

QUARTERLY INSIGHT

InterPrac Financial Planning Newsletter Edition 4 2025

Welcome to our Summer Edition

Wrapping up the Year.

With festive celebrations already in full swing, and the countdown to the holidays underway, it is the perfect time to say thank you for your support throughout the year.

In this final edition of our newsletter, we would like to share some Aged Care reforms that introduce eight levels of home care and clearer pricing, practical strategies for navigating unexpected retirement, and upcoming

super tax changes impacting high balances while boosting support for low-income earners. On our final page, a vibrant Christmas Salad Wreath recipe, a delicious summery salad for family and friend holiday celebrations, gives the wow to the table centrepiece.

We would like to wish you a wonderful Festive Season, please take the time to relax, recharge, and enjoy creating beautiful memories with your family and loved ones.

We look forward to working with you in 2026!





New Aged Care Act: What You Need to Know

Sweeping reforms to aged care came into effect on 1 November to help improve the quality, transparency and flexibility of care.

With more care levels, clearer pricing, and greater control over how your funding is used, the new system aims to better match services to individual needs. Providers will be required to offer detailed cost breakdowns, empowering you to make informed decisions about your care.

While the reforms are a step forward in care quality, they also come with changes in how services are funded and that may mean higher out-of-pocket costs for some.

What you pay depends on your financial situation – whether you receive a full or part pension or are self-funded – and the services you access.

As the aged care landscape evolves, staying informed is key to making confident choices. Whether you're planning for yourself or supporting a loved one, understanding the new system will help you access the right care at the right time.

Help at home

From 1 November the current Home Care Packages will be replaced by a new program called Support at Home.

The key changes include:

- Eight levels of care (up from four) to better match individual needs
- Extra funding for assistive technology, home modifications and palliative care

Services are expected to remain the same but the way you pay for them may change.

- For example, clinical care (such as nursing or physiotherapy) will be fully funded by the Government.
- You may pay more for everyday living services (such as meal preparation or cleaning) than you do for independence supports (like personal care or transport).
- The out-of-pocket costs for everyday living will range from 17.5 per cent for full pensioners to 80 per cent for self-funded retirees.

- Non-clinical support, like showering, will cost five per cent for full pensioners to 50 per cent for self-funded retirees.

If you were approved for a Home Care Package on or before 12 September 2024, you will be eligible for fee concessions to ensure you are not worse off under the new rules.

The package level you are assigned sets the total funding available to pay for care, with 10 per cent allocated to the care provider to cover the cost of care management.

You then work with your provider to decide how you want to spend the rest of the budget. The provider will set their fees for services and you will make a contribution based on your income.

Residential aged care

Room prices in aged care facilities have been steadily rising following an increase in the Refundable Accommodation Deposit (RAD) threshold from \$550,000 to \$750,000.

Higher RADs mean you may need to use more of your savings or income to cover aged care costs.

From 1 November 2025, anyone who moves into care after this date and pays a RAD, will have two per cent of that amount deducted each year, for up to five years.

You can still opt to pay a Daily Accommodation Payment (DAP), but this will increase every six months in line with inflation.

Other fees include:

- the basic daily fee (set at 85 per cent of the single age pension)
- a means-tested fee or non-clinical care contribution
- potentially a higher everyday living fee (previously known as extra or additional services)

Fee caps and planning ahead

The lifetime cap on aged care contributions continues. You won't pay more than \$130,000 (indexed) over your lifetime towards home care and residential care combined.

Understanding how the changes affect your financial future is vital. You'll need to consider:

- whether someone will remain in the family home
- your current income and assets
- potential age pension entitlements
- estate planning strategies

Use the government's fee estimator at MyAgedCare to get a clearer picture of your potential costs.

Get advice early

Navigating aged care can be complex and the upcoming changes add new layers of decision-making.

We can help explain your options, structure your assets, minimise fees and plan for your future care needs.

If you would like to discuss your aged care options, please give us a call.





Strategies For an Unexpected Retirement

The best time to start planning for retirement is yesterday.
But the second-best time? Today.

