

Parkside Newsletter Spring 2021

It's September and spring is here, providing a welcome lift in spirits. After some spectacular performances by our athletes at the recent Tokyo Olympics and Paralympics, hopefully you are inspired to achieve some personal goals of your own.

August provided mixed economic news, with central banks, business and consumers remaining cautious. In a widely-reported speech, US Federal Reserve chair, Jerome Powell said there remained "much ground to cover" before he would consider lifting interest rates, sending stocks higher and bond yields lower.

In Australia, shares and shareholders were boosted by a positive company reporting season. According to CommSec, of the ASX200 companies that have reported so far, 84% reported a profit in the year to June, 73% lifted profits and dividends were up 70% to \$34 billion. One of the COVID "winners" is the construction sector. While the value of construction rose 0.4% overall in the year to June, the value of residential building was up 8.9% and renovations rose 24.5%, the strongest in 21 years. One of the COVID "losers", retail trade was down 3.1% in the year to June.

While unemployment fell from 4.9% to 4.6% in July, full-time jobs and hours worked were lower due to the impact of lockdowns. The Westpac-Melbourne Institute index of consumer sentiment fell 4.4% in August while the NAB business confidence index fell 18.5 points in July, the second biggest monthly decline since the GFC. Wages grew 1.7% in the year to June, well below the 3% the Reserve Bank wants before it considers lifting interest rates.

Iron ore prices fell 18% in August, while the Aussie dollar finished the month weaker at US73.2c.

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Furry friends **V** \$ Finances

There's nothing quite like the joy of spending hours on end playing with a puppy. Or the sensation of sheer freedom taking a horse out for a gallop. Or the feeling when your cat settles on your lap and starts purring like a tractor. Pets become part of the family in no time. You might not even realise it's happened until someone refers to the dog as 'the baby' or 'your sister'.

In fact, there's one aspect of pet ownership in Australia that's more like child-rearing than many of us would like to admit. In the first year of life, parents spend about \$7,488 on their (human) babies. Costs for the first year of pet ownership can reach \$5,200.ⁱ

That sounds like a lot, until you start writing it all down. The first cost is actually purchasing or paying the adoption fee for the pet. Then there's microchipping, council rego, multiple vet costs, accessories, and training. Ongoing costs can include things like food, litter, treats, grooming, walking and boarding when you go away on holiday. Many people only consider food when planning their ongoing pet budget, figuring that it's the only true must-have. In truth, it can be just a small portion of the annual bill. It is estimated that over the average lifespan of a dog, owners will spend more than \$25,000 per animal.ⁱ

Spoiling our 'fur babies'

If you think the above mentioned costs sound like a lot, consider what some people spend on treats, accessories and 'experiences' for their furry pals. A world apart from basic kennels, luxury 'pet hotels' offer pampered

pooches and felines exclusive suites with full sized beds, swimming pools, spa treatments and regular Skype calls with the owner – for up to \$100 per day. The rise of designer pet boutiques like Dogue says something about the way pets have shifted from working animals to fashion accessories. At these high-end stores, you can pick up a dapper bowtie for \$60, a designer bed for \$180, high tech raincoat for \$150, or a Swarovski crystal collar for \$70.

Looking after their health

While it's possible to forego the luxury treats, keeping your pets in good health is an essential, but sometimes significant, expense. Many cat, dog and bird breeds have common health problems that can crop up sooner than expected, and get worse as the animal ages. These include breathing disorders, joint disease, and even cancer. These problems may require surgery or medical intervention that can cost several thousand dollars to resolve. A hip replacement can cost \$6,000. Canine cancer treatment may cost \$10,000-\$20,000, once diagnostics, surgery, chemotherapy and follow-up care are factored in.ⁱⁱ

Growing uptake rates show Aussies are increasingly using pet insurance to mitigate unexpected vet bills.ⁱⁱⁱ Insurance is available for accidents only, accidents and illness, or all vet bills including routine care. The monthly premium can vary depending on variables like breed and age.

If you decide that you don't want to take up insurance it's important to make sure that you can manage to cover unforeseen medical emergencies.

