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As our loved ones get older, we often need to consider additional care. The process can be complex and emotional, especially when navigating the financial implications. Understanding the options and costs is crucial for making informed decisions and ensuring your loved one receives the best possible care.

Determine the Best Care Option

There are many reasons to consider either in-home care or a residential facility. The first step in understanding what would be best for you is to arrange an assessment via the Aged Care Assessment Team (ACAT). This is done by contacting My Aged Care on 1800 200 422 or by applying online at www.myagedcare.gov.au.

My Aged Care is a government service which provides information on aged care, undertakes assessments relating to care needs, and helps those in need access services.

In-home care has four levels of care which vary between 1.5 hours per week up to 11 hours per week, depending on your needs. Short-term care is also available. You may also be able to access services to make home improvements to make it easier to continue to live independently.

Residential aged care is for seniors who can no longer live in their own home. It includes accommodation and personal care, as well as access to nursing and general health care services.

Understanding the Costs of Aged Care in Australia

Aged care costs can vary widely depending on the level of care required and the provider. The government provides funding options for people requiring in-home care or for those moving into residential aged care. These include a means-tested subsidy for residential aged care.

In-home care The Government covers most of the cost of care but depending on your income, your provider may ask you to contribute towards the cost of delivering your services. Your assets, including the family home, are excluded from the means testing arrangements for home care.

Residential aged care Fees will vary depending on the quality and location of the aged care provider, and an assessment of your income and assets. There are four types of fees a resident may have to pay:

1. Daily fee: paid by all residents and covers costs such as meals, laundry, and personal care. The maximum daily fee is $58.98.

2. Means-tested care fee: may be payable depending on an evaluation of income and assets. Caps are in place and more information can be found here.

3. Accommodation fee: covers the cost of the room and the facilities. It can be a lump sum deposit payment, a daily amount or a combination of both. You may be able to negotiate a higher bond refund.

4. Extra Services fee: an additional fee for extra services such as specialised care or services.

You can get an idea of costs by using the fee estimator on the My Aged Care website. This site allows you to input your information and is very easy to use.

Maximising Aged Care Benefits

There are ways to maximise the benefits of aged care, such as reducing charges by managing assets or finding an aged care provider with more manageable costs. It's essential to regularly reassess care and financial arrangements to ensure you, or your loved one, receives adequate care and accommodations whilst not incurring unnecessary financial costs.

Aged care financial planners can assist in navigating the process of accessing funding while ensuring the individual is maximising any benefits available.

Seeking professional advice, regularly reassessing care and accommodation arrangements, and maximising any government benefits available are useful strategies to help manage costs. With the right planning and guidance, you can ensure your loved one receives the best possible care whilst avoiding unnecessary financial burdens.

WHY ESTATE PLANNING IS ESSENTIAL TO EVERYONE

The greatest gift you can give to your loved ones is a clear pathway for them to follow if you become unable to make decisions at some point, and a structured plan in the event of your death so in their time of grief they are not burdened by unnecessary processes. It can also provide great comfort to you, knowing your wishes will be upheld.

Estate planning is the process of deciding what happens to your assets and possessions after you pass away. It can be a challenging and uncomfortable topic to approach, but it is crucial for everyone, irrespective of their asset pool. It is also important to review existing estate plans when your circumstances change. For example, marriage revokes a will, whereas divorce might revoke only parts of a will, depending on the State or Territory you reside in.

Estate planning also includes managing your assets in case you become incapacitated during your lifetime.

Why is Estate Planning Necessary?

Estate planning is necessary for everyone because it can help avoid family conflict, minimise taxes, care for those with special needs and distribute your assets based on your instructions. Estate planning enables you to make decisions best suited to your values and goals, allows you to care for your loved ones even after you pass away and, in some circumstances, ensures your wealth will be preserved from generation to generation.

What are the Facets of Estate Planning?

Many people are under the illusion a will is sufficient in terms of passing on your assets. Sadly, this is not the case. Furthermore, you should have plans in place if you can no longer make decisions. Estate Planning is a holistic approach which includes all the documents needed to ensure your

- Will – this is the foundation of your estate plan and appoints your executor/s and provides directions for the distribution of your estate assets (not all assets are estate assets, for example superannuation assets are NOT estate assets, but dealt with by the superannuation trustee, it is essential to understand which assets, if any, are not estate assets, and how these assets are dealt with).

- A will can also advise on your funeral arrangements and detail the guardianship of your minor child/ren. Without this provision in your will, the Family Court will make a guardianship decision.

- Establishing a Trust – this may or may not be required as it depends on your circumstances. There are several types of trusts including one set up within the framework of a will, called a testamentary trust. These can be used to protect your assets and to minimise tax. Further information on trusts can be found here.

- Power-of-Attorney – a document that appoints a person, or people, to make legal and financial decisions should it be required.