About two-thirds of Australians retire earlier than they anticipated because of unexpected events such as job loss or redundancy, they need to care for a family member, have a sudden illness or injury, problems at work or a partner's decision to retire.¹

But, whether you're in your 50s, 60s, or even beyond, it's never too late to take meaningful steps toward a more secure and fulfilling retirement.

The good news is that with the right guidance and a few smart moves, you can still build a retirement plan that reflects your values, supports your lifestyle and gives you peace of mind.



Where to begin

Before you make any changes, it's important to understand your current financial position. This includes:

- your superannuation balance
- other savings or investments
- debts such as your mortgage, credit cards and personal loans
- expected retirement income sources including the Age Pension, rental income and part-time work

Boost your super

Even if you're starting later, there are ways to accelerate your super growth using:

- **Salary sacrifice** Contributing pre-tax income into super can reduce your taxable income while boosting your retirement savings.
- **Personal contributions** You may be eligible for a tax deduction or government co-contribution depending on your income.
- **Catch-up contributions** You may be eligible to add to your super but be aware of the caps on contributions.ⁱⁱ

These strategies can be especially powerful in your 50s and 60s, when your income may be higher and retirement is on the horizon.

It's also a good idea to regularly consider your super investment options and review your risk tolerance and time horizon.

Deal with debt

If possible, getting your debt under control before you retire is a useful strategy.

You could consider using your superannuation or other savings or downsize your home to pay off a mortgage or other loans. But first, it's essential to carefully check the tax impact, the effect on your super and whether any potential government benefits will be affected.

Reassess your lifestyle goals

Retirement isn't just about money, it's about how and where you want to live, how much travel you'd like to do and if you'd continue to work part-time.

Clarifying your lifestyle goals helps shape your financial strategy. It also ensures your retirement plan reflects your values, not just your bank balance.

How much will I really need?

Aim to create a retirement budget. Estimate your future expenses including housing, food, travel and healthcare and compare them to your expected

income. This helps identify any shortfalls and guides your savings strategy.

You will also need to consider the amount of time you might spend in retirement. This will depend on when you retire (planned or unexpected) and how long you live. This is called longevity risk. Given life expectancy is unpredictable, there is a possibility that your retirement savings may not last throughout retirement.

Understand your entitlements

Many Australians are eligible for government support in retirement, including:

- **Age Pension** Based on income and assets, available from age 67 (for those born after 1957).
- **Concession cards** For discounts on healthcare, transport and utilities.
- **Rent assistance** If you're renting privately and receive the Age Pension.

Even if you don't qualify now, you may be able to restructure your finances to maximise future entitlements.

Review regularly and remain flexible

Retirement planning isn't a one-time event. Life changes and so should your strategy. Regular reviews help you:

- Adjust for market movements or legislative changes
- Update your goals and spending patterns
- Ensure your estate planning is current

Flexibility is key. Whether you retire gradually, take a sabbatical, or pivot to a new venture, your plan should evolve with you.

Next steps

Retirement planning is about taking the next step rather than chasing perfection. Whether you're starting late or simply refining your strategy, every step you take now helps shape a more secure and meaningful future.

And remember that retirement isn't an end point. It's a new beginning even if you retire earlier than you anticipated. With the right plan in place, you can step into this next chapter with clarity, confidence and purpose.

We'd be happy to help you review your current retirement plan and identify any gaps in retirement goals and create a strategy should you need to retire earlier than expected.

ⁱ <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/latest-release>

ⁱⁱ <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/understanding-concessional-and-non-concessional-contributions>



Super Tax Shake Up

Superannuation tax rules are changing again and there are implications for those with very large balances as well as those on lower incomes.

In a nutshell, the new plans include:

- more targeted tax rules for people with very large super balances
- extra support for low-income earners who contribute to super
- indexation (automatic increases) to make sure the tax thresholds keep up with inflation
- the removal of the proposed tax on unrealised gains

The new super tax rules will begin on 1 July 2026 and will be based on your total super balance as at 30 June 2027.

