparing for Aged Care"
- "Excellent coverage of a difficult topic (both financially & emotionally)"
- "Very complex subject well covered by Patrick's Case studies"

Tony and Patrick covered the following topics:

- An overview of fees and aged care system
- Detailed analysis of the changes to the system
- Aged care framework
- Different aged care options
- Social security implications
- Tax implications
- The interaction of aged care with social security and tax legislation
- Strategies and solutions
- Some of the proposed
- Case studies

If you were unable to attend the seminar and would like further information on this subject, you can bring it up with your adviser at your next review meeting, or let us know if you need assistance earlier than that.

CHRISTMAS CARDS & CHARITABLE DONATIONS

By Mai Davies

For the last 17 years, instead of sending Christmas cards, we have donated a comparable amount to charities. This initiative has been well supported by our clients.

The Christmas 2013 money has been donated to the following charities as nominated by our clients:

- Murdoch Children's Research Institute
- Red Cross
- RSPCA
- Victorian Lions Rheumatism & Arthritis Medical Research Foundation
- Possible Dreams International

Many may not be aware of Possible Dreams International. They are a non-profit organization that works in partnership with individuals and families, living in extreme poverty, malnutrition and endemic disease, to create positive and sustainable change in remote Swazi communities.

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