prp keeping you informed

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Seven Ways To Get More Out Of Retirement

Leaving the workforce is just one step in your journey through life. And once the daily grind is over, it's time to figure out what you want to do next.

Retirement is something that most of us look forward to. But it can also be a challenging lifestyle adjustment, particularly if you're someone who's used to keeping busy. On one hand, retirement gives you the chance to relax and slow the pace of living to a more enjoyable speed. But on the other, reaching the end of your work years can also raise the question: 'What am I supposed to do now?'

Retirement isn't just a long holiday, it's an opportunity to find a new vocation. So if you're looking for ideas on how to fill all the hours you used to spend at work, here are a few to get you started.

1 Lend a helping hand

Retiring usually means having more time on your hands, so why not give some of it back to the community? There are plenty of ways you can help out – whether it's putting your professional skills to use or trying something completely new. For example, you might consider volunteering with a local charity, at a hospital or with an environmental organisation. If you enjoy spending time with children, there are a range of great volunteering opportunities available. For instance, you could tutor or mentor kids from disadvantaged backgrounds, or teach music, ethics or craft at a local school.

2 Work your brain

Retirement is a wonderful chance to learn something new – from taking a community college or university course to learning a new language or trying out well-known brain-trainers like Sudoku, cryptic crosswords or bridge. And while the research still isn't definitive, there is some evidence that staying mentally active in retirement can even help reduce cognitive decline and protect against the onset of dementia.

3 Stay connected

Once you get out of the habit of seeing your colleagues every day, it's easy to feel isolated. A great way to meet like-minded retirees is to join a local group that shares a common interest, whether it's a book club, bushwalking club or choir. That way you'll be able to learn and have fun, while staying connected with your community as well.

4 Keep fit

After you leave your job, your lifestyle may possibly become less active. That's why it's important to stay fit and healthy by getting in some regular exercise. Walking, golf, swimming and cycling are all good ways to get out and about while staying in shape. And if you're not really an exercise junkie, there are other ways to keep moving, like taking up dance, tai chi or yoga.

If you're already leading an active life, consider setting yourself a physical goal like completing an ocean swim, triathlon or hiking expedition. It will help motivate you to stay fit and keep your body and mind healthy.

5 Go on an adventure

After years of hard work, it's time for an escape. Retirement

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Did you know?

We have accounting and taxation services in both Adelaide and Renmark? We would be happy for you to refer friends and family to have their tax returns completed by us!

Do you know someone who would benefit from PRP Group Services? Why not pass along this newsletter to introduce us!

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can be the perfect opportunity to embark on the adventure you've always wished for. There are holiday options for all tastes and budgets, from overseas package tours and all-inclusive luxury cruises, to DIY caravanning across Australia. But before you pack your bags, check in with your financial adviser. They can help you put together a budget so your dream holiday doesn't break the bank.

6 Sow the seeds

If you've got a green thumb, then why not take up gardening and turn your own backyard into a lush paradise. It's easy to get started, with a range of information available online or at your library. And it doesn't just have to be flowers; you could grow fruit and vegetables and save some money on your grocery bills. If you don't have a yard, you can still create a garden indoors. Simply put up some pots and hanging plants in a part of the house that gets lots of sunshine, like your kitchen or balcony.

7 Find a furry friend

Even if your kids have grown up and flown the nest, you can still find someone who needs your daily love and care. It may not have been practical for you to own a pet while you were working, but your retirement may be the perfect time to discover the joys of having an animal companion. And if you get a dog you'll need to walk it daily, which has the added bonus of helping you to stay fit and active.

But if you can't have a pet of your own – for instance, if your apartment building doesn't allow animals – why not offer to pet-sit for a friend or family member? Many people who are busy working or who travel a lot will appreciate someone else feeding and playing with their pet once in a while.

But first: future proof your finances

Whether you're just starting to think about retirement or you've already left the workforce, it's a good idea to get in touch with your financial adviser. They'll help ensure you have the income you need for your retirement years, giving you the financial freedom to enjoy your new interests and hobbies.