The changes follow feedback from industry groups, financial experts, and the public. Treasurer Jim Chalmers said the updates are designed to make the system fairer while still meeting the government's goals.ⁱ

New rules for higher balances

If your total super balance (TSB) is more than \$3 million, you'll be affected by new tax rates on earnings.

Here's how it works:

- for balances between \$3 million and \$10 million, earnings will be taxed at 30 per cent instead of the usual 15 per cent for the proportion of earnings between the thresholds
- for balances over \$10 million, a tax of 40 per cent will apply on the proportion of earnings over the threshold

These are still concessional rates, meaning they're lower than the top personal income tax rate, but they're higher than the standard super tax rate.

The thresholds will be indexed over time. The \$3 million threshold will increase in steps of \$150,000 while the \$10 million threshold will increase by \$500,000 each time.

This means fewer people will be affected in the future as the thresholds rise with inflation.

Only a small number of Australians will be affected by the new rules. Less than 0.5 per cent of super account holders are expected to have balances exceeding \$3 million in the 2026-27 financial year. The \$10 million rule is expected to apply to fewer than 8,000 accounts, less than 0.1 per cent of all super accounts.ⁱⁱ

If you're affected, you can choose to pay the tax from your super account or from funds outside of super.

No tax on unrealised gains

One of the most controversial parts of the original proposal was a tax on unrealised gains, meaning increases in the value of assets that haven't been sold yet (such as property or shares).

This idea has now been dropped.

Instead, the new tax will only apply to realised gains (actual earnings such as interest, dividends or profits from selling assets).

Extra top-up for low income earners

The government is increasing support for low-income earners through the Low Income Superannuation Tax Offset (LISTO).

LISTO is a 15 per cent tax offset paid by the government into the super accounts of people earning up to \$37,000 a year and is worth up to a maximum of \$500.

From 1 July 2027, the current LISTO income threshold will increase to \$45,000 to match the top of the second income tax bracket. Around 3.1 million Australians will then be eligible for LISTO.ⁱⁱⁱ

The maximum government top-up payment will also be increased from \$500 to \$810 to account for the recent increase in the Superannuation Guarantee (SG) rate to 12 per cent.

Special rules for defined benefits funds

Some judges and politicians are members of defined benefit super funds, which work differently from regular super accounts.^{iv}

Because it's harder to calculate earnings in these funds, the government will develop equivalent arrangements to apply the new tax fairly.

We're here to help you understand how the changes may affect your super and your long-term financial goals, so please give us a call.

- i <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/reforms-support-low-income-workers-and-build-stronger>
- ii <https://www.superannuation.asn.au/media-release/proposed-super-tax-changes-will-make-system-fairer-for-low-income-workers-asfa/>
- iii <https://treasury.gov.au/publication/p2025-709385-listo>
- iv <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/super-contributions-to-defined-benefit-and-constitutionally-protected-funds#ato-Definedbenefitfunds>





Take a Moment to Reflect & Reset for the Year Ahead

As the year draws to a close, it's easy to get swept up in the rush to wrap things up, finish final projects, meet deadlines, and manage that growing list of tasks you swore you'd complete before the new year. But before you power through the last stretch, it's worth taking a short pause.

In the time it takes to read this article, you can reflect on what's gone well, what you've learned, and what you want to achieve next. The final month of the year is the perfect window to reset your focus, recharge your motivation, and plant the seeds for a successful year to come.

Look back with intention

Reflection isn't about perfection. It's about awareness.

Ask yourself:

- What projects or achievements am I most proud of this year?
- When did I feel at my best, most productive, creative, or engaged?
- What moments challenged me, and what did I learn from them?

Taking time to acknowledge your growth helps you see patterns in your success. Maybe you thrived when collaborating closely with your team, or perhaps you produced your best work when you blocked out time for deep focus. Recognising these patterns gives you valuable clues for how to work smarter in the year ahead.

