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NEWSLETTER

accountplan

How To Cope With Retirement Plan Interruptions

Research shows that one in eight people have their retirement plans interrupted by needing to care for a loved one with a significant health issue.

That same number face another interruption to their retirement planning – redundancy.

The data is a potent reminder that, no matter how carefully you plan and budget for what you hope will be healthy, happy and financially stable retirement years, the reality is that unexpected events can throw a spanner in even the best-laid plans.

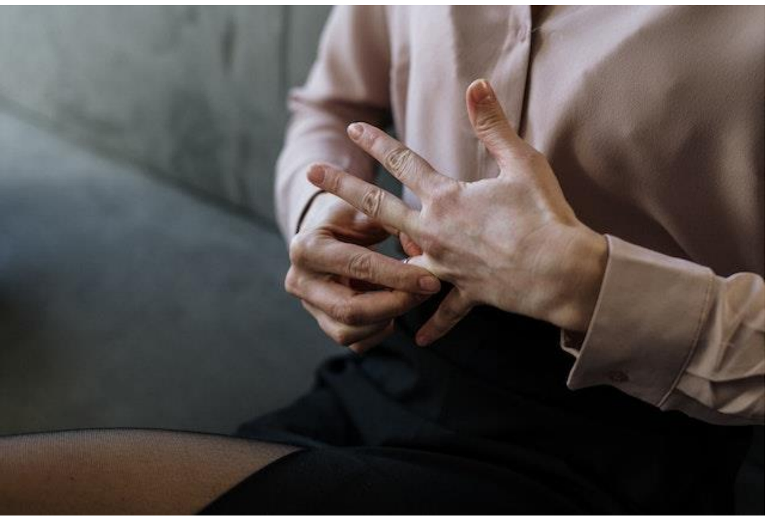
How to cope with those interruptions can be the difference between experiencing financial and emotional hardship, or protecting yourself from stress with strategies designed to look after your wellbeing and financial security.

Four Potential Interruptions to Your Retirement Plans – And How To Cope

1. Divorce

Divorce numbers for men aged 50 and older and women aged 45 and older are increasing. That can mean huge financial upheaval, especially if there are dependants involved.

As well as the stress of going out into the world as a newly single person with just one income, dividing up a lifetime of hard-earned assets can seem like a giant backwards step – especially when retirement planning is increasingly important.



Tip: Look for a lawyer who has a reputation for helping divorced couples settle as amicably as possible. The more time you waste over petty arguments about who gets which artwork, the more legal fees will chip away at your savings.

As well as being financially draining, divorce can have a huge impact on your physical and mental health. Taking time to look after your mental health is important. If you think you need additional support, talk to your GP about the best next steps.

2. There's a recession

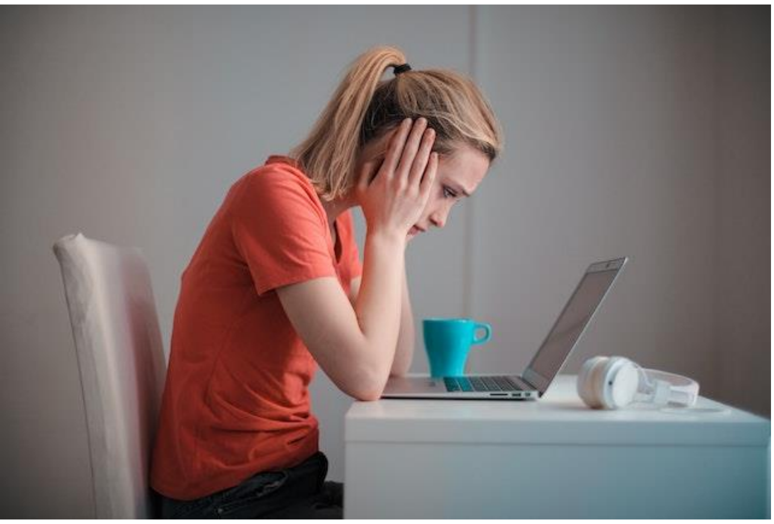
Any significant recession can have an impact on your retirement savings and future income.

Diversification of investments is always a smart financial strategy. For more information, talk to a trusted financial adviser to ensure you are happy with the spread of your retirement savings. Without the same opportunity to recover, financial losses in later life can be stressful.

Depending on your own financial circumstances, you may need to extend your working life, take on a part-time job, or live at a lower standard than you imagined. But remember that recessions do pass and better times can come again.

Understanding strategic ways to make your money work harder can help make a difference.

Reminding yourself that some things are beyond your control won't help restore your bank balance, but it can help you put things in perspective and, hopefully, keep smiling.



3. You lose your job

Redundancy is never fun – especially if it happens in the last few years of your working life, not long before you planned to retire.

If your redundancy comes with a sizeable payout, talking to an experienced financial adviser can help you make the right decisions. Consider diversifying your investment approach to give yourself added protection from a potentially volatile market.

