

DECEMBER, 2020

NEWSLETTER



Financial Literacy: Why it's important and how we can all improve

A small business owner's day is never dull, juggling anything from products, suppliers, marketing, and customer service. They're expected to be the jack of all trades, learning and adapting as they go — the success of the business is reliant on the knowledge of the owner; especially for sole traders.

It follows then that small business owners are also expected to know and have a knack for numbers. This is challenging for owners with no financial background who are now expected to do taxes, accounting, forecasts and revenue projections.

Financial literacy is a crucial part of your learning as an owner and a vital ingredient in your recipe for success — healthy numbers reduce overheads, provide security, reduce stress, and is one less thing to worry about.



Let's explore ways to make the numbers add up.

1. Join the dots

Budgeting is simple and you can start with something easy like comparing projected spending with your actual spending.

Approach this process with positivity and consider it a regular health check to adjust your projections as you progress.

2. Back to school

Your homework this week is to find an hour to learn and absorb any resources you can on business and finance – you may even begin to enjoy it.

Listen to relevant podcasts, read the finance and business sections in the media — digest a little each day and it'll soon begin to make sense. Regional news outlets often cover business and can give you a greater sense of your local market.

3. Now for the *real* homework

Due diligence is something you'll hear a lot about when you start your business, and it's important homework to hand in.

Research is your friend when it comes down to choosing your bank, loans, credit cards, suppliers, and even software.

Look at the reviews, further your understanding of interest rates and lending criteria. Your systems and software need to be in good shape — choose wisely and consider your options.



4. Keep it real

Late invoices are the thorn in the side of almost every small business - hence it pays to be upfront about payment terms. You're providing a valuable service and you deserve to be paid on time, every time. Ensure you're exploring every payment option to meet the demands of your business.

Understanding your cash flow goes a long way towards achieving basic financial literacy for a small business operator, giving you a snapshot of what's coming in and out, and what an average week or month might look like.

5. Tidy business

The healthier your business, the happier you'll be. Invest time in yourself and your business will reap the benefits. It will also help you sleep better at night knowing you're completely across everything and prepared for the unexpected.

During these uncertain times, the phrase 'not all superheroes wear capes' has been frequently used, and this applies heavily to small business owners. They're providing food for the table, have the courage to march confidently in the direction of the dreams, have learnt to adapt and survive during a pandemic, and truly are the backbone of our economy.

Source: MYOB

Aged Care – Part 2: Types of Aged Care Available

This second part of the series will look at the types of aged care available. From entry-level care at home, to 24-hour support in a residential aged care facility, each stage of support is designed to give you the help and care you need.

After your ACAT/ACAS or RAS assessment (read more about this in our November Newsletter), an approval letter will be provided which will identify the type of aged care services you are eligible for.

Commonwealth Home Support Program

You may have been approved for the Commonwealth Home Support Program (CHSP). It is an entry level program for older people who need basic assistance with daily tasks to live independently at home.

You are expected to contribute to the cost of your care if you can afford to. Also, you will need to discuss and agree to any fees with relevant service providers before you receive services.



Types of CHSP services available

The types of services you can receive under a CHSP include:

- Domestic assistance with household jobs like cleaning and laundry.
- Social support with activities in a community-based group setting or accompanied activities.
- Meals and food services – shopping for groceries, the preparation of meals or delivering meals to your home.

- Allied health support services – physiotherapy, podiatry, speech pathology, occupational therapy, advice from a dietician or other allied health and therapy services.

Finding a CHSP provider

Visit the Government's My Aged Care website (www.myagedcare.gov.au) or phone 1800 200 422 to find CHSP service providers in your area. You can access a list of provider contact details to find out whether a particular provider can suit your needs, how much they cost, and how they provide their services.

Home care packages

You may have been approved for a home care package. There are four levels of home care packages available, from providing basic care needs (level 1) to providing high level care needs (level 4).

Whilst there will be a subsidy that the government will pay towards your home care package (increasing with each package level), you will be expected to contribute to the cost of your care if you can afford to. Visit the Government's My Aged Care website (www.myagedcare.gov.au) for information on how much you could be expected to pay.