Worth the expense

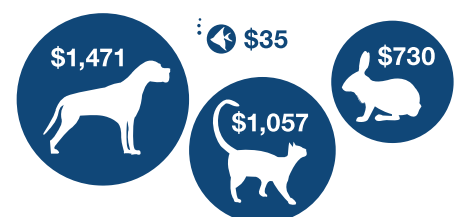
All in all, any loving pet owner would agree – having a pet is well worth the cost. They can provide endless entertainment, companionship for older people, life lessons in caring for kids, a great reason to exercise, and unconditional love. We all want to give our furry friends a full life and budgeting for both the ongoing and unexpected costs can ease the strain.

ⁱ <https://www.moneysmart.gov.au/life-events-and-you/life-events/getting-a-pet/the-cost-of-a-pet>

ⁱⁱ <http://www.smh.com.au/environment/animals/top-treatment-for-pet-patients-20120913-25uwe.html>

ⁱⁱⁱ <http://www.ibisworld.com.au/industry/default.aspx?id=623>

The cost of pets annually*



* Average yearly spend according to RSPCA, Myhouserabbit.com

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Aged care payment options



When it comes time to investigate residential aged care for yourself, your partner, parent or relative, the search for a facility and how to pay for it can seem daunting. The system is complex, and decisions are often made in the midst of a health crisis.

Factors such as location to family and friends, reputation for care or general appeal are just as important as the sometimes-high price of a room and other fees in residential aged care.

Even so, costs can't be ignored.ⁱ

Accommodation charges

The first thing to be aware of when researching your residential aged care options is that there are separate costs for the accommodation and the care provided by the facility.

The accommodation payment essentially covers your right to occupy a room. You can pay this accommodation fee as a lump sum called the Refundable Accommodation Deposit (RAD), or a daily rate similar to rent, or combination of both.

The daily rate is known as the Daily Accommodation Payment or DAP and is effectively a daily interest rate set by the government. The current daily rate is 4.04 per cent. If the RAD is \$550,000 then the equivalent DAP is \$60.87 a day (\$550,000 x 4.04%, divided by 365 days).

A resident can pay as much or as little towards the RAD as they choose, but any outstanding amount is charged as a DAP.

The RAD is fully refundable to the estate, unless it is used to pay any of the aged care costs such as the DAP.

Daily fees

As well as an accommodation cost there are daily resident fees that cover living and care costs. There is a basic daily fee which everyone pays and is set at 85 per cent of the basic single Age Pension. The current rate is \$52.71 a day and covers the essentials such as food, laundry, utilities and basic care.

Then there is a means tested care fee which is determined by Services Australia or Veteran's Affairs. This figure can range from \$0 to about \$256 a day depending on a person's income and assets. The figure has an indexed annual and a lifetime cap – currently set at \$28,339 a year or \$68,013 over a lifetime.

Some facilities offer extra services, where a compulsory extra services fee is paid. It has nothing to do with care but may include extras like special outings, a choice of meals, wine with meals and daily newspaper delivery. It can range from \$20-\$100 a day.

A means assessment determines if you need to pay the means-tested care fee and if the government will contribute to your accommodation costs. Everyone who moves into an aged care home is quoted a room price before moving in. The means assessment then determines if you will have to pay the agreed room price, or RAD, or contribute towards it.

How means testing works

A means-tested amount above a certain threshold is used to determine whether you pay the quoted RAD and how much the government will contribute towards the means-tested care fee.

A person on the full Age Pension and with property and assets below about \$37,155 would have all their costs met by the government, except the \$52.71 a day basic daily fee.

A person on the full Age Pension with a home and a protected person, such as their spouse, living in it and assets between \$37,155 and \$173,075 may be asked to contribute towards their accommodation and care.

To be classified a low means resident there would be assessable assets below \$173,075.20 (indexed). It is also subject to an income test.

A low means resident may pay a Daily Accommodation Contribution (DAC) instead of a DAP which can then be converted to a Refundable Accommodation Contribution (RAC). They may also pay a small means-tested care fee.