If retraining, or undertaking some added education can make a positive difference to your reemployment opportunities, it's an investment worth considering. Yes, changing jobs at a time in your life that was meant to be about transitioning into retirement, rather than taking on new challenges, might feel stressful. But if it improves your chances of getting much-needed income to carry you towards the retirement lifestyle you hoped for, it will be time and money well spent.

4. You lose a loved one, or become their carer

The impact of long-term illness or disability can have a dramatic effect on your retirement plans.

Whether you have the responsibility of stepping away from your career and retirement plans to be a carer for a loved one, or you have your own care needs to consider, health issues can be a huge drain – both financially and emotionally.

Talk to a specialist to check if you are eligible for any social security benefits that might help, and remember to talk to your financial adviser to see if reconfiguring some existing investments may help you access funds you need.

Even small steps now may help extend the life of your retirement savings and give you the peace of mind you need to get through what lies ahead.

In the case of someone you love dying, receiving an inheritance – in the form of a life insurance policy payout or other assets – may have an impact on existing retirement income.

Getting the right advice from experts you know and trust is always recommended.

In tough times, every little bit of support helps.

Ways To Get Your Retirement Plans Back On Track

Depending on your life stage and individual circumstances, some ways to ensure your retirement plans get back on track may include:

- topping up your superannuation to minimise tax obligations.
- diversifying your investments.
- building greater equity in your home.
- downsizing.

Seek Retirement Guidance

Reading, research and asking for help from people who know more than you about retirement planning can all help. Try to stay focused on long-term goals as you cope with the daily realities of your short-term interruptions. With the right planning, a secure retirement is still possible.

Do you feel you are in control of your own retirement or retirement plan?

Accountplan's experienced Financial Planning team can help guide you determine whether you are on track. Call for an appointment on 07 3883 8999.

Source: Claire Halliday / YourLifeChoices

Claiming Work From Home Deductions

The following article contains excerpts from the ATO's Practical Compliance Guideline 2023/1………

What this Guideline is About

Prior to 1 July 2022, to calculate a deduction for expenses incurred as a result of working from home (WFH), taxpayers had the choice of using one of the following methods:

- the shortcut method,
- the fixed-rate method, or
- actual expenses.

From 1 July 2022, taxpayers can continue to claim their actual expenses or, alternatively, they can use the ATO's revised fixed-rate method should they meet the qualifying requirements.

Background

To be deductible, a WFH expense must be:

- incurred in the course of gaining or producing your assessable income, or
- necessarily incurred in carrying on a business.

Further, the expense must not be:

- of a capital nature (eg: home improvements are not allowed),
- private or domestic in nature,
- incurred in gaining or producing exempt or non-assessable non-exempt income, or
- prevented under another provision of the tax law from being deductible.

Where an expense is only partly incurred in gaining or producing your assessable income, it must be apportioned.

Who Can Rely on this Guideline ?

You can rely on this Guideline if you are:

- WFH while carrying out your employment duties or carrying on your business on or after 1 July 2022,
- incurring qualifying running expenses, and
- keeping and retaining relevant records in respect of the time you spend WFH and for the additional running expenses.

If more than one taxpayer in your household is WFH at the same time, each taxpayer will be able to rely on this Guideline only if each of those taxpayers meets the above requirements to do so.

Taxpayers working in the same household at the same time can choose which method they will use to calculate their expenses – revised fixed rate or actual expenses. If a taxpayer chooses to calculate their deduction using the actual expenses method, they will need to ensure that they have applied an appropriate apportionment methodology which isolates their individual component of expenses.

If you do not use the revised fixed-rate method, you need to use the actual expenses method to claim a deduction for the additional expenses you incur as a result of WFH.

Revised Fixed-Rate Method

The revised fixed-rate method apportions the following additional running expenses you incur on a fair and reasonable basis by using a fixed rate of 67c per hour for each hour you worked from home during the income year:

- energy expenses (electricity and gas) for lighting, heating, cooling and electronic items used while working from home,
- internet expenses,
- mobile and home phone expenses, and
- stationery and computer consumables.

You cannot claim an additional separate deduction for any of these expenses.

To calculate your total deduction for running expenses using the revised fixed-rate method, you:

- calculate the number of hours you WFH during the income year based on your records,
- multiply the total number of hours you WFH during the income year by 67c per hour,
- calculate the work-related decline in value of any depreciating assets that you used to WFH during the income year and any other running expenses you incurred which are not covered by the rate per hour (an accountant will be best placed to assist you here).

Add the amounts together – this is the amount you claim as a deduction in your tax return.

Remember, to satisfy the criteria and to rely on this Guideline, you must keep:

- records showing the total number of hours you WFH during the income year,
- one document, such as an invoice, bill or credit card statement, for each of the additional running expenses which you have incurred during the income year.

Example #1

Gerry is employed as a bookkeeper. He goes into the office to work 3 days a week and works from home 2 days a week. When he is working from home, Gerry uses his employer-provided laptop, his home internet connection and his personal mobile phone. He also turns on the light and the air conditioning or the ceiling fan in the room in which he is working. The cost of the chair and desk that Gerry uses was reimbursed by his employer.

As Gerry uses his employer-provided laptop, he is not entitled to claim a decline-in-value deduction for it. Gerry also cannot claim a decline-in-value deduction for the chair and desk he uses at home.

