



Preparing your SMSF for Your Ultimate Departure

It may not be the most pleasant of things to contemplate but considering your ultimate financial legacy and discussing this with your trusted accountant or adviser can be enormously beneficial. It can help you leave a better financial legacy and leave your accountant or adviser in a better position to communicate that legacy to those left behind.

Regular Check In

Making it a regular part of your conversation with your accountant or adviser may certainly help to ensure that what you want is not overlooked as a too hard subject. You might discuss things like:

Who decides how your superannuation is paid when you die?

It may be news to you that your legal will does not deal with your superannuation benefits automatically. If you want your superannuation dealt with by your will, there is action you will need to take to make that happen.

What documents do you currently have in place for your superannuation benefits?

It is prudent to periodically review the documents you have in place to check that they property reflect your current wishes.

IN THIS ISSUE

PREPARING YOUR SMSF FOR YOUR ULTIMATE DEPARTURE

GUEST ARTICLE: WHERE AGED CARE FITS INTO THE SMSF LIFECYCLE

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Are there other changes I need to notify?

As well as discussing your death benefit nominations, there may be other critical matters affecting the operation of the SMSF that you should be disclosing to your accountant or adviser, such as incapacity.

Optimising Outcomes

Taking the step to discuss your death benefit wishes can help focus your accountant or adviser on the steps they can take with you now to optimise the outcome you are seeking. For example:

Chain of Deed Review

If you want the comfort of knowing that your death benefit nomination documents are valid and will deliver the outcome you desire, then you may considering having them checked by a lawyer. A proper chain of deed review including their death benefit nominations can deliver the comfort you need.



Review Trustee Arrangements

Considering your Trustee arrangement, particularly if your SMSF has individual trustees can save those left behind unnecessary concern and cost. There may also be other times when changes to your Trustee structure may be prudent or required, such as if you are considering leaving Australia or your health is deteriorating.

Specialist Legal Advice

You may have complexities in your financial or personal affairs that may warrant specialist legal advice and your accountant and adviser may be able to assist in making an appropriate referral and liaising with them to deliver your preferred outcome.

Specialist Investment Advice

How death benefits are paid may be impacted by the types of investments held, particularly if they are illiquid. It may be a good time to engage a licenced financial planner to review the SMSF's liquidity, insurance and other investment considerations, particularly if a less engaged member will be left managing the SMSF.

Benefit Structuring

The more informed your accountant and adviser are, the more likely they are able to guide you about structuring your benefit to minimise the tax on your death benefit. Keeping them abreast of changes in your working arrangements and health can aid the timeliness of this guidance.

Changing when you do things

If you make personal concessional contributions, you may be in the habit of completing the Notice of Intent and Trustee Acknowledgment at financial year end. As you age or your health conditions change, it may be prudent to arrange this signing with each contribution that is made. This change ensures that the claim for each contribution is valid in all circumstances and can avoid unwelcome outcomes, particularly in a year you have made other contributions.

Openly discussing your death benefits, gives your accountant and adviser the information they need to guide you toward the financial legacy you intend. It also helps them clearly communicate that legacy to those left behind.

Guest Article: Where aged care fits into the SMSF lifecycle

Louise Biti, Director Aged Care Steps



Most people want to remain independent throughout retirement and stay in control of where and how they live. But with increases in average life expectancy, the chance of needing some help is increasing.

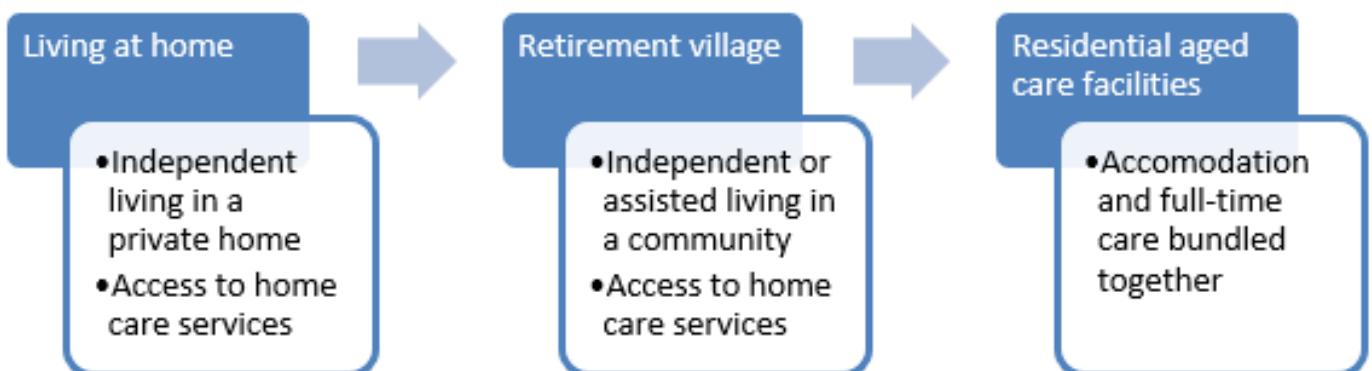
Planning ahead to understand the options and how they can be funded, increases your chance of staying in control and achieving quality of lifestyle, no matter what physical challenges are faced. Over 1 million older Australians receive subsidised aged care services each year. Data released by the Australian Institute of Health and Welfare indicates that 17-25% of retirement years will on average be care years. This is too many years to leave unplanned and be unprepared for.

