



Autumn 2023

With Autumn underway, the changing season is a reminder to take stock and prepare for what's ahead as the financial year heads towards its final quarter and the May Federal Budget.

The gloomy prospects for economic growth, both in Australia and overseas, are occupying the minds of investors, businesses, and political leaders.

The Reserve Bank of Australia believes global growth will remain subdued for the next two years and that Australia's economy will slow this year because of rising interest rates, the higher cost of living and declining real wealth. The RBA forecasts the unemployment rate, currently at a low 3.5%, to rise by mid year and inflation, which was 7.8% over 2022, to drop to by around 2-3% over coming years thanks to an easing in global prices that will eventually flow through to Australian prices. Oil prices fell almost 3% in February reversing the increase of the previous month.

There have been some economic bright spots recently such as the rebound in retail trade in January of 1.9% after a 4% plummet in sales figures in December. And, Australia's current account surplus increased \$13.3 billion to \$14.1 billion in the December quarter 2022 supported by sustained high commodity prices including \$400 billion worth of mining commodity exports during 2022.


That positive news was enough to lift the Australian dollar slightly to just over US67c, halting a slow decline during February.

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Flexing Your Retirement Plans

The concept of retirement is changing, with fewer people working towards a final retirement date and then clocking off for good.

Instead, those who have the flexibility to choose are often transitioning out of the workforce over several years, or even returning after a break.

Whether you simply want to wind back your working hours to explore other interests, or don't want to cut your ties with work completely, to make it work you need to plan.

Choosing your retirement date

There is no set retirement age in Australia, but most people will not be eligible to receive an Age Pension until they reach age 67.ⁱ This means you need enough savings to provide another income source if you retire earlier.

Although most of us have super, you are not permitted to access it until you reach your preservation age, which can vary.

Withdrawing your super also requires you to meet a condition of release. There are various conditions, but the most common one is reaching age 60 and permanently retiring from the workforce. Once you turn 65, you can access your super whether you are working or not.ⁱⁱ

Keep in mind, tax also affects your super, with different rates applying depending on your age. Most people can access their super tax-free once they reach 60.

Paying for your retirement

Unfortunately, there is no simple answer to how much income you will need in retirement. It depends on your current lifestyle and planned retirement activities, but a good place to start is the ASFA Retirement Standard.

For around 62% of the population aged 65 and over, the main source of retirement income is the Age Pension and government payments.ⁱⁱⁱ

Eligibility for an Age Pension is assessed using your age, residency status and personal income and assets.

These determine whether you receive the full fortnightly payment rate, which is currently \$1,547.60 a fortnight for a couple.^{iv}

As part of your planning, check for other potential sources of income from investment assets, contract work, or rent from investment or Airbnb properties.

Using your super savings

While you may dream of retiring early, many of today's retirees can expect to live well into their 80s, so your super may need to provide income for more than 20 years. If you are unsure whether your super is on track, we can help you check your progress and put strategies in place to achieve your retirement goals.

Most super funds provide online calculators to give a rough estimate of your likely retirement balance and how much income it will provide.

ASIC's MoneySmart Retirement Planner is another resource for working out your retirement income and potential Age Pension payments.

Transition-to-retirement (TTR) pensions

If you would like to ease into retirement, it can be worth investigating a TIR pension. These allow you to cut back working hours while using your super to supplement your income without compromising your lifestyle.

If you are aged under 60 you will pay some tax on pension payments, but they are tax-free once you reach age 60.^v

TIR pensions also allow you to continue topping up your super through a salary sacrifice arrangement with your employer. You only pay 15% tax on these contributions, which may be lower than your marginal tax rate.^v

Giving super a late boost

If you have income to spare as you move towards retirement, perhaps from an inheritance or downsizing your home, there are now additional opportunities to continue adding to your super.

You can make personal after-tax contributions of up to \$110,000 a year until you reach age 75, even if you are not working. You may even be eligible to use a bring-forward arrangement and add up to \$330,000 in a single year.

Once you hit 60, if you are planning to sell your current home you can also make a downsizer contribution of up to \$300,000 (\$600,000 for a couple) into your super account.

Retiree concessions

When you are doing your retirement sums, don't forget some of the concessions on offer to older Australians. If you are aged 60 and over and working less than 20 hours per week, your state's Seniors Card can provide discounts on public transport and some goods and services.

You may also be eligible for the Commonwealth Seniors Health Card for cheaper prescriptions and medical appointments, or a Pensioners Concession Card for discounted public transport.

If you would like to discuss your retirement options and how to fund them, give us a call.

- i. <https://www.servicesaustralia.gov.au/who-can-get-age-pension?context=22526>
- ii. <https://www.ato.gov.au/Individuals/Super/>
- iii. <https://www.aihw.gov.au/reports/australias-welfare/age-pension>
- iv. <https://www.servicesaustralia.gov.au/how-much-age-pension-you-can-get?context=22526>
- v. <https://moneysmart.gov.au/retirement-income/transition-to-retirement>



Star Ratings for Aged Care Help make family choices easier

Moving into aged care can be a challenging time, both for those making the move and families supporting their loved ones. It's understandable that everyone wants to find the most suitable accommodation and the appropriate standard of care, however, it can be confusing to make that choice.

A new star rating system for aged care is giving existing and potential residents and their families helpful insight into the quality and staffing levels of an aged care facility.

Four key performance areas covering residents' experience, staffing levels, compliance and quality measures are each given an individual star rating. These ratings are then combined to provide an overall rating which is made public on the My Aged Care website.

For many people this will be the most consistent measure of whether aged care accommodation meets independent requirements for a good, average, or poor facility.