During the income year, Gerry keeps and retains all relevant records. Based on his record of hours, Gerry worked from home for 768 hours during the income year.

As Gerry meets all the criteria, he decides to calculate his working from home expenses using the revised fixed-rate method. He calculates his deduction as:

768 hours × 67c per hour = $514.19

No additional amount is added to the hourly rate as Gerry is not entitled to a decline-in-value deduction for any of the depreciating assets he uses when he works from home.

Example #2

Dan is employed as a financial adviser. Under the terms of his employment agreement, Dan must be in the office at least 3 days per week and can either work in the office or from home for the other 2 days per week. Dan only works from home if he does not have client meetings, so he does not always work 2 days per week from home.

In his tax return for the 2022–23 income year, Dan claims a deduction of $815 for his working from home expenses using the revised fixed-rate method.

In February 2024, Dan's claim for his working from home expenses for the 2022–23 income year is subject to review by the ATO. When he responds to the request to substantiate his claim of $815, Dan sends a document setting out the following calculation:

Hours worked from home = 2 days per week × 8 hours per day × 49 weeks = 784 hours

Office chair = $290

Additional running expenses = 784 hours × 67c = $525

Total deduction = $525 + $290 = $815.

Dan does not provide any records to demonstrate that he worked from home for 784 hours during the income year, nor does he provide any evidence to show he incurred any running expenses. However, he does provide his purchase receipt for the chair that shows it was purchased on 10 December 2022 for $290.

Based on the limited evidence Dan has been able to provide, his only deduction will be for his office chair. As the office chair costs less than $300 and was only used for work purposes, Dan's deduction for working from home expenses is reduced from $815 to $290.

Example #3

Pamela is employed as a solicitor. She works from home some evenings or on the weekend, in order to meet deadlines. The number of hours Pamela works from home varies from week to week.

During the income year, Pamela keeps a record of the total number of hours she spends working from home. She does this by making an entry in her electronic calendar when she starts and finishes working from home on a particular day.

When she is working from home during the income year, Pamela incurs electricity and internet expenses. Pamela is also claiming the decline in value of a desk and a laptop computer she uses when she works at home.

To show she has incurred additional running expenses, Pamela keeps:

- one quarterly electricity bill,
- one monthly invoice for her home internet,
- receipts for the desk and laptop that she purchased and uses while working from home, and
- records demonstrating her work-related use of her desk and laptop.

Pamela has kept relevant records for the income year. If Pamela meets the other criteria she can rely on this Guideline to calculate her additional running expenses.

For further information on the above please call us on 07 3883 8999 so one of our experienced tax professionals can help ensure are ready for these changes.

Source: ATO

Do You Need A Finance Broker Or A Financial Planner?

When taking the plunge into the world of home loans and property investment, the challenge often lies in knowing which expert to approach for help. Finance brokers and financial planners, although similar in their professional outlook, cater to different financial endeavours.

Brokers that deal in home loans must be qualified and licensed loan advisers with in-depth knowledge of home loans and options suitable for a range of different financial situations. They negotiate with lenders to arrange loans and help manage the process through to settlement.

Options relating to loans and refinancing can only be recommended by qualified brokers.

In contrast, financial planners assist with anticipating and managing long-standing financial outlook. They help sort through and select options for investment and insurance, with attention paid to retirement planning, estate planning and investment analysis.

Planners take care of more of the long-term, wealth-creation strategy, as well as super and life insurance, and other sorts of wealth protection insurances.

A financial planner's work is wide reaching and important to your long-term financial health and stability.

There are some situations where it would be best to include both types of financial professional. For instance, if your broker is helping you refinance your loans in order to undertake a financial investment, a financial planner can step in to help you to assess the best investment option for you.

So, the expert you need depends on your situation. For loans, see a finance broker; for investment advice, ask a financial planner.

Thankfully, the team at Accountplan can help you with both areas of expertise, call to arrange an obligation free meeting on 07 3883 8999.

Source: Mick Doyle, Accountplan Finance Solutions

Our Extended Hours During Tax Season

From Saturday 15th July 2023 through till Saturday 2nd of September 2023 we will be offering extended hours during Tax Season as follows:

Mondays	*8:30am to 5:00pm*
Tuesdays	*8:30am to 7:00pm*
Wednesdays	*8:30am to 7:00pm*
Thursdays	*8:30am to 5:00pm*
Fridays	*8:30am to 5:00pm*
Saturdays	*9:00am to 1:00pm*

We will extend the additional hours should there be a demand for same.

Outside of physical appointments, provision of documents and your information to our team for completion of work can be done in a variety of ways:

- *emailed directly us using reception@accountplan.com.au*
- *tax clients can use our secure online Client Portal – talk to your accountant to register for same*
- *mailed to us at PO Box 516 Margate QLD 4019*
- *dropped into our secure drop box located at the front of our building (it can even cater for large A3 envelopes)*
- *or dropped into our reception*

Should you have any queries on any of the above drop us a line at reception@accountplan.com.au or call us on 07 3883 8999.

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