Types of home care services available

The types of services you can receive under a home care package include:

- Personal services – assistance with personal activities such as bathing, showering, toileting, dressing and undressing, mobility and communication.
- Nutrition, hydration, meal preparation and diet.
- Continence management: assistance in using continence aids and appliances.
- Mobility and dexterity.
- Nursing, allied health and other clinical services – speech therapy, podiatry, occupational or physiotherapy services, hearing and vision services.
- Transport and personal assistance – assistance with shopping, visiting health practitioners and attending social activities.
- Management of skin integrity – assistance with bandages, dressings and skin emollients.

Finding a home care service provider

Visit the Government's My Aged Care website (www.myagedcare.gov.au) or phone 1800 200 422 to find home care service providers in your area, based on level of home care package you have been approved for. You can access a list of provider contact details to find out whether a particular provider can suit your needs, how much they cost, and how they provide their services.



Residential aged care

You may have been approved for services in an aged care home. If you decide this is right for you, it will be helpful to visit these homes so you can see for yourself whether it will provide you with the support you want.

As you visit each aged care home, you may want to make a note of what you liked, didn't like, and whether you would be happy to live there. This will help you decide which home would be most suitable. There may be different fees associated with each home, and these are explained in more detail in our future guide: fees and funding.

Types of residential aged care services available

Aged care homes can help you with:

- Day-to-day tasks (like cleaning, cooking, laundry).
- Personal care (such as dressing, grooming, toileting).
- 24-hour care under the supervision of a reg'd nurse.
- Accessing a variety of additional services such as physiotherapy (exercises, mobility, strength and balance) or podiatry (foot care).

Finding an aged care home

Visit the Government's My Aged Care website (www.myagedcare.gov.au) or phone 1800 200 422 to help you find aged care homes in your area. You can access the contact details of homes plus find a description of their services, costs, and any areas of care speciality they can help with.

To find out more about your aged care options, talk to Accountplan's own Dion Richardson by calling 07 3883 8999

Source: Challenger

Understanding Equity in your Home

What is equity in a home?

The equity in your home is the difference between its market value and your remaining home loan balance. Or, putting it simply, this is the value of what you currently own in your home. For example:

- **\$350,000** is the current market value of your home
- **\$200,000** is the amount you still owe
- **\$150,000** the difference between the two represents the equity you hold

Equity tends to build overtime as you continue paying off your loan and as your property value increases. For example, if over the course of a year your \$350,000 property increases in value by 12% and you reduce your Home Loan by \$10,000, you'll have an extra \$52,000 in equity:

- **\$392,000** the new market value of your home
- **\$190,000** once again subtract the balance of your Home Loan
- **\$202,000** and you now have additional equity of \$52,000

There are number of ways you can grow your equity, here are just some of them:

- Additional lump sum payments not only grow your equity but cut your future interest charges
- Making extra or larger repayments than the minimum repayments required, even small amounts add up over time

- Shortening your loan term from the standard 30yrs will increase the size of your repayments but will also speed up your accumulation of home equity.
- Home improvements, renovations and maintenance can also grow equity by increasing the value of your home.

Applying for an additional home loan is not unlike applying for a traditional home loan. Lenders will assess your income, expenses, credit history, your home market value, and borrowing capacity.

Still want to know more? Contact Mick Doyle at Accountplan on 07 3883 8999 to discuss your own home equity opportunities



Christmas Closure Dates

Our office will be closing for the Christmas break on Wednesday 23rd December 2020 and will re-open on Thursday 7th January 2021.



How do you borrow against the equity in your home?

Equity is a valuable asset for every homeowner as it can be beneficial in many ways.

If you plan on selling your house, the equity turns into cash once the home is sold. Your equity can be used to finance a new car, fund your home renovation, invest in the share market, for education, or for a family vacation. It may also help you to buy your next house or investment property sooner since you won't need to save for the whole deposit, which can take time.

The team at Accountplan would like to take this opportunity to thank you for your custom and wish you all the very best for Xmas and a safe and successful new year ahead.

07 3883 8999
reception@accountplan.com.au
58 Klingner Rd Redcliffe Qld 4020 www.accountplan.com.au

Accountplan Taxation and Financial Services Pty Ltd (ABN79609101037) is a registered Tax Agent 25383204
Accountplan Finance Solutions Pty Ltd (ABN22614700775) and Mick Doyle are credit representatives 495434 & 495495 of BLSSA Pty Ltd, ACN117651760
(Australian Credit Licence 391237).

Accountplan Financial Planning Pty Ltd ABN48609100978 is an authorised representative of Executive Wealth Management Financial Services Pty Ltd (AFSL 245451)