What is aged care?

Aged care is not a specific thing. Rather it is a range of services that provide support in the later stages of retirement.

As we age, some things become harder to do on our own. If your ability to live independently starts to decline and you need help with daily living activities such as cooking, cleaning and personal care, this where “aged care” comes into play. These services can help you to live safely and manage your personal care.

Aged care services can be provided at home (whether you are living in your own home, with children or in a retirement community), or in a residential care setting.



Home care services can provide you with services to help with:

- Home help - cooking, cleaning, washing and ironing
- Home modifications and maintenance
- Social support - such as banking and transport
- Food services – meal preparation and delivery or help with shopping
- Personal care - help with bathing and dressing
- Community respite - to give carers a break or for people living alone
- Health services - such as home and community nursing, physiotherapy and podiatry.

The government funds two home care programs – the Home and Community Care (HACC) Program and Home Care Packages. Both programs are heavily subsidised by government.

Alternatively you could choose to fully fund your own private care services if you want more flexibility.

Residential care bundles together both a place to live and the full-time care that you need and is also heavily government subsidised.



What does care cost?

In 2022/23 the cost of aged care was in excess of \$25 billion but most of this cost was paid by taxpayers through the government.

Home care can cost anywhere up to \$500,000 per year for full-time personal care in your own home. This is likely to be out of the reach of most people, with reliance instead on unpaid support and care from a spouse, family and friends, to top up the external support subsidised by government. A subsidised Home Care Package may provide up to \$64,000 per year of funding. You will be asked to contribute between \$4,000 and \$17,000 towards the cost, based on your assessable income.

In residential care, it is important to remember that you are finding a new home that better suits your personal needs. The fees are divided into four categories:

- Cost of your room – Up to \$2.5 million depending on where you choose to live. However, you do not need to have the lump sum available to “buy” the room as you can choose to pay interest instead and effectively “rent” the room.
- Cost of daily living expenses – You will be asked to put in a contribution towards shared costs paid by your care provider, such as food, electricity, cleaning products and bed linen. This is set at a flat fee (currently \$58.98 per day and indexed).
- Cost of care services – The cost of staff, medical supplies and equipment to provide care to you can be up to \$146,000 per year. But how much you are asked to pay depends on your financial capacity (based on assessable assets and income), up to a maximum of \$31,707 per year.
- Cost of additional lifestyle expenses – you may choose to pay for additional services that offer convenience, a better quality of services or choices. These fees are negotiated with your care provider.

When living in your own home, your expenses could be divided into the same four categories. These fees replace those previous expenses. Once you have paid for your room and extras, the amount you might be asked to contribute towards living expenses and care then ranges between \$21,518 and \$53,235 per annum depending on assets and income. The more you have in assessable assets and assessable income the more you will be asked to pay (within these ranges). But the reality is that the more money you have, the more choices you may have about where and how you live. Your personal and financial decision will impact your fees and the costs can change over time with decisions you make in relation to your financial situation.

How can your super support your care?

When it comes to paying for your aged care, cashflow is the key consideration. You need to ensure you have enough income each month, or liquid cash reserves, to cover the outgoing expenses.

An account-based pension gives you the flexibility to increase regular income drawings if needed. Or you may decide to cash out savings to pay for your accommodation in residential care.

Each decision needs to be taken with consideration to the impact on age pension, cashflow, taxation, fees payable and estate planning.

At older ages, your mental capacity may slow or diminish which may impact your ability to undertake the duties of trustee for a self-managed superannuation fund. It is important to ensure you have a succession or wind-up plan in place. If you plan to continue the fund, documentation and trust deeds should ensure that an enduring power of attorney can take over duties on your behalf if required.

What is the process involved?

Access to government subsidised care requires a few steps and hoops to jump through. The first step is to register with MyAgedCare. This can either be done online at www.myagedcare.gov.au or by phoning 1800 200 422.

The MyAgedCare team will do an initial assessment to check that you meet basic eligibility rules around age and care needs. If you pass this step, your contact details will be passed onto an Aged Care Assessment Team/Service (ACAT/ACAS) assessor, who will contact you to arrange an assessment. The assessment is normally done in your home but may be done in hospital or over the phone. It considers your needs, the environment you are living in and what support you currently have access to. Through this process, it can help you to decide whether home or residential care would be more suitable and provide approvals to receive government subsidies.

If approval is granted, you will receive a confirmation letter in the mail with details for how to access the funding. The final step is to contact a suitable aged care provider and arrange services. The MyAgedCare website (www.myagedcare.gov.au) has useful information to understand the steps and how to apply.



Who can help you?

Pulling together all the pieces is complicated and hard to do on your own. It is a complicated jigsaw puzzle with many pieces that need to be pulled together to see the full picture.

The good news is that you don't have to do it alone. Seeking advice can help to give you piece of mind that you are making the best decisions, as well as save you time and avoid costly mistakes.

Here are some tips on where to access help:

Financial decisions – seek advice from a financial planner who is listed on ASIC's financial advisers register at www.moneysmart.gov.au. Look for advisers who hold an Accredited Aged Care Professional TM qualification. You can also contact our advisers at www.agedcarepersonaladvice.com.au

Choosing an aged care service – www.myagedcare.gov.au is a good place to start. Use the Find a provider tab to search for services within your postcode. If you need someone to help with shortlisting and selecting a service do an internet search to look for an Aged Care placement service or consultant.

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