Navigating the Options of Aged Care

Successfully transitioning between in-home care services, retirement villages and full-care accommodation is all about making timely, well-informed decisions.

Buying, selling and moving house are among the most stressful times in life. Even more so when you are retired and your health begins to decline, along with your financial assets.

But that's the position many of us will find ourselves in – unless we plan ahead.

"The earlier you start planning and putting money aside before you retire, the easier it is," says Garry Pinnington of PRP Wealth Management.

The difficulty is that no-one knows how long they will live or what their future healthcare and accommodation needs will be.

To make the most of your finite retirement assets, it's important to understand your aged care options and what each will cost. Making a false move at this stage of life can be costly.

Retirement villages

Retirement villages are a lifestyle choice for retirees who want to downsize from their family home to a more manageable unit, but continue to live independently.

Most villages offer opportunities for social activities and some offer onsite medical support.

As recent media coverage has highlighted, village life doesn't always live up to the glossy brochure.

Contracts can be complex – up to 100 pages or more – so seeking professional advice to understand them is highly recommended.

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Navigating the Options of Aged Care cont.

To work out the total cost of village living, you need to take account of ingoing, ongoing and exit fees and charges.

- **Ingoing costs.** Village operators offer three main finance models: outright ownership via freehold or strata title; a lease agreement; or a license agreement, where the ingoing contribution is treated as a loan to the operator in return for a license to occupy the unit.
- **Ongoing fees.** Operators also charge weekly, fortnightly or monthly fees to cover the costs of running the village (utilities, maintenance of common areas, staffing costs).
- **Exit fees.** Often a percentage of the ingoing cost or sale price. An example is a deferred management fee where a percentage is charged for each year of residency. For example, a retirement village may retain an amount of up to 40 per cent after 10 years. Depending on the contract, you may or may not share in any capital gain. You may also be asked to contribute towards refurbishment of your unit before it's sold.

Due to the ways exit fees work, you get better value out of village living the longer you are there, says Garry. Often, though, the availability of in-home care services means people leave the decision to move later than is ideal.

It's not uncommon for people to go into a retirement village quite late in life and then need to move to aged care soon after. In such circumstances, a large exit fee may be charged, which reduces the pool of assets otherwise available to fund entry into an aged care facility. When this occurs, it may have been better to consider other options from the outset, such as getting more in-home care or moving straight to aged care.

Garry gives the example of an elderly woman who moved from her home into a retirement village, paying $330,000 for her unit. She agreed to pay an exit fee of 25% of the ingoing purchase price if she left in the first year, with that exit fee increasing to a maximum of 40% for year two onwards.

After just 18 months, her health deteriorated and she sold up and move into aged care. After exit fees and other costs, she walked away with $220,000. If she'd had higher-level care in her own home or gone straight into aged care, she would have been better off.

Retirement villages can, however, be a good stepping stone into full care. They offer enjoyable community-based activities and access to onsite care and general home care services such as cleaning and personal assistance.

Aged care accommodation

If failing health leaves you needing a higher level of care, you may need to move into an aged care facility. Costs will depend on the facility and level of services as well as your Centrelink Income and Assets Assessment, but generally break down into:

- **Basic daily care fee.** This covers costs such as meals, cleaning and laundry. It's set at 85% of the maximum single age pension and for some people will be the only fee payable. Others pay an additional means-tested fee.
- **Accommodation payment.** You can pay this as a lump sum refundable accommodation deposit (RAD); periodically as a non-refundable daily accommodation payment (DAP); or a combination of the two. The RAD is refunded when you leave, less any agreed deductions. The DAP is calculated as the RAD multiplied by a predetermined interest rate and divided by 365 days.
- **Fees for additional optional services.** These vary depending on your choice of facility and cover extras such as a higher standard of accommodation, wine with meals and hairdressing.

Being prepared for the next step is important. Where a person moves into a retirement village and then on to full aged care soon after, they could easily find themselves with substantially less assets in a relatively short time.

