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NEWSLETTER

accountplan

Ageing and Aged Care in Australia

The number of people aged 65 and over in Australia is projected to more than double over the next 40 years. This will undoubtedly increase the need for aged care in the community and put pressure on families and Government funding. The Australian Government subsidises different types of aged care services to cater for older peoples' needs and to support their carers — usually their family. This is a sensitive and complex area and for more and more Australians is a decision they will need to make for themselves or a family member in the future. It makes sense to understand the process and plan ahead to ensure you and your family members receive the care they need, when they need it.

This month we present the 2nd of our articles which touches on some aspects of this important stage of life, this month it is all about...

Receiving Help in a Residential Aged Care Home

If you can no longer live at home, there is the option to move into a residential aged care home. An aged care home provides accommodation and help with everyday tasks, personal care or 24-hour nursing care. Care and services provided include:

- Hotel services such as bedding, cleaning, meals, social activities and help in emergencies.
- Personal care such as assistance with eating, dressing, arranging access to health professionals and emotional support.
- Complex care and services such as nursing and therapy services.

Your care needs will be assessed and approved by ACAT (ACAS in Victoria).

Finding a Home

Each home is different, so visiting a selection of homes will help you to find out what you can expect. You'll be able to see what the accommodation is like and what types of care, services and activities they offer.

It generally takes a few weeks to receive the assessment results from ACAT and can take one to three months to find a suitable aged care home.

Costs

The Government pays for the bulk of aged care costs, however, you are required to contribute to the cost of care based on your financial situation. You and your partner's income and assets will be used to determine the fees that are applicable. Your family home will not be included in the assessment if it is occupied by certain protected persons, such as a spouse, a carer or close relative under certain circumstances. You will need to pay one or more of the following in an aged care home: **Refer to table**

Aged care can be complex, and, like other financial decisions, it makes sense to understand the options available so you and your family can make suitable arrangements as well as good financial decisions. If you or a loved one needs aged care, please contact on us 07 3883 8999 and we can help.

Fee	Services Covered	Funding / Cost
Accommodation payment	Covers the cost of accommodation in the home	- Low means-tested residents will have accommodation costs met in full or part by the Government. - High means-tested residents will need to pay the accommodate on price agreed with the aged care home
A basic daily fee	Covers living costs such as meals, power and laundry	Currently $50.66 per day
A means-tested care fee	An additional contribution towards the cost of your care if you and your partner's income and assets exceed certain thresholds	Based on you and your partner's assets and income level. The means-tested care fee is currently capped at $27,232 per annum and is also subject to a life time cap of $65,358. These amounts are indexed on an annual basis
Fees for extra services	Extra service fees may apply if you choose a higher standard of accommodation and or services	The services and fees vary from home to home and must be published
Additional fees	Depending on your assessed care needs, you may be asked to pay additional fees for some of the complex care services provided that are critical to your care needs	The additional fees can only be charged if you are receiving a direct benefit from the care or services the aged care home is providing that they are not required to provide by law

Every Good CFO's Top 5 Goals for 2019

With summer coming to a close, a good CFO's mind naturally turns to thoughts of business and here are some goals which might help your own business grow in the next 12 months.

I will help my business… increase the velocity of its cash flow

This simply means helping your business find ways to shorten the time it takes to receive cash coming in or what it is owed. The benefits are obvious. Faster cash flow means less need to rely on debt, having more funds available to reinvest, hire, or otherwise put towards growth measures.
Some ways to boost cashflow velocity include reducing your terms of trade, asking for up-front payment, looking at your debtor collection processes, offering discounts for early payments, and generally making it easier for your suppliers or clients to pay up-front, on-time, or even early.

Boosting cashflow velocity should be the primary goal for CFOs in 2019.

I will help my business… pay down debt

Paying down debt is a great way to free up money that can be spent on wages, new plant and equipment, other operating expenses or growing your business.

Among ways to pay down debt is to look at savings you can make in all areas of your business (waste) and earmark those savings for debt retirement. Use the 80:20 rule to identify which business activities rack up the most debt or generate the least profit while consuming the most resources. Letting go of personnel who are surplus to your core mission is also a way to make savings.

I will help my business… discover ways to boost revenue

The role of CFO is expanding, creating a need to think more strategically by finding new ways to optimise current business processes, finding additional revenue streams while at the same time boosting productivity. As opposed to just reducing overheads and making wholesale sackings,

it can also be done by reducing internal roadblocks within your business, hiring better staff, or training up the people you have, and increased use of technology.

