

THE BLACK ROCK DIGEST



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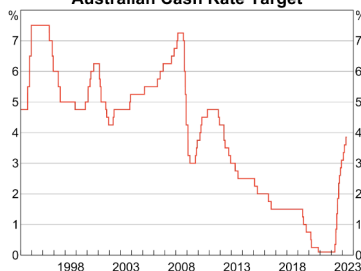
Paul Flakus

Australian Credit License No : 379603
Founder, Flakus & Associates
Unit 5, 120 Talinga Road,
Cheltenham VIC 3192
T 03 - 9583 0119
M 0417 567 747
www.flakus.com.au

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Australian Cash Rate Target



Source: RBA.

THE YEAR SO FAR

At its June 2023 meeting, the Reserve Bank increased the Overnight Cash Rate by 0.25% and it now stands at 4.10%.

The decision to lift the official cash rate to 4.10% was promoted by the April Consumer Price Index increasing from 6.3% to 6.8%, and concerns around the signaling effect of Friday's announcement by the Fair Work Commission of a 5.75% boost to the minimum wage.

Financial institutions will no doubt increase their Variable and Fixed Rates accordingly to reflect the Cash Rate increases. As most borrowers know, mortgage rates have increased to well beyond the Cash Rate. At the same time, The Australian Prudential Regulation Authority (APRA) has announced the 3% serviceability buffer for home loans will remain, citing "the potential for further interest rate rises, high inflation and risks in the labour market".

Many borrowers who entered into a Low Fixed Interest Rate loan during the past few years would now be dreading the expiry of those Fixed Rate loans. Despite the media hype around increased home loan rates, and the habit to "shop around for the best deal", now is the time to contact **Flakus and Associates** to explore the options now available. Your finance broker will also help determine if you, the borrower, meets the lender's serviceability criteria, and improve your success rate.

CASH-BACK INCENTIVES ARE ENDING

Skyrocketing refinancing has made cash-back incentives an expensive exercise for the banks. Recently, the big banks have been raising interest rates for new borrowers in addition to the standard RBA bank cash rate rises, partially reversing the discounts available to new customers. Over the past 12 months, banks have been at the centre of a "refinancing war" with cash-backs ranging from \$2,000 to \$4,000, with smaller players offering even more. Recent communications seem to indicate that the cash-back incentives are set to be scaled back from 30th June 2023. The move suggests that the strong competition for refinances may have resulted in lenders writing loans below the cost of capital, and hence this practice is expected to stop soon.

ESTATE AND WILLS

Dying intestate (without a will) can create huge problems for next-of-kin.

This issue is becoming more prevalent. With more younger and middle-aged borrowers seeking to borrow, it is wise to consider preparing a Will. Whilst many consider this a "to do later job", borrowers need to consider the fall-out of not doing it in the event of a mishap, and how it can impact the family unit. At the same time, it may be prudent to consider if there is a need for a Testamentary Trust. Discuss with your lawyer, especially if there are "blended marriages" or "parents' giftings" involved. Make sure that your Accountant, Lawyer and Executors all receive a copy of the Will when it is completed. Borrowers should always have Powers of Attorney executed and in a place for peace of mind.

Contact Paul to discuss this as Paul has associates who will assist with estate and wills.

PAUL FLAKUS - Your First Port of Call for all your Finance Options

FEDERAL BUDGET 2023 HIGHLIGHTS

Small Business Support – \$20,000 instant asset write-off

The Government will improve cash flow and reduce compliance costs for small businesses by temporarily increasing the instant asset write-off threshold to \$20,000, from 1 July 2023 until 30 June 2024. Small businesses with aggregated annual turnover of less than \$10 million will be able to immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed ready for use between 1 July 2023 and 30 June 2024. The \$20,000 threshold will apply on a per asset basis, so small businesses can instantly write off multiple assets.

Superannuation

Better Targeted Superannuation Concessions

As previously announced, the Government will reduce the tax concessions available to individuals with a total superannuation balance exceeding \$3 million from 1 July 2025.

Individuals with a total superannuation balance of less than \$3 million will not be affected.

Personal income tax

Extending the Personal Income Tax Compliance Program

The Government will provide \$89.6 million to the ATO and \$1.2 million to Treasury to extend the Personal Income

Tax Compliance Program for two years from 1 July 2025 and expand its scope from 1 July 2023. This extension will enable the ATO to continue to deliver a combination of proactive, preventative and corrective activities in key areas of non-compliance, and to expand the scope of the program to address emerging areas of risk, such as deductions relating to short-term rental properties to ensure they are genuinely available to rent.

Increasing the payment frequency of the Superannuation Guarantee (SG) and investing in SG compliance

As previously announced, from 1 July 2026, employers will be required to pay their employees' SG entitlements

on the same day that they pay salary and wages. Currently, employers are only required to pay their employees' SG on a quarterly basis. By increasing the payment frequency of superannuation to align with the payment of salary and wages, this measure will both ensure employees have greater visibility over whether their entitlements have been paid and better enable the ATO to recover unpaid superannuation. Increased frequency of payment will also support better retirement outcomes. A 1 July 2026 commencement date will allow the ATO, payroll service providers and superannuation funds time to make necessary system changes and for employers to adjust their cash flow practices.

2023 VICTORIAN STATE BUDGET

The Victorian Treasurer handed down the 2023-24 State Budget on Tuesday 23 May 2023. The budget announces number of measures that impact legislation administered by the State Revenue Office - related to payroll tax, land transfer duty, land tax and more. To read the summary prepared by PKF Melbourne, visit the QR Code



BUSINESS FINANCE

Mindful of the sudden emergence and impact of Covid 19, the ATO took a lenient approach to the payment of GST, superannuation and PAYG withholding tax from businesses. As a result, many businesses big and small have accumulated an outstanding liability to the ATO. This is still an ongoing issue. As the business owner, you are responsible for the operations and financial sustainability of the business. If your business has tax issues (GST, payroll, Superannuation, income tax and other statutory requirements), most banks are still reluctant to provide money for tax arrears.

Flakus and Associates is well versed in business finance, having successfully assisted clients with obtaining business finance, whether for purchasing an established business (including franchises), refinancing or restructuring, addressing taxation arrears, or other business needs. Our experience and proven track record positions us as a trustworthy and competent service partner to help you in challenging situations.

Some loan solutions that **Flakus and Associates** have assisted clients with over the past 12 months include :-

- Payment of ATO Arrears, including Superannuation Guarantee levy
- Purchase of specialized medical equipment
- Finance for debtor/invoice funding
- Asset finance for cars, trucks, trailers, excavators, specialized equipment
- Short term working capital

Most business owners are far too busy to deal with banks. Also, banking business hours aren't convenient for busy business owners who have little time to spend outside of their business. Engaging a professional finance broker with flexible hours to become the conduit between client and lender can enable you to focus on your business while we help you achieve your financial goals, available when you are, not the other way around.

Contact Paul to discuss your current business financial position or any future business and equipment finance requirements you may be considering. We are only a phone call away, and available to adapt to your schedule.

REAL ESTATE BUYER'S ADVOCATE VS AGENT

By Nicole Payne from Bayside Real Estate Advocates - Call 0407 775 592

Selling and buying for most people is something that you experience less than a handful of times during your life. Real Estate Agents and Real Estate Buyer's Advocates, however, have done this hundreds and even thousands of times.

The questions often asked by a large number of clients:

What does a Buyer's Advocate do? How are they different from real estate agents?

The simple answer to this is that using a Buyer's Advocate means you have a property expert working for you, and only you. A Real Estate Agent may be able to assist you by presenting different properties they have for sale, but at the end of the day they work for the vendor, not the buyer.

How is this different from a Real Estate Agent?

A Real Estate Agent works for and is paid by the vendor. This means in any transaction the agent is solely working for the vendor and conducting negotiation on their behalf to sell the property for the highest price possible.

A Buyer's Advocate works for you, the buyer, to

purchase a great property at a great price that is going to have long-term benefits for you.

A Real Estate Agent may have a range of properties available for you to inspect in a given area, but it's not their job to assess the property for suitability and long-term performance, or secure the property for you by negotiating the lowest possible purchase price.

Why would I use a Buyers Advocacy service? When it comes to buying property, we've all heard horror stories about people losing money when it comes time to sell their homes or being caught out with expensive repairs and maintenance. It pays to invest in professional advice to ensure what you are buying is a good investment.

Over several years, you want the property to increase in value, helping you take your next step.

A Buyer's Advocate should assist you in reviewing the areas you wish to purchase in and evaluating risk. Making sure there are no big developments or changes that will impact you in the future and help you select a great asset (whether to live in or as an

investment). A Buyer's Advocate ensures all building and pest inspections are completed, negotiates with the vendor's agent, and bids at auction within your budget while improving your chances to buy by 92% when securing a property purchase under the hammer. Planning and consideration around bidding strategy, contract reviews, and negotiations to protect you along with sourcing property, inspecting, shortlisting, and liaising with agents daily.

When it comes down to it, an experienced Buyer's Advocate is a financial investment many people simply cannot do without.

We often pay professionals to do our taxes and when we are sick. Likewise, a professional Buyer's Advocate with tons of experience is equally as important.

A Buyer's Advocate stays on top of change and helps you invest in property wisely. A good Buyer's Advocate understands that every buyer requires a different mix of service and advice, and taking the time to listen and guide you is paramount to your success.

Tips for purchasing under a Private Treaty

When buying a home via a private treaty, there are some key questions that buyers should ask.

These may include:-

- Why are the vendors selling ? e.g. divorce, deceased estate sale, relocation to retirement village or nursing home, family reasons, moving interstate or intrastate.
- What would suit the vendors circumstances e.g. quick sale and settlement, how will the agent be taking offers (recent examples are that agents are accepting offers via new Platforms, which appears to be becoming more the norm. Read the fine print prior to any submission).
- Be wary of "boardroom auctions", whereby the Agent has "numerous offers on the table" and seeks you to increase your Offer to "outbid" the "others".
- Request a full copy of the Contract of sale and section 32 to be available so you may on-forward to your legal representative to review prior to any offer placed forward.
- Do your research on the property :- the neighbourhood, the local area and is there any negativity such as main road, power lines, water catchments, bush fire prone etc.

RESIDENTIAL CARE : Reform in Aged Care

The government announced in October 2022 that residential aged care facilities would be moving to a new funding model called **Australian National Aged Care Classification**, or **AN-ACC**.

AN-ACC is designed to align funding with costs of delivering care. The care component is based on your **AN-ACC** classification.

For those of you that have an interest in understanding the complexities of entering residential aged care you may find Rodney's recent podcast of interest. This is a complex topic and Paul strongly recommends you make contact with an expert in this field. Rodney Horin at Joseph Palmer & Sons (VIC) are aged care specialists who would be of great value and assistance.

For more information, please visit the following websites or visit the QR codes

<https://thesocialblueprint.org.au/tsb-media/>

<https://www.jpalmers.com.au>



HOW FLAKUS & ASSOCIATES CAN HELP YOU

REAL ESTATE VALUATIONS	Thinking of purchasing a property or just wanting to re-assess the value of your property? Engage the services of an experienced, proven and trustworthy property valuer. Our associates provide valuation services for commercial, residential and industrial properties in specialised locations and industries.