Refine what's working and release what's not

Efficiency doesn't just come from doing more. It comes from doing what matters most. Review your routines and workflows. Are there habits or tools that save you time and make your days run smoothly? Keep those. Are there tasks that drain your energy without much payoff? Find ways to delegate, automate, or simplify them.



You might:

- Batch similar tasks together instead of switching contexts throughout the day.
- Schedule a daily “power hour” for focused work before emails and meetings take over.
- Revisit your digital setup by clearing your inbox, decluttering your desktop, and updating systems that slow you down.

Even small improvements can add up to a big difference in clarity and productivity.

Set goals that inspire you

As you look toward the new year, think beyond resolutions and focus on meaningful goals. The best goals are specific, measurable, and motivating. Instead of saying “I want to grow my business,” try “I want to increase client retention by 15 per cent through more consistent follow-up and improved service delivery.”

Break larger goals into smaller milestones and schedule time each month to review your progress. When goals are tracked, they stay alive, and progress feels more rewarding.

Invest in learning and growth

Professional success is built on continuous learning. Identify one or two skills that would make the biggest impact on your performance or your business next year. That might mean strengthening your leadership capabilities, exploring new technology, or developing your communication skills.

Learning doesn't have to be time-consuming or formal. You can listen to a podcast on your commute, join a professional community, or take an online course at your own pace. The key is to stay curious and proactive.

Prioritise wellbeing to sustain success

No improvement plan is complete without balance. High performance and wellbeing go hand in hand. Build habits that help you recharge, because even small changes can have a big impact on focus and energy.

Try adding:

- Short breaks between meetings to reset your mind.
- A daily walk or stretch to boost creativity and reduce stress.
- Boundaries around your work hours so you can truly disconnect.

Remember, productivity isn't about constant output. It's about sustaining the energy and clarity needed to produce great work consistently.

Step into the New Year with purpose

Before the year slips away, take stock of how far you've come and the progress you've made, even the quiet, behind-the-scenes wins that others might not see. Each one is proof of your resilience, adaptability, and commitment.

Then turn your attention forward. Choose one meaningful goal that excites you and one habit that will help you reach it. Write them down, tell someone who can keep you accountable, and start small. The momentum you build now will carry you confidently into the new year.

So, here's to closing the year with gratitude, clarity, and a renewed sense of purpose, and to stepping into the next one ready to learn, grow, and achieve more than you thought possible.





Trusts are Back in the ATO Spotlight

With more than 947,000 trusts operating across Australia, it's no surprise the ATO continues to keep a close eye on how these structures are managed. Trusts remain central to many wealth and succession plans, but their complexity means they also attract compliance scrutiny.

Closer attention to how trust structures are now being used is part of the ATO's focus on ensuring taxpayers pay the required tax and do not inappropriately use structures to reduce their tax liabilities.

What's attracting attention

The ATO's latest data analysis has pinpointed a few emerging behaviours it's concerned about:

- **Overclaiming tax deductions:** Some trusts are reducing their net income by claiming deductions that don't stack up - often without the documentation to support GST refunds.
- **Loss trafficking:** This refers to the creation and use of artificial losses to offset income, giving the appearance of reduced profitability.
- **Misuse of tax-exempt vehicles:** Ancillary funds and other exempt structures are sometimes used to access concessions or private benefits where there's no real entitlement.

If these practices sound familiar, it might be time to get back on track.

Family trust elections missteps

Family trust elections (FTEs) and interposed entity elections (IEEs) are meant to define clear tax relationships. But when recordkeeping falls short or elections aren't properly understood, issues arise – particularly with Family Trust Distribution Tax (FTDT).

Trustees are also being encouraged to check the FTEs and any IEEs the group has in place and to clearly identify members of the family group.

Trustees should ensure they understand the tax implications of making these elections and how they affect distributions and tax responsibilities for both the trust and its beneficiaries. In fact, the ATO is seeing instances where individual beneficiaries are incorrectly returning amounts on which FTDT has been paid.

Trusts in succession planning

Using a trust to transfer wealth is common in succession planning – but it needs to be done correctly.

