



PATTINSON F.S

Your dreams, our passion, the future together.



February 2020 Newsletter

Welcome to the latest edition of our newsletter. We hope that you find the following articles to be informative - as we aim to help you make better financial decisions.

Planning for aged care



The decision to enter aged care can be difficult, but a new range of tools and services helps to simplify the process.

The decision to enter aged care is not often an easy one to make. It's a major life change and can understandably be a highly emotional time for those entering care and their families.

The reality for many people is that aged care may be just around the corner, whether it's helping a partner or parent to enter aged care, or considering your own plans for the future.

Aged care can be an overwhelming and complex process to navigate, but early planning can help to take the stress and uncertainty out of it when the time comes to make the transition.

The best place to start is at the [My Aged Care](http://www.myagedcare.gov.au) website www.myagedcare.gov.au. Here, you can learn about the different types of aged care, get assessed for aged care services, and find an aged

care provider in your local area. There's even a handy [fee estimator](#) tool on the website, so you can find out what you may need to pay towards an aged care home or for a home care package.

The Department of Human Services' [Financial Information Service](#) can also help you to understand the financial aspects of aged care. You could speak to a [Financial Information Service Officer](#) or attend one of the Department's free seminars on aged care to learn more about aged care fees and charges, and different options to fund aged care depending on your circumstances. For more information, go to <https://www.humanservices.gov.au/individuals/services/financial-information-service>.

If you or a family member are thinking of entering an aged care facility or getting help with living at home, the Department of Human Services may be able to help with the costs. The Department can offset some of the cost of care based on income, assets and type of care needed. Once assessed as suitable to enter aged care by an Aged Care Assessment Team, The Department of Human Services will do a means assessment to determine how they can help with fees.

The Department will use financial details to assess if they have to pay a means-tested fee towards the cost of their care and what this fee will be.

Improvements made

The Department of Human Services has made vast improvements to the aged care forms this year. These forms have been significantly trimmed back in size and the front page now makes it clearer who needs to complete them. For instance, people entering residential care don't need to

fill in a form if they get a means-tested income support payment from [Centrelink](#) or the [Department of Veterans' Affairs](#) (DVA), and don't own their own home.

People commencing a [Home Care Package](#) don't need to fill in a form if they get a means-tested income support payment from Centrelink or the DVA.

This is because the Department of Human Services will use the information already held about income and assets to calculate means-tested fees for aged care, saving the filling of a form.

It is important those entering care make sure their income and assets are up to date when they enter into aged care to ensure their assessment can be completed automatically. They can do this by accessing their Centrelink online account or by calling Centrelink on 13 23 00 or DVA on 1800 555 254.

There's even a digital form which tailors questions to a person's circumstances, and you can lodge this using their Centrelink online account on [myGov](#) or by printing and returning the form to the Department of Human Services. These forms are available to print from the Department's website or your client can request a copy by [calling](#) the Department or visiting a Service Centre.

To find out more about options, services and support for people considering aged care, please don't hesitate to contact us.

Reference: Money and Life <https://www.moneyandlife.com.au/professionals-for-aged-care/>

Understanding the First Home Loan Deposit Scheme



For many Australians, entering the property market and purchasing their first home is often challenging due to the large deposit required.

The Australian Government's First Home Loan Deposit Scheme (FHLDS) is designed to assist eligible first home buyers purchase a home sooner by allowing them to obtain a loan with just a 5% deposit, rather than the standard 20% deposit. The Government then guarantees the remaining 15%, which effectively enables buyers to avoid lenders mortgage insurance. The scheme commenced on January 1 2020 and already 3000 first-home buyers have reserved a place on the scheme. There are only 10,000 loans available each financial year. The FHLDS can be used to purchase a new or existing property (and in some cases land), and can be used in conjunction with other government programs.

The significance of Lenders Mortgage Insurance when trying to buy your first home

Lenders Mortgage Insurance is an insurance premium typically paid on loan amounts greater than 80% of the value of the property. It is a one-off payment, paid upfront by the borrowers to an insurer to protect the Lender for the higher risk loans. Under the FHLDS, the Government provides this protection to the lender, enabling borrowers to purchase a property without the need to save or pay for the insurance premium. This amount can often be the difference between being able to purchase a home or not. For example, borrowing 95% of a \$500,000 home incurs a Lenders Mortgage insurance premium of approximately \$20,000.

