

Update on the Government's Coronavirus **stimulus package**



The government continues to review its Coronavirus stimulus package with a number of initiatives discontinuing, whilst others extend into the 2020/21 financial year.

Early access to super

Regardless of whether you have already accessed some of your super in the 2019/20 financial year, if you are eligible, you can still access up to \$10,000 of your super after 1 July 2020. The ATO will accept applications, via MyGov, until 24 September 2020.

Minimum pension payment changes

To help retirees regain the value of their super after the recent market downturn, the minimum pension payments the Government requires you to withdraw from your account-based pension or similar product will be reduced by 50% in the 2020/21 financial year.

If you have previously requested that your super fund pay you the minimum amount, they may automatically reduce your payment to the new minimum which could halve your expected pension amount. You can change this at any time by contacting your adviser or super fund.

JobSeeker Coronavirus Supplement

The Government has expanded eligibility for income support payments, including JobSeeker, such as waiving some waiting periods and increasing the amount of income your partner can earn before it stops your JobSeeker payment.

Instant asset write-off for businesses extended to 31 December 2020

The Government has extended the time period eligible businesses can apply for an instant asset write-off within the increased thresholds.

That is, if you own a business with aggregated annual turnover of less than \$500 million (increased from \$50 million) you may be eligible for an instant asset write-off on assets of up to the value of \$150,000 (from \$30,000) until 31 December 2020 (extended from 30 June 2020).

From 1 January 2021, this threshold reduces to \$1,000 (for businesses with less than \$10 million turnover).

The measure applies to new or second-hand assets first used, or installed ready for use, between 12 March 2020 until 31 December 2020 (inclusive). Certain assets are excluded, for example, horticultural plants and capital works deductions.

If you are an owner or director of a business and are currently struggling due to the Coronavirus crisis, the ATO will also tailor solutions to your circumstances.

Early Childhood Education and Care Relief Package

Eligible early childhood education and care services have been free for almost three months. This is set to end on 12 July 2020, extended from 28 June.

JobKeeper initiative for child care providers

The Government has announced that they intend to stop providing JobKeeper payments for employees of a child care subsidy-approved service providers and for sole traders operating a child care service from 20 July 2020.

This means that these businesses will no longer receive \$1,500 per fortnight, to pass onto each of their eligible employees.

Note: This change is subject to amendments being made through Parliament.

Other businesses are likely to continue to receive the payment until 30 September 2020.

If you need advice on any of these initiatives please contact your financial adviser.

The new normal



The Coronavirus has had a devastating impact globally and forced us to quickly reinvent how we go about our personal and professional lives to protect ourselves, our loved ones and the community. Is this new way of doing things the new normal?

Working from home

At the start of the Coronavirus crisis, much of our day-to-day work moved into the home. Apart from the technological challenges, there was also the mental health challenges that comes with self-isolation. People living alone faced one type of mental health challenge, while people who live together faced another – the pros and cons of having to spend more time with a partner, family or housemates than ever before.

The change has been swift and broad with nearly half (46%) of all Australians who were working in late-April to early-May reporting that they were now working from home.¹

Also, many people were forced to help children carry out schoolwork at home by tackling new online learning procedures, which were very unusual for some, while simultaneously doing their day job. This produced significant challenges and a new appreciation for our teachers!

As we worked through these issues, for some, working from home has become the preferred future working environment, while for others the return to work can't come quickly enough.

Online services and deliveries

With people requiring to social distance and stay at home, deliveries across the country have increased, with approximately 25% of people reporting that they have increased their levels of online shopping.¹

Now, deliveries within a couple of hours or days is the new norm for everything from groceries, books, restaurants to bike shops. This provides a new convenient service, plus employment for delivery drivers.

Will people go back to queuing for their groceries when social distancing restrictions are lifted, or will they continue to order online?

New ways of communicating

While we've social distanced and self-isolated, video conferencing has been embraced, and we're now regularly 'meeting' with and 'socialising' with workmates, family and friends online.

Zoom, a popular video-conferencing app, has seen downloads and subscriptions soar with video conferencing being embraced by many companies as a way to keep team meetings occurring and to encourage collaboration.

The environment

There has been significantly less travel during the crisis. Global plane travel has been cut almost completely and is likely to be one of the last restrictions to be lifted. There have also been far fewer cars on the road resulting in less traffic and petrol prices plummeting.