Trouble often arises when capital gains tax events are overlooked, the tax consequences of transactions are

misunderstood and Division 7A issues are ignored when loans, payments or debt forgiveness are involved.

These oversights can lead to unexpected tax bills at a time when stability and clarity matter the most.

Amendments to a trust deed (such as changes to the trustee, adding or removing beneficiaries, or amending the vesting date) can also create tax risks for trustees.

The same applies if the trust has a family trust election in place but makes distributions outside the family group.

Trusts with an IEE in place to include the interposed entity in its family group may also find the ATO asking questions.

Don't forget the franking account

Another area of focus right now is discrepancies in trust franking account balances and situations where a trustee fails to apply the franking credit integrity rules when making or receiving franked distributions.

Trustees need to ensure they are complying with the 45-day holding rule if they wish to avoid scrutiny. This rule requires shares to be held 'at risk' for a continuous period of at least 45 days (90 days for preference shares) during the qualification period.

It is also important to check you have family trust elections in place if you wish to access franking credits for the trust's share holdings.

If your trust touches any of these areas – from family elections to succession plans – now is a good time to review your setup. Good governance and clear records don't just help you comply with ATO rules; they protect your beneficiaries, your finances, and your legacy.

The ATO has a checklist that is designed to help avoid basic trust errors if you don't fully understand your obligations or take reasonable care to get things right.

The checklist states you should:

- Understand how income is defined for the trust estate.
- Identify the trust's beneficiaries.
- Understand resolutions and present entitlement.
- Identify any family trust elections (FTE) or interposed entity elections (IEE).
- Maintain clear and accurate records.



Christmas Salad Wreath

This delicious, summery salad is arranged in a wreath-shape, making it the perfect colourful centrepiece for your Christmas spread. Make the most of delicious Australian produce with fresh prawns and mango served together in a dish that will impress all your guests. For those of you who don't fancy prawns, swap this with Halloumi, or prosciutto. Make this your own.

Ingredients

- 2 medium fennel bulbs, trimmed
- 1 lemon, juiced
- 200ml crème fraîche
- 1/4 cup mint leaves, shredded
- 3 Australian mangoes
- 100g baby rocket
- 4 green shallots, thinly sliced
- 3 Lebanese cucumbers, peeled into ribbons
- 1 bunch radish, washed, thinly sliced
- 1kg cooked medium prawns, peeled and deveined (or use an alternative)
- 1/4 cup pistachio kernels, toasted, chopped
- Extra virgin olive oil and lemon wedges, to serve



Method

1. Use a mandolin to thinly slice the fennel into a large bowl. Pour over the lemon juice, season with salt and pepper. Stir to coat.
2. Remove the cheeks from the mango. Carefully scoop out the flesh, thinly slice.
3. Drain the fennel.
4. Combine the rocket and shallots, arrange in a wreath shape on a large board or platter.
5. Top with fennel, cucumber, radish, prawns and mango. Sprinkle with pistachios. Drizzle with olive oil.
6. Mix mint and crème fraiche and place in small bowl, then serve together with lemon wedges.

This recipe is: Gluten Free, Soy Free and Egg Free



Your Financial Planner is an Authorised Representative /
Corporate Authorised Representative of

InterPrac Financial Planning Pty Ltd

ABN 14 076 093 680

Australian Financial Services Licence Number 246638,
Suite 1 level 20/555 Collins St, Melbourne VIC 3000

Disclaimer: The articles in this newsletter are of a general nature only and are not to be taken as recommendations as they might be unsuited to your specific circumstances. The contents herein do not take into account the investment objectives, financial situation or particular needs of any person and should not be used as the basis for making any financial or other decisions.

InterPrac Financial Planning Pty Ltd directors and advisers may have investments in any of the products discussed in this newsletter or may earn commissions if InterPrac clients invest or utilise and any services featured. Your InterPrac Financial Planning adviser or other professional advisers should be consulted prior to acting on this information. This disclaimer is intended to exclude any liability for loss as a result of acting on the information or opinions expressed.