In the example above, the elderly oman had to fund an RAD of $450,000, but was left with only $220,000 from the sale of her retirement villa. To meet the shortfall, she had to pull extra out of her investments to cover the difference.

The difficulty is that no-one knows how long they will live or what their future healthcare and accommodation needs will be.

An integrated plan

Decisions about aged care accommodation are best made as part of a broader financial and estate planning process. Garry makes sure clients seek legal advice to ensure they have a valid will and powers of attorney.

He gives the example of a client with dementia who needed to go into aged care.

"Her money was in super and her family couldn't get it out to pay the RAD because there was no power of attorney. They had to go to the state government to apply for guardianship to act on her behalf."

When you are working and building wealth, it's difficult to see what might happen in 30 or 40 years.

"My advice," says Garry, "is to build the best asset base you can because it will give you more flexibility and a wider range of options for whatever needs arise in future."

Getting the best advice

With so many options available, rules to navigate and investment strategies to consider, getting financial advice is likely to make a significant difference.

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Shortbread and Raspberry Slice

Ingredients

- 250g cold unsalted butter, chopped
- 1 cup (160g) icing (confectioner's) sugar, sifted
- 1½ cups (225g) plain (all-purpose) flour, sifted
- ½ cup (75g) rice flour, sifted
- 1 teaspoon vanilla extract
- ½ cup (160g) raspberry jam
- icing (confectioner's) sugar, for dusting

Method

1. Preheat oven to 180ºC (355ºF). Place the butter, icing sugar, plain flour, rice flour and vanilla in a food processor and process until the dough just comes together. Divide the dough in half, cover one piece with plastic wrap and place in the refrigerator.
2. Roll out the remaining piece of dough between two sheets of non-stick baking paper to 4mm thick. Refrigerate for 30 minutes or until firm.
3. Using different sized star-shaped cookie cutters, cut out stars from the rolled dough, reserving the leftover dough. Place the stars on a baking tray lined with non-stick baking paper and refrigerate for 10–15 minutes or until firm enough to handle.
4. Combine the leftover dough with the remaining chilled dough and using the back of a spoon, press it into the base of a lightly greased 20cm x 30cm tin lined with non-stick baking paper.
5. Spread the jam over the dough and top with the stars, overlapping them slightly. Bake for 20–25 minutes or until light golden. Allow to cool completely in the tray and dust with icing sugar to serve. Serves 6–8.

Cook's guide

- Rice flour is used in this recipe because it gives shortbread its classic, crisp, crumbly texture.
- Dip the cookie cutters in flour to avoid the dough sticking to the cutters.
- Pressing the dough into the tin with the back of the spoon will help give you a smooth, even surface.
- We've used raspberry jam, but you can also use strawberry or cherry jam.
- You can make your shortbread dough up to two months in advance and freeze it. Simply cover it tightly with plastic wrap and allow it to thaw in the fridge completely before baking.

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Behind the Scenes at PRP

Melbourne Cup Lunch

A collection of the PRP staff taking some time out for the Melbourne Cup – The sweep was won by Holly Rohrlach (our newest employee) who will no doubt invest her winnings in a new "fascinator" for next year.

PRP Welcome

During the past 6 months we have welcomed back Sonia Adamczyk as a Client Manager (Taxation) and are pleased to introduce our newest employee – Holly Rohrlach (Receptionist). Sonia is known to many of you, having worked for PRP for many years until 2012. After 5 years away, Sonia made the decision to return and has seamlessly taken up where she left off. Holly is employed 4 days per week and is studying the Diploma of Financial Planning externally. We are very pleased to introduce them to you our clients.

Christmas Wishes

The management and staff of PRP wish you and your family our warmest wishes for a wonderful Christmas and a Prosperous New Year.

PRP Christmas Trading Times

Adelaide & Renmark Wealth
Closed from 12pm on the 22nd December 2017 and re-opening 8th January 2018

Renmark Accounting
Closed from 12pm on the 22nd December 2017 and re-opening 8th January 2018

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