Payment strategies

The fees you may pay for residential care and how you pay them requires careful consideration. For example, selling assets such as the former home to pay for your residential care can affect your aged care fees and Age Pension entitlements.

If you would like to discuss aged care payment options and how to ensure you find the right residential care at a cost you or your loved one can afford, give us a call.

ⁱ All costs quoted in this article are available on <https://www.myagedcare.gov.au/aged-care-home-costs-and-fees>

Not feeling yourself?

You could be languishing



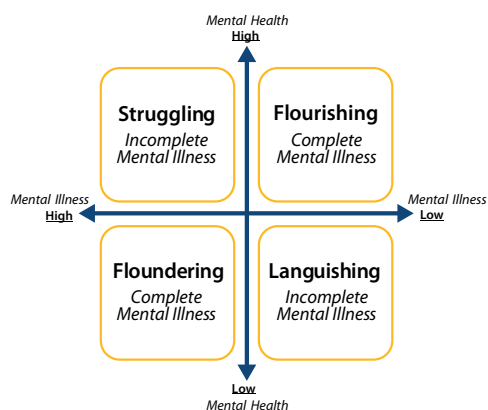
Feeling a bit lacklustre as the days roll by? Hitting the snooze button more than usual? It's a feeling that can be difficult to put your finger on, but it has a name, languishing.

Whether it's feeling exhausted and unmotivated, or restless and eager to do more, we can be off kilter from time to time. It's no surprise that many are feeling this way, as we continue to deal with ongoing uncertainty and snap lockdowns due to the pandemic. Knowing this is normal is important, particularly in the current circumstances, but we can also make changes to improve our overall wellbeing.

Flourishing vs languishing

Often, we think of good mental health as the absence of mental health issues present, but as the diagram below shows, there is a spectrum between high mental health and low mental health.

While flourishing sits at the top, languishing is at the bottom.



Source: Dual continua model (Keyes & Lopez, 2002)

You're kicking goals at work, your relationships with family and friends

are harmonious, you're growing as a person – these are examples of flourishing. On the flipside, languishing can see you struggling to get out of bed in the morning, disengaged from your work, feeling negative about your relationships, or frustrated at not getting to where you want to be.

Called “the dominant emotion of 2021”, languishing has been described as if “you’re muddling through your days, looking at your life through a foggy windshield.”ⁱ

Moving towards flourishing

The pandemic has reminded us of how little control we have over external circumstances. While lockdowns are likely to remain in our near future and the way we work and socialise are impacted as a result, there are ways we can improve our outlook.

Take time out

Working from home and remote schooling has become a reality for many of us, meaning we are busier than ever. Scheduling in some time-out is crucial to being able to switch off and feel more refreshed. Even if it's just a day spent not checking your email and doing something restorative, you're prioritising self-care.

Start small

When you're languishing, it can be difficult to get motivated, it's not likely

to be the time you embark on a new fitness regime, study or career move. However, starting small can make changes in your life while building motivation for you to make further changes.

Whether it is going for a morning walk each day, reading a book the whole way through or getting to one of those tasks on your to-do list, you're taking a step towards flourishing.

Cut out the noise

Back-to-back Zoom calls, the 24/7 news cycle, pings of social media, the distraction of everyone being at home together – no wonder it's hard to focus.

Tap into your 'zone' or flow, by switching off from external noise where possible to concentrate on one task at a time. When you're in the state of flow, time flies by as you're engrossed in an activity that takes your full attention.

Reach out for help

It's also worth acknowledging when you need a helping hand. It may be delegating at work so you're not feeling overloaded or having someone to talk to if you're struggling through the day.

Mental health issues are on the rise due to the pandemic and there is no shame in asking for help – more than ever, Australians are reaching out for mental health support in these turbulent times to help stay on track.ⁱⁱ

ⁱ <https://www.nytimes.com/2021/04/19/well/mind/covid-mental-health-languishing.html>

ⁱⁱ <https://www.lifeline.org.au/resources/news-and-media-releases/media-releases/>