As a result of the decline in human activity, the environment has benefited. In China, carbon dioxide emissions dropped by about 25% since March. The air pollution research organisation Centre for Research on Energy and Clean Air has said that China's reduced output is the equivalent of taking 200 million tonnes of carbon dioxide, or more than half the entire annual emissions output of the United Kingdom, out of the environment.²

The result is cleaner air and clearer waterways.

But, will countries go back to fossil fuels when the pandemic ends to fast-track economic recovery? Or is there an opportunity to rebuild economies through alternative energy sources, for example, solar, hydro and wind?

Going local

The pandemic has truly shown our reliance on goods and services from our overseas neighbours, especially when it came to critical items such as personal protective equipment and Coronavirus testing kits for our doctors and nurses. This showed a weakness in our self-reliance as a nation.

With a shortage of items which are only available from abroad, there may be an opportunity for businesses to start to manufacture some of these items locally.

Also, the great traditional Australian road trip holiday is likely to become popular as more exotic locations become too expensive or difficult to get to.

A new kind of normal

It's likely not possible for the world to go back to exactly how it was after the Coronavirus crisis ends. Will handshakes disappear? Maybe cash really is a thing of the past. Will we ever go to a smorgasbord buffet again? Or will these things become stories of times past?

Some people will no doubt be wary of being in large crowds and this could financially impact the arts, sports and entertainment industries for some time.

Businesses may well realise their employees working from home has benefits such as increased productivity and the option to reduce office space. Employees may also like the convenience of working from home which can mean more time with their family or replacing the time spent on the daily commute with other more pleasurable activities. It may also allow people in the future to live further afield and make a sea change or tree change while still working.

Eventually we'll all have a new appreciation of moving around freely, being able to travel and socialise at will.

While the Coronavirus crisis has been devastating in so many ways and for so many people, often, with struggle comes opportunity and new ways forward, new ways to support each other and those in need.

If you are struggling financially during the Coronavirus crisis, please contact us and we can help you work through the options available to you.



1 <https://www.abs.gov.au/ausstats/abs@.nsf/mf/4940.0>

2 <https://thenewdaily.com.au/life/science/environment/2020/04/09/how-coronavirus-could-save-australia-from-climate-change-or-make-it-worse/>

Why appoint a power of attorney?

A power of attorney is a legal document that allows you to nominate someone you trust to make financial decisions on your behalf if you are unable to do so.

A popular misconception is that a person's partner can make financial decisions for them and manage their assets. However, unless a formal power of attorney has been granted, these decisions may revert to a government agency instead. Having a power of attorney in place means you can nominate the person you want to make the decisions – it protects your interests.

Depending on state and territory laws, as well as your circumstances, a power of attorney can operate in different ways:

A general power of attorney



allows someone to make financial and property decisions on your behalf for a limited time only, for example, if you are overseas for an extended amount of time.

An enduring power of attorney



is the most common form and allows you to nominate someone you trust to make legal and financial decisions on your behalf if you, for instance, have an accident, fall ill or lose capacity. The benefit of an enduring power of attorney is that unlike a general power of attorney, it will continue to operate even if you lose full legal capacity.

Source: Australian Executor Trustees

An enduring power of attorney is an extremely powerful legal document, so it's not only vital to ensure you have one in place, but it's also critical that you appoint the right person or persons for the job.

Your attorney can step into your shoes and enter into contracts, operate your bank accounts and pay your bills for you. They even have the ability to sell your house or incur debt on your behalf.

It is a position that carries great responsibility and your attorney(s) should always act in your best interests. You can imagine the possible problems and difficulties that can ensue if your appointed attorneys don't get along or can't agree on important decisions that need to be made. If you can foresee conflicting issues arising amongst your attorneys, or if there is no one that you can absolutely trust, appointing a reputable, professional trustee company may be a good option.

What happens if you don't have an enduring power of attorney?

If you do not get around to putting an enduring power of attorney in place and suffer an illness or loss of mental capacity, an application would need to be made to the relevant Administrative Tribunal in your state or territory for a financial administrator to be appointed to act on your behalf.

If the relevant Administrative Tribunal feels there are no appropriate family members or friends who can be appointed, they would usually appoint the Public Trustee to manage your financial affairs.

If you would like more information about enduring powers of attorney, please contact us.

Your TFLG Financial adviser is:

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