- Enduring Power-of-Guardianship – similar to a Power-of-Attorney, but for medical and lifestyle issues.

- Advanced Care Directive – a document that provides clear directions to medical practitioners if you cannot articulate your wishes directly.

- Superannuation binding nominations – a directive to your super fund about the distribution of assets held in your fund.

Seek Professional Advice

Estate Planning is one of the most important things you can do to ensure your wishes are understood and actioned. It can be challenging, but seeking professional advice ensures you make informed decisions and have a well-formulated plan, customised to your particular situation. Start planning today and ensure a brighter future for your loved ones.

TECHNOLOGY OUTLOOK

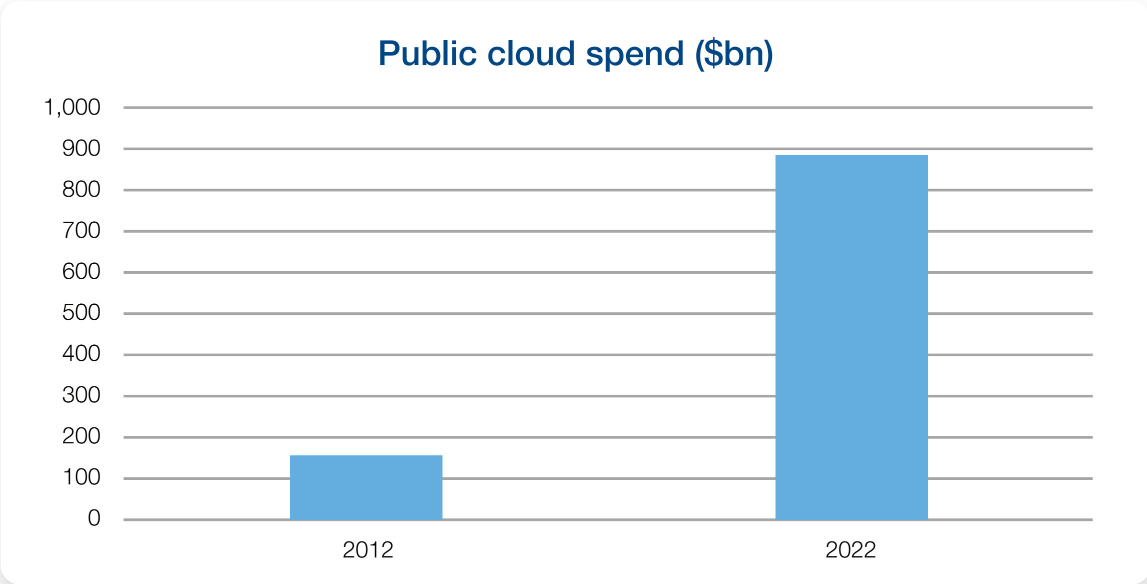
Technology as an investment sector has performed well over the last decade. Is Artificial Intelligence (AI) going to be the key driver of returns for the sector over the coming decade and what other dynamic technology sectors could potentially reward investors?

Artificial Intelligence (AI) is a broad term that describes how computers are able to solve problems and process information in a similar way to the human brain. Typically, computer programs have been efficient at processing strictly defined instructions inputted by a programmer or by a user. AI technology seeks to expand this so that computers can also recognise patterns, anticipate future actions and make decisions without much outside input.

Examples of how AI technology is already being used today include self-driving vehicles, medical research and cybersecurity. The public launch of ChatGPT, a text-based AI program that allows a user to write a prompt and receive a detailed answer, has brought AI technology into public consciousness. Anyone with a Google account can sign up for free and then find ways to use the program to write assignments, create computer program code, plan holidays, create recipes or perform any number of other tasks. The CEO of Microsoft recently stated that soon 'every product of Microsoft will have AI capabilities to completely transform it'.

The potential rise of AI has some parallels with the development of so-called 'cloud computing'. Cloud computing really has nothing to do with clouds but is actually a huge data storage system. Data is stored on thousands of 'servers' in enormous data centres, which enable data to be accessed from anywhere by use of the internet. Not only does this allow people to store huge quantities of information (including photos, movies or computer programs) and access this through any device but it also enabled people to work from home, a trend that was accelerated by the pandemic and which remains popular to this day. Enormous value has been created by companies that have been able to take advantage of this technology.