A one-star rating indicates significant improvement needed; two stars indicates improvement needed; three stars indicates an acceptable quality of care; four stars indicates a good quality of care and a five star rating indicates an excellent quality of care.

There has been one round of ratings revealed since the system was launched in December 2022, with about one-third of the 2,700 aged care facilities in Australia receiving four or five stars, two thirds receiving three stars and one-in-10 receiving one or two stars.

How care is measured

Staffing levels in aged care are always of interest. With no staff ratios in aged care, the focus is on 'care minutes' provided by registered nurses, enrolled nurses, and personal care workers.

A new funding model - in place from 1 October 2022 - requires aged care facilities to meet a minimum average care minute target of 200 minutes a day, including 40 minutes registered nurse time. This target will become mandatory from 1 October 2023, and increase to 215 minutes, including 44 registered nurse minutes, from 1 October 2024.

Quality measures

The five crucial areas of care that go into determining the quality star rating include pressure injuries, physical restraint, unplanned weight loss, falls and major injury, and medication management.

The data is collected quarterly, with zero-star ratings given to providers who fail to report on each area.

The compliance rating, which is the responsibility of the existing Aged Care Quality and Safety Commission, provides information on the extent to which a residential aged care service is meeting its responsibilities.

A service that receives a one star compliance rating (which would occur if it was sanctioned or found to be punishing anyone who complained to the Commission) will receive an overall one star rating, regardless of how they perform in other sub-categories. Services that receive a two star compliance rating (if they were issued a compliance notice under the current system) cannot receive an overall star rating higher than two stars, regardless of how they perform in other sub-categories.

Resident experiences

A resident's experience of a facility carries the highest weighting towards the overall star rating.

To understand the lived experience of residents, 12 questions are asked, for example - 'do staff treat you with respect', 'do you feel safe here', 'do you get the care you need', and 'are the staff kind and caring'. Responses can vary from never to always.

At least 10 per cent of older Australians living in residential aged care will be interviewed face-to-face about their overall experience at their residential aged care home by a third-party vendor each year.

Anyone currently living in or considering a facility with a low rating should feel empowered to ask what management is going to do about improving things.

Be informed

The star ratings are a recommendation of the Aged Care Royal Commission

to better inform people living in or considering moving into residential aged care and to provide greater transparency in an effort to lift the overall standards.

They will become an increasingly important tool in the planning and decision-making process.

Give us a call to help you or a loved one plan for current and future needs.



Trust Your Gut to Boost Your Health

Gut health has become one of the hottest health topics in recent years as we have started to learn about the complex connection between gut health and overall health. So why is gut health so important and how can we support and boost our own microbiomes?

Firstly, what exactly is a microbiome? The human microbiome consists of the trillions of fungi, bacteria, viruses, and other organisms harboured by each person, primarily in the gut. So prevalent are these critters, we are more microbiome than human. The approximately 30 trillion cells in an adult body are a little outnumbered by the around 39 trillion cells in the tiny organisms that comprise your microbiome.ⁱ

Not only are we outnumbered, we are also only just learning about the importance of our microbiome and how these trillions of bacteria and other microbes work together to affect functions as diverse as digestion, immunity, heart function, and even mental health.

Our guts do so much more than digest our food

For years, experts have suspected a connection between gut health and heart health. Recent research has found that changes in certain types of gut bacteria are associated with high blood pressure, lower levels of "good" cholesterol, heart disease and even events like heart attacks and strokes. Scientists currently think this has to do with the compounds gut bacteria produce when they break down certain foods. Having the wrong balance of bugs may mean more by-products which can raise cholesterol and injure blood vessels.

There is also a strong association between our immune system and gut health. It is estimated that 70-80% of the body's immune system is in the gut, working to ensure that the body is eliminating any harmful pathogens that it encounters.ⁱⁱ

While we have long known that how we feel can affect our guts - think of 'butterflies in our stomach' when we are nervous or 'gut wrenching' when we hear bad news - scientists are learning more about the complex connection between our gut biome and our mental health. For a long time, researchers thought anxiety and depression contributed to digestive issues, but studies are showing that irritation in the gastrointestinal system may send signals to the brain to trigger mood changes.

While we still have much to learn about how the gut impacts other parts of the body, growing evidence is pointing to the importance of looking after your gut biome - so how do we do that?

What is good for the gut?

If you pop 'gut health' into a search engine, you'll be bewildered by the amount of information (and some disinformation!) available online.

Here are a few science-backed things that we know support good gut health.ⁱⁱⁱ

- ✓ Eating a plant-based diet including a range of wholefoods with lots of soluble fibre (oats, seeds and certain fruit and veggies)
- ✓ Incorporating fermented foods into your diet - think kimchi, miso, kombucha.
- ✓ Vitamin D - we don't need a lot of outside time to keep up our vitamin D levels (and it's important to be sun safe) but vitamin D has been proven to be an important part of gut health.
- ✓ Water (hydration helps keep the gut healthy!)

- ✓ Moving your body- the recommendation is 30-60 minutes of moderate exercise at least three days a week.

What to avoid?

And of course, it's not just what we can do to promote good gut health, but also what we can avoid to help support a positive gut biome.

On that note, stress has been found to have a very detrimental impact on gut health as does too much fatty and processed foods. Too much sugar in your diet can also be a contributor to poor gut health and alcohol has also been shown to be a culprit when it comes to your gut.

You don't have to overhaul your diet and lifestyle though - even small tweaks will help you support a happy and healthy gut biome and reap the benefits to your physical, and even mental health.

- i. <https://www.sciencefocus.com/the-human-body/human-microbiome/>
- ii. <https://pubmed.ncbi.nlm.nih.gov/33803407/>
- iii. <https://www.vichealth.vic.gov.au/healthy/how-to-improve-your-gut-health>