



## Parkside November 2023

It's November, and all eyes will be looking towards the "race that stops a nation" and the Reserve Bank who meet on the same day. As the days get longer as we head towards summer the countdown for the approaching holiday season begins.

Investors are keeping a close eye on oil price movements over fears of an escalation of conflict in the Middle East. The World Bank has warned that, if the conflict widens to other countries, oil prices could rise by up to 75% in 2024. In the meantime, Brent crude fell slightly in October.

The Aussie dollar ended October close to its lowest levels in a year and far below its peak of almost 69 cents in July.

Inflation rose again in the September quarter, but growth was still lower than last year. CPI increased by 1.2% during the quarter and 5.4% annually.

Unemployment fell slightly in September to 3.6% although that was largely caused by a number of people leaving the labour market to retire or for other reasons.

A strong rise in retail trading in September, the largest since January, might be a good omen for Christmas sales although spending for the year has been historically low.

China's economic stimulus and improved outlook saw the biggest jump in iron ore prices in a single month to around \$122.

### **Parkside InvestorPlus® Pty Limited**

Suite 27

3-9 Terminus Street

Castle Hill NSW 2154

**P** 02 9899 4899

**E** [mail@parksideinvestorplus.com.au](mailto:mail@parksideinvestorplus.com.au)

**W** [www.parksidefig.com.au](http://www.parksidefig.com.au)



# Spark up your life & others by being a connector

We all know them. The people who seem to know everyone and effortlessly make connections within their network. While it's wonderful to know a 'connector', we can also develop those qualities and become a connector ourselves.

Maxwell Gladwell coined the phrase in his book *"The Tipping Point"*, describing connectors as the social equivalent of a computer network hub, who "link us up with the world...people with a special gift for bringing the world together".

Their network is extensive – they tend to be acquainted with over 100 people across many social, professional, and economic circles, and they actively introduce those who move in different circles.

The notion that a few influential people make the word go around is not new. In the 1960s, psychologist Stanley Milgram conducted "the small world" experiment, sending letters to 160 people in Nebraska with the details of a Boston stockbroker, instructing them to send the letter to someone who might get the letter one step closer to the stockbroker. Not only did most of the letters reach the stockbroker in six steps (rising to the six degrees of separation theory), just three people were responsible for half of the letters being successfully delivered. Those three, well-connected people would certainly be considered connectors.

## Why is connection important?

The saying goes "no man is an island" and that's never been truer. We live in a world that is growing ever more connected and isolation can be crippling. Our mental well-being and our physical health both benefit from being socially connected with others, while it can also help us achieve success in our endeavours.

Just think about the last time you achieved a significant goal – whether it's a personal achievement or a business milestone and it's likely that at some point you drew upon the help of someone else or others.

## Ways to foster connections and benefit from them

So, for those of us who make not be so socially inclined, what can we learn from those among us who forge strong connections and are responsible for the spread of ideas and making things happen and how can this help us in our careers, businesses and in our personal lives?

Here are some tips that will help you to help others as well as make the most of any opportunities that come your way.

- **Networking is quite distinct to connecting**

Whereas networking is often viewed as a means to an end, connecting is more altruistic – driven by a genuine interest in purposeful engagement to assist others. In your interactions, don't just look to what is in it for you or even for mutual benefit – be the hub and actively seek out connections on behalf of others.

- **Foster quality connections over quantity**

It's easier to foster many connections, particularly via social media, but be conscious of the quality of those connections.

To be able to purposefully connect with others in a way that offers real value, you need to engage with people. That takes time and genuine curiosity: ask questions, find out what makes them tick and then you can meaningfully assist them.

- **Being open to different things**

One of the reasons connectors are so successful is they have contacts in diverse areas within many different communities, often through hobbies and interests. If you'd like to expand your network and horizons the first step might be to follow where your interests lead and explore your passions.

- **Get out of your comfort zone**

To be a connector or get the benefit from connections you may have to move out of your comfort zone. That might mean putting yourself in a new environment, being willing to break the ice in a social situation or reach out when you don't know what the response may be – and risk rejection or embarrassment.

Connectors are not all extroverts and they come from all walks of life. You don't have to be anyone other than yourself and in fact being authentic in your interactions will stand you in good stead.

What steps are you going to take today to increase your connectability and benefit from the connectors you know?



# RETURNING TO WORK *after retirement*

Employers are desperate for workers and cost of living pressures are making it tough to live on a pension. That's a perfect mix of conditions to send some retirees back to work. But it's smart to get good advice before you take the leap.

With unemployment rates at historic lows and employers facing a shortage of skilled workers, an increasing number of retirees are choosing to re-enter the workforce. According to recent data from the Australian Bureau of Statistics (ABS), approximately 45,000 more individuals aged over 65 are actively working compared with a year ago.<sup>i</sup>

Some retirees may have been forced to return to work to financially support themselves. National Seniors research found 16 per cent of age pensioners re-entered the workforce after initially retiring, while another 20 per cent said they would consider returning to work.<sup>ii</sup>

Declining superannuation returns combined with rising inflation and cost of living pressures may be some of the reasons why retirees could soon be returning to work.

## Things to consider

Returning to work after retirement raises several important financial and logistical considerations for retirees including the effect on the Aged Pension and superannuation.

