



WealthDesign FP

March Newsletter

The Iran Conflict – Staying Focused on the Bigger Picture

Recent tensions involving Iran have understandably caused markets to pull back. When geopolitical events escalate, uncertainty rises quickly – and markets tend to react just as quickly.

A key driver of the recent volatility has been energy disruption. The conflict has impacted major oil supply routes, pushing oil prices higher and raising concerns about inflation and global growth.

At the same time, investors have been reducing risk, moving money into cash and away from equities, which has added to short-term market declines.

However, it's important to keep this in perspective.

Reactions to geopolitical events are often sharp but temporary. History shows that while conflicts can create short-term volatility, markets typically stabilise once there is more clarity – even if the situation itself is still ongoing.

While the situation is creating understandable volatility, **this is a temporary reaction to uncertainty, not a permanent shift in market direction.** Staying invested and focused on long-term strategy remains the most effective approach.

Baby Boomer Wave

As the Baby Boomers move into retirement, we're seeing one of the largest wealth transfers in history. Significant assets are gradually being passed to younger generations.

This shift is reshaping the economy. Increased demand for healthcare, aged care and retirement services is driving growth in those sectors, while younger generations inheriting wealth are influencing trends in technology, sustainability and digital services.

At the same time, investment patterns are evolving. Young investors often have different priorities, with a stronger focus on innovation, ESG (Environmental, Social and Governance) products and long-term growth opportunities.

Key takeaway: The retirement wave is not just a demographic shift – it's creating new opportunities across industries, while reinforcing the importance of adapting investment strategies for the future.

Insurance and Liabilities

If you have debts or financial commitments, those obligations don't stop if your income does. Insurance helps ensure loans can be managed and your lifestyle protected if something unexpected happens.

Without it, you may be forced to draw down savings or sell assets to meet liabilities.

Your insurance is a safeguard that protects both your financial position and the people who rely on you, and by being under-insured, you place yourself at risk.

Why a Proper Will Matters

A legally prepared will ensures your assets are distributed as intended and helps reduce stress and delays for your family.

If a will is lost, the estate may be treated as though no will exists, and assets could be distributed under intestacy laws – which may not reflect your wishes.

A secure, legally valid will provides clarity, protects your intentions, and helps avoid unnecessary complications.

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Aged Care Changes – What This Means for Clients

Recent reforms to the aged care system have been designed to improve quality and transparency, but they may also have some unintended impacts for clients.

Many people are seeing higher personal contributions, particularly if they have income or assets above certain thresholds, increasing the cost of both home care and residential aged care compared to previous arrangements.

The system is more complex, making it harder to understand fees and entitlements, creating uncertainty and delay decision-making.

In addition, as demand for aged care continues to rise, there may be longer wait times or limited availability of preferred services or providers, particularly in certain areas.

Finally, navigating these changes without advice can lead to unplanned financial impacts, such as having to draw down on savings or restructure assets at short notice.

While the reforms aim to improve aged care overall, they also increase the importance of early planning – helping ensure you're prepared for both costs and the complexity of future care needs.

Home Care Fees

Once assessed and approved to receive Support at Home, you will be assigned a Support at Home classification. This government funding will help meet your assessed care needs. Classifications include:

- **ongoing services:**
 - 8 different ongoing funding classifications
- **3 short-term pathways and services:**
 - Assistive Technology and Home Modifications (AT-HM) scheme
 - Restorative Care Pathway
 - End-of-Life Pathway.

Government funding is allocated in a quarterly budget, covering 3 months of the year and is based on your ongoing classification. Your quarterly budget will also include any unspent budget that has been carried over from the previous quarter. Up to \$1000 or 10% of your quarterly budget can be carried over. The percentage of your contribution will depend on your financial circumstances.

Aged Care Fees

Fees for Residential Care has now changed with 5 different types of fees.

Means tested - Based on your assets and income, including whatever RAD you have paid, recalculated twice a year, subject to both annual and lifetime caps.

Non-Clinical Care Contribution - This fee covers personal, non clinical care, such as bathing, mobility assistance, and lifestyle activities, capped daily at \$107.32 per day.

Hotelling Contribution - If your means test puts you above a threshold, you will have to pay this fee, limited to \$22.15 per day.

Basic Daily Fee - a cost \$65.55 a day, paid by everyone, about 85% of the Age Pension

Accommodation costs - your RAD/DAP that you must pay to secure your room at the facility.

Talk to us today – the right advice starts with a conversation