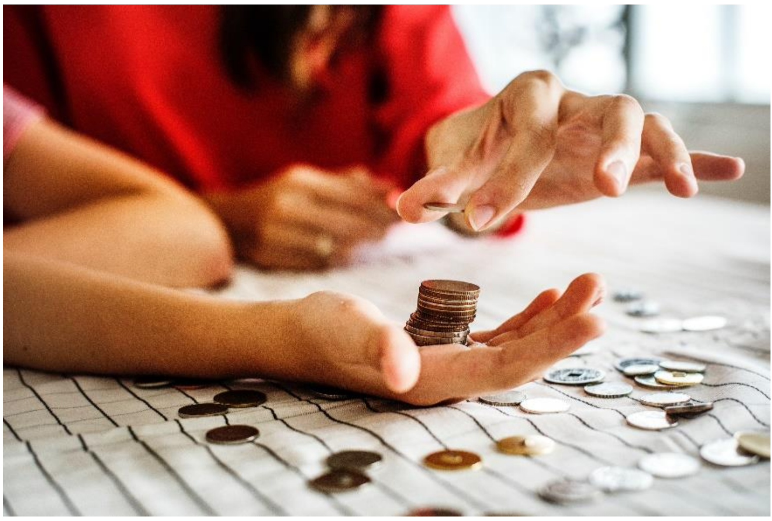
Buying a Tenanted Rental Property

There are plenty of upsides to buying an investment property that already has a tenant, as well as a raft of risks. Here's how to minimise them.

Purchasing an investment property that already has a tenant means you collect rent from day one, with no vacant period and no lease fees to find a new tenant. The lease just carries on as it did before you purchased the property. Sound good? Of course, it does. There are some possible problems to be aware of though.

It's very important to check whether the lease on your prospective investment is current or the tenants are on an expired lease.

If the tenants are off-lease, they can give a short period of notice and vacate the property, so those upsides mentioned above could come to nought. A current lease, on the other hand, offers security, it also means that you are stuck with the lease, its conditions (or lack thereof), the current rental return and the tenants.



There are steps you can take to minimise your risk:

Make sure the bond has been lodged properly. Your agent will arrange for the bond guarantee to be transferred into your name on settlement.

Check the property condition report, making sure that it is a complete and accurate record of the property as you inspected it.

Ensure there are no rental arrears. If there are, or if a landlord has agreed that rental arrears can be taken out of a bond payment, stipulate that this amount is deducted from the purchase settlement amount.

Ask the leasing agent about the tenants and their payment record. You cannot demand that you meet the tenants, but attending the open house will give you a sense of how they live in the property. If possible, sight the tenants' original application for the property and rental ledger.

Look at the yield for rental properties in the area and compare them to yours. You won't be able to increase the rent until the end of the lease.

Be aware of any concessions or conditions that are either in the lease or have been agreed with the landlord or property manager, because these will become your responsibility. For example, does rent include electricity or other utilities? Has the landlord agreed to install a new oven or paint a room?

Of course, if you love a property but have doubts about the tenants or the lease you can also make vacant possession of the property a condition of settlement. You may need to wait until the lease expires to settle, but you aren't taking on the previous owners' problems and responsibilities.

If your only problem with a tenanted property is the rental yield, keep in mind that increasing rent on a good, long-term tenant may well drive them away anyway, so do your sums. Work out whether the amount you'd like to increase the rent by equates to more over the year than the lease fee plus any rent lost if your property is vacant for a few weeks.

The Instant Asset Write-Off Just Got Better

What is an instant asset write-off?

An instant asset write-off allows small businesses (with an annual turnover of less than $10 million) to claim immediate deductions of up to *$25,000 for new or second-hand plant and equipment asset purchases such as vehicles, tools and office equipment. The assets must first be used, or installed for use, in the income year you're claiming for.

The initiative has been around since 2015 and is set to be extended through to *30 June 2020, meaning there is still plenty of time for you to consider making use of this tax deduction.

What type of purchases should I consider making?

Before making any large purchases, we suggest you speak to your accountant or tax professional and assess how the asset will benefit your business and how the purchase may impact on your cash flow or finances in the short term.

If you decide to take advantage of the instant asset write-off, you should make the decision based on the needs of your business. For example, if you need to purchase a vehicle for deliveries to expand your business operations to help you achieve your business goals, or because it is in line with your business plan.

What happens if I make a purchase of more than *$25,000?

The *$25,000 threshold applies to the total cost of the asset, not just its taxable portion. Any purchases equal to or more than *$25,000 can be put into your small business asset pool, where you will be able to claim gradual deductions (depreciation) each year.

How do I claim the instant asset write-off?

If you buy an asset that comes under the *$25,000 threshold during this current tax year, you can claim the business portion of the asset's use in your tax return for the 2018-19 financial year.

When it comes to trade ins, the instant asset write off is assessed based on the full purchase price of the item. For example, if you purchase a motor vehicle for $27,000, and trade in another vehicle for $5,000, you're unable to state the cost of the vehicle as being $22,000 so it can be claimed as an instant asset write-off. Want to know more? Contact us on 07 3883 8999 and we can help.

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