Prepare for Life

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DO HAPPIER PEOPLE LIVE LONGER?

By Mark Teale

I am no doctor, psychologist or research scientist so the following blog is written not from a scientific point of view but from my own experience, observations and readings over a long period of time.

I have always enjoyed physical activity, whether it be running, biking, surfing or paddling. I have found that over the years if I feel a little moody, down in the dumps or stressed that going for a surf, bike ride or run will wash away all those feelings. I find that after the activity I am a less stressed, happier and nicer person to be around.

Endorphins are the answer. This hormone is released from the pituitary gland of the brain during periods of strenuous exercise, emotional stress and pain. Endorphins help relieve pain and induce feelings of pleasure or euphoria.

This rush of endorphins leading to feelings of happiness takes us to the next level: a happy person is also a healthier person.

There are numerous studies showing that a happy person is less likely to suffer from colds and flu, heart attacks and strokes, high blood pressure - the list of ailments is very long!

Now, I'll get a little scientific for just one minute. People who are happy and positive tend to have higher levels of Immunoglobulin A, a key immune system protein and one of the body's primary defences against respiratory illness.

This all leads to the final link and conclusion – a happy person will live a longer life.

Professor Erdman B. Palmore from Duke University conducted a study that showed happiness could add 16 years to the life of a man and 23 years to the life of a woman. As to why there is such a difference is not explained and I am certainly not going to put forward a theory in this blog.

This, of course is a very simple argument and will not always be the case. A person's life expectancy can depend on their genetic make-up, other health factors such as smoking, drinking and lifestyle choices. However, it is certainly worth remembering when we do feel a little worse for wear that remaining happy and positive will add years to your life.

So what are the alternatives if my ability to be active is limited? What are my other options to help release the 'endorphins' to increase my feelings of contentment to reduce my stress;

1. Meditation
2. Pilates
3. Yoga
4. Childbirth – not for all
5. Alcohol – in moderation
6. Chili
7. Acupuncture
8. Massage
9. Getting your ears or other body parts pierced – a little desperate!
10. Ultra violet light – not an easy option
11. Sex – no comment.

The good news for the retirees and pre-retirees such as myself, I have not been able to find any evidence that would suggest that as you age the ability to produce endorphins diminishes.

Retirement is a time to relax but not necessarily a time to sit around and do nothing, especially as you are still able to produce waves of those wonderful hormones 'endorphins' to help you lead a healthy and longer life.

DO THE SUPER CHANGES AFFECT ME?

By Peter Kelly

The superannuation changes coming into effect on 1 July 2017 are the most significant in a decade. What are the changes and the issues that you need to be discussing now?

The changes are significant in their impact on how, and how much, you can contribute to superannuation over a lifetime, and how much you can transfer and hold in the tax-free pension phase. They will affect everyone in different ways, depending on their personal circumstances and plans.

Ever since the Federal Budget was released in May 2016 the media, politicians, self-interest groups, and other commentators have had a lot to say.

Change of any sort often brings sometimes un-constructive public debate – which in turn breeds uncertainty. Sadly, elements of our community thrive on bad news and, sometimes, exaggerate or 'massage' the truth to achieve their desired outcome. Is it an 'alternative truth' or 'fake news'?

The superannuation changes announced in the budget are now bedded down with legislation (having been passed at the end of November 2016). The reform measures announced in the budget have generally been passed in the form proposed, but there are a couple of notable exceptions.

The proposed $500,000 lifetime limit on the amount an individual can contribute to super as a non-concessional contribution has been scrapped. It is replaced with a reduced annual cap or limit of $100,000 per annum, down from the present $180,000. Individuals under 65 years of age will still be able to bring forward up to three years' worth of contributions and effectively contribute up to $300,000 in one year (with some restrictions applying).

Anyone with more than $1.6m in super will not be able to make non-concessional contributions after 1 July 2017, and those with between $1.4m and $1.6m will be restricted in the amount they may contribute under the three year 'bring forward' rule.