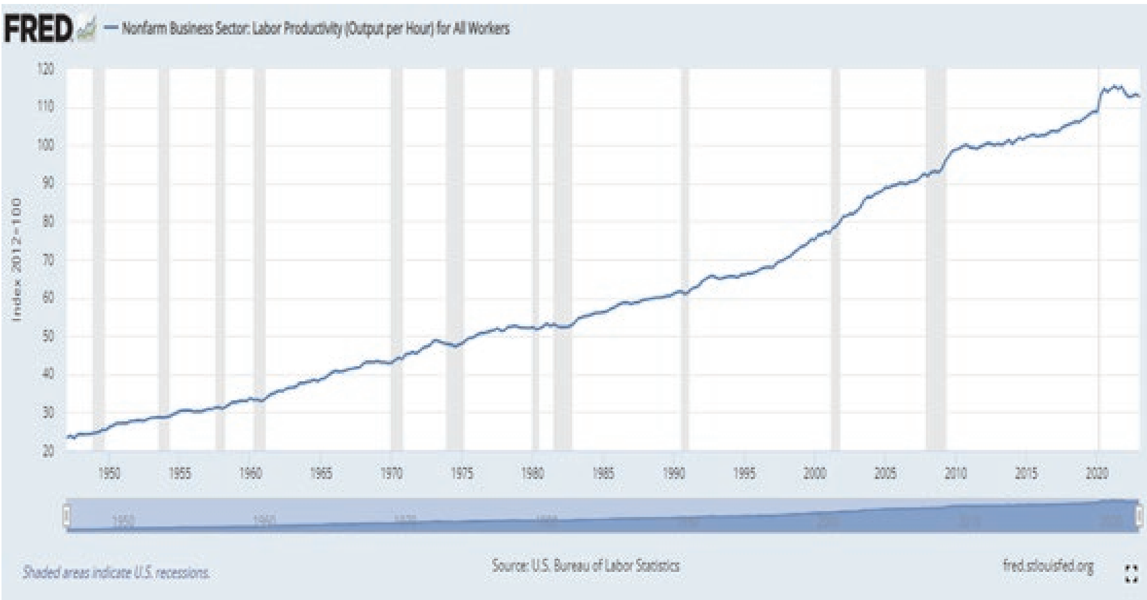
As the chart below shows, ‘public cloud’, the largest subset of cloud computing, has grown by around 40% per annum over the past 10 years, with annual spending approaching $US1 trillion.



Source: Gartner, Fiducian

Why should Technology be on Australian investors’ radar right now, especially for those seeking ways to enhance long-term returns?

Technology has always been the key driver of productivity growth. As an economy becomes more productive, it can create more output per unit of input. The chart below sets out the cumulative gains in US productivity over the last 70 years. Over the period from 1990, output per hour in real terms for the average American worker has more than doubled.



Source: U.S. Bureau of Labor Statistics

In recent years, productivity growth in most of the advanced economies has been slower than long-term trends and combined with declining fertility rates across these countries, could presage an extended period of relatively low economic growth. In this environment, technological innovation remains the best hope for enabling economies to return to higher long-term economic growth rates.

What are some of the risks of investing in Technology?

Occasionally, the promises of new technologies fail to live up to the initial hype (such as blockchain or 3D printing in recent years). In other cases, it can be too expensive to develop particular technologies as, for example, their potential uses may be very limited. However, in the case of AI, the outlook appears to be very positive. The potential uses of this technology are very broad and uptake has already been rapid. It took ChatGPT only 2 months to reach 100 million active users. This compares with TikTok (the previous record holder), which took 9 months to reach the same level or Uber, which took almost 6 years.

Certainly too, in terms of relevance for investors, the technology sector, as with many other dynamic market sectors (such as emerging markets), is likely to be more volatile than many broad established markets and investors should only be aiming to invest a small part of their overall investment funds in this market and should be investing for the long-term only.

The Fiducian Technology Fund saw returns of 5.3% for the year to 30 June 2023. What has changed since the fund was achieving double-digit positive returns in 2020-21?

The Fiducian Technology Fund, as is the case for any fund invested in dynamic markets, can be expected to be highly volatile at times. This is why returns should only be assessed over the longer-term. For example, the annual average return for this fund over the 10 years to 30 June this year was 15.2%, which is well above the 8.5% average annual return for the broad Australian share market. The advantage of the Fiducian Technology Fund, compared with other technology funds, is that it is well diversified across managers (three respected international-based managers focused on different sectors of the global technology market) and, especially importantly, has considerable exposure to the small and mid-cap sectors, which many technology funds lack. This exposure can add to short-term volatility but longer-term can potentially bring above-index returns, as has been the case over the last decade. Strong long-term out-performance can be anticipated because the small and mid-cap sectors of the market are where the innovation of the technology sector comes through and can be accessed by investors. This is where the enormous growth of this most dynamic sector of the global economy shows up but it comes with an expectation of short-term high relative volatility.

PROFESSIONAL DEVELOPMENT DAYS

Over 120 Advisers and staff from around the country met in Sydney for the second Professional Development Days for 2023. The event was held over two days and the group were presented with updates around policies and procedures that would assist when meeting clients.

Fiducian Financial Services find these events vital to the success of the advisers and the business as it allows colleagues from around the country to meet and share stories and tips about what works for them in their local area.