If you receive an Aged Pension and are planning to return to work, you will need to let Centrelink know you are receiving additional income within 14 days. The extra income may mean that your pension is reduced if it exceeds Centrelink's income threshold. It's essential for retirees to be aware

of these thresholds and how their earnings may affect their pension to plan their finances effectively.

Eligible age pensioners should also consider the Work Bonus incentive. This incentive encourages age pensioners to return to work with no or less impact on their age pension. Under the Work Bonus, the first \$300 of fortnightly income from work is not assessed as income under the pension income test. Any unused amount of the Work Bonus will accumulate in a Work Bonus income bank, up to a maximum amount. The amount accumulated in the income bank can be used to offset future income from work that would otherwise be assessable under the pension income test.

## Effect on superannuation

Returning to work after retirement can have implications for your superannuation, particularly if you're receiving a pension from your super fund. You can continue taking your pension from super, but you will still have to meet the minimum pension requirements.

So, even though you may not need that pension income, you have to withdraw at least the minimum, which depends on your age and your super balance. This minimum pension rate is set by the government. Failing to meet these requirements can have tax implications and may affect your pension's tax-free status.

You can convert your super pension phase back into the accumulation phase if you wish to stop taking the minimum pension. However, be aware of the tax differences. In the accumulation phase, any income and gains are taxed at 15 per cent whereas they are tax-free in the pension phase.

Don't forget that if you retain your pension account, then you will have to open a new super accumulation account to receive employer contributions because you cannot make contributions into a super pension account.

## Other investments

If you have personal investments outside super and have been receiving a pension, your lower income may mean that you are not paying tax on any gains from them. But extra income from a job may mean you move up a tax bracket and any investment income and capital gains will then be assessed at the higher rate.

Returning to work after retirement can have far-reaching implications on your finances, particularly with regard to your Aged Pension and superannuation. It's vital to carefully seek appropriate advice to ensure a smooth transition back into the workforce, allowing you to make informed decisions that align with your financial goals and overall well-being.

*If you would like to discuss your options, give us a call.*

<sup>i</sup> <https://www.abc.net.au/news/2023-07-21/retirees-in-demand-as-employers-face-tight-labour-market/102626676>

<sup>ii</sup> <https://nationalseniors.com.au/news/finance/a-working-retirement-retirees-who-return-to-work#:~:text=National%20Seniors%20research%20found%2016,next%20year%20if%20you%20do>

# AGED CARE challenges IN THE HOME



Aging at home with government-subsidised funding is made possible through the Home Care Packages program.

However, a crackdown on what the funds can be used for and a shortage of support workers, can make it challenging to understand the funding available.

If you are approved for a Home Care Package you will be assessed at one of four levels. These levels acknowledge the different types of care needed.

Current annual funding for packages is \$10,271.10 for level one (someone with basic care needs); \$18,063.85 for level two (low care); \$39,310.50 for level three (intermediate care); and \$59,593.55 for level four (high care).<sup>i</sup>

It can take up to six months for a Home Care Package to be assigned following the initial assessment. Once assigned, a provider must be chosen to design a package of aged care services that is best and most appropriate for you – within the home care package guidelines.

Providers charge care and package management fees, which were recently capped at a combined 35 per cent of the package funds.

## Income tests apply

The packages are income tested, with part pensioners paying no more than \$6,543.66 a year and self-funded retirees paying no more than \$13,087.39 a year in fees. Full pensioners do not pay an income tested fee.

Older Australians can apply for a package directly, or through their GP, via the government's My Age Care aged care gateway.

Due to high demand for Home Care Packages, you may be offered a lower level package while you wait for the one you are approved for. You may also be given access to the entry level government support known as the Commonwealth Home Support Program – where individual referral codes are allocated to you to access interim support such as cleaning, transport or personal care at highly subsidised rates.

A revised manual released earlier this year by the Department of Health clarifying what a Home Care Package can be used for is presenting additional challenges for some package recipients looking to maximise what they can get.<sup>ii</sup>

Generally, a requested support or service must meet an individual's "ageing related functional decline care needs". The main categories of care and services you can get from a Home Care Package are services to keep you:

- **well and independent** (nursing, personal care, food),
- **safe in your home** (home maintenance, goods and equipment) and
- **connected to your community** (transport and social support).

## Exclusions and inclusions

One area that is becoming more difficult for those with Home Care Packages is gardening – which is one of the most popular subsidised service requests.

Once a regular prune and possibly some new planting was an approved service, but now only minor or light gardening services can be provided and only where the person was previously able to carry out the activity themselves but can no longer do so safely. For example: maintaining paths through a property or lawn mowing.

Other exclusions causing angst amongst recipients are recliner chairs (unless they support a care recipient's mobility, dexterity and functional care needs and goals); heating and cooling costs including installation and repairs; whitegoods and electrical appliances (except items designed specifically to assist with frailty, such as a tipping kettle).

With an aging population it is no secret that there is a shortage of support workers. While there are government programs to try and fix this, a back-up plan is needed for when support workers call in sick or are unavailable and no replacement can be found.

Most people's preference is to remain living independently at home for as long as possible. If you would like to discuss your options to make this happen, give us a call.

<sup>i</sup> <https://www.myagedcare.gov.au/help-at-home/home-care-packages>

<sup>ii</sup> <https://www.health.gov.au/sites/default/files/2023-04/home-care-packages-program-inclusions-and-exclusions-faqs-for-providers-version-1.pdf>