For most Australians, superannuation remains the best wealth accumulation structure from a tax perspective. On top of the income tax benefits available on contributions, superannuation in the accumulation phase pays maximum tax of 15% on investment income and no tax when a super fund is paying a pension to its members.

"Change of any sort often brings sometimes un-constructive public debate – which in turn breeds uncertainty."

Another change announced in the budget related to the removal of the work test requirement for people aged between 65 and 74 who wish to contribute to super.

Superannuation law requires a person aged between 65 and 74 to be gainfully employed if they wish to contribute. The test actually requires that they be gainfully employed, or self-employed, for a minimum period of 40 hours, worked within a 30-consecutive day period in the financial year in which they wish to contribute.

When the government announced they would be removing this restriction, it was met with wide applause. However, that applause was short lived as the proposal was abandoned as part of the trade-off for discontinuing with plans to introduce a lifetime cap for non-concessional contributions.

Despite the pictures painted by the media, the budget actually contained some excellent measures that benefit more individuals than it disadvantages. One of the positive changes that has been legislated, albeit being delayed by 1 year to 1 July 2018, is the ability to carry forward the unused portion of the concessional contribution cap.

Concessional contributions generally include contributions made by self-employed folk who are able to claim a tax deduction for their contributions, and contributions made by employers on behalf of their employees. The annual limit for concessional contributions is $25,000, from 1 July 2017.

While $25,000 may not sound like a like, the majority of concessional contributions fall well short of this figure. For some, a year or two might go by without making any concessional contributions. If the concessional contribution cap is not maximised each year, the unused portion of the cap is lost. However, from 1 July 2018, individuals with less than $500,000 in super will be able to carry forward the unused portion of their concessional cap for up to five years.

Even though the pundits might criticise super, and others might become disengaged, it remains one of the best tax effective structures for building wealth for retirement.

AGED CARE – NOT THAT EASY!

By Mark Teale.

For children who live far away from mum and dad, and only visit at Christmas, the vision of their parent's declining health may be quite a shock. Ageing's toll on individual health becomes a family issue – which can't be ignored.

For most people the steps they need to take in trying to help mum and dad are complex and frustrating, especially if you have no prior knowledge of the requirements and the legislation.

I have written a number of articles covering the complexities of aged care – let's revisit the process in logical and easy steps:

1. Before mum or dad can be placed in a nursing home they require an assessment of their health and the care they need. This assessment is completed by an Aged Care Assessment Team (ACAT) or if you are in Victoria it will be Aged Care Assessment Service (ACAS).

2. Completing and lodging a 'Permanent Residential Aged Care – Request for a Combined Assets and Income Assessment'. The information provided is assessed by either Centrelink or the Department of Veterans Affairs to establish your residential status and the fees you may have to pay.

3. Finding a suitable home. The government website ***myagedcare.gov.au*** is an excellent starting point. This site will provide details of the homes in the area which would be suitable, the services offered and the entry costs.

4. Understanding the costs. All residents pay a basic daily fee (currently $48.44 per day), this amount is based on 85% of the basic age pension. Some homes do charge an extra service fee. This fee will give residents options in relation to meals, crockery and cutlery, wine, pay television etc. It can vary depending on the services offered but does generally average $25 to $30 per day. A person's income and assets will decide whether they are required to pay a daily means-tested care fee (MTCF). The maximum MTCF a person can pay is capped, currently at $26,041pa. The largest cost a resident may need to pay will be the Refundable Accommodation Deposit (RAD), the average at present is very close to $400,000. As the name suggests this amount is refundable and is government guaranteed.

The final step is complicated, and trying to understand the fees and how they are calculated by reading the information is not the easiest option.

Decisions need to be made on the basis of a clear understanding of what fees would be payable and how much age pension would be payable in the future.

Dealing with the emotions surrounding these decisions is difficult enough, so my suggestion is to outsource to a person who not only understands the issues but is also removed from the emotional side. This should ensure the best result for mum or dad in the long run.

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