Potential savings for first home buyers

The FHLDS, when combined with other Government and State-based incentives, may offer significant savings and help make buying your first home a reality. For example, the table below shows the potential savings when purchasing a new property with access to the First Home Owner Grant, full stamp duty exemption, and the lenders mortgage insurance waiver. Of course, be sure to speak with your lender or broker to understand your individual circumstances and eligibility.

	Purchase Price	Standard Purchase costs	New Purchase costs
NSW	\$600,000	\$72,000	\$22,000
VIC	\$600,000	\$84,000	\$23,000
QLD	\$475,000	\$49,000	\$11,000
WA	\$400,000	\$45,000	\$10,000
SA	\$400,000	\$52,000	\$25,000
TAS	\$400,000	\$47,000	\$25,000
ACT	\$500,000	\$53,000	\$35,000
NT	\$375,000	\$48,200	\$200

Whether you, a family member, or friend are considering your first home, it's worthwhile investigating the [eligibility](#) requirements for the scheme.

Applying for the scheme

First home buyers who are considering purchasing under the FHLDS will need to apply for finance via one of the [27 lenders](#) accredited to service the scheme. Borrowers can still use their Mortgage Broker to support the application process however your broker will need to be approved for the scheme and meet the credit criteria of the lender.

For more information, please contact our office or you can read more at <https://www.nhfc.gov.au/what-we-do/fhlids/>. We have access to an approved mortgage broker for the FHLDS and are ready to assist with the complete process.

As you know this email is in no way a substitute for a face to face meeting or phone call so if you have any issues you would like to discuss with us please do not hesitate to contact us on 1300 466 637.



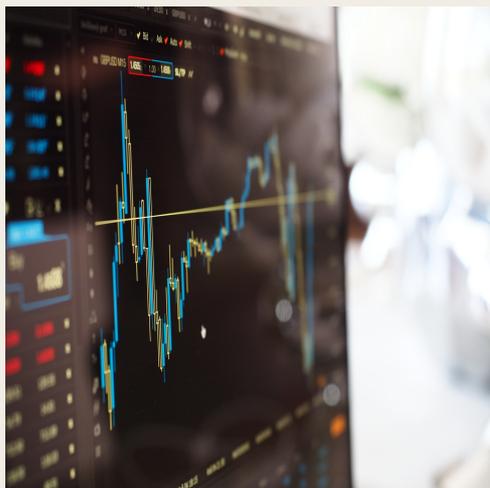
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Economic Update February 2020



Within this month's update, we share with you a snapshot of economic occurrences both nationally and from around the globe.

Good start to year for markets.

- US trade deals signed
- Stronger China data
- Better than expected Australian data.

We hope you find this month's Economic Update as informative as always. If you have any feedback or would like to discuss any aspect of this report, please contact our team.

The Big Picture

We expressed strong reasons for being optimistic about equities in 2020 at the start of this year. The ASX 200 and the S&P then raced ahead in January so much so that our overpricing signals came close to calling the need for a slight correction! Coronavirus jumped out of the shadows towards the end of January and

that was enough to check the markets' strides. The ASX 200 still gained 4.7% in January while the S&P 500 finished the month slightly down.

At this point, not enough seems to be known about the virus to be able to make a meaningful economic assessment. However, there are good signals that China and the rest of the world are cooperating in finding a solution. Put in the context of other recent medical alarms such as SARS and Ebola, there is no sign yet that markets might not soon start to recover.

Of course, we had the added problem of major bushfires at home to contend with. Even so, our market climbed just about as much in January as in an average full year!

The Phase 1 trade deal was signed as expected on January 15th so that put the stoush between China and the US on the back burner. Brexit seems to be going smoothly – certainly far better than most claimed it would be in the three-year run-up since the referendum.

The Trump impeachment trial started with all of the fanfare of a three-ringed circus coming to town. Few expect a conviction and an exit for Trump. The issue is what impact there will be on Trump and Biden in the run-up to the November elections.

By and large the relevant global macro-economic data in January have been quite favourable. China's key monthly indicators were stronger than expected. Its economic growth came in as expected at 6.1%. While some point to a falling growth rate in China, it is prudent to place this change in growth in context. China's economy has doubled since 2011 while our economy is only up around 20%. That means that the value added for China from an Australian

perspective is massive at 6.1% p.a. compared to 8% p.a. or so a decade ago!

To continue reading please visit: <https://www.infocus.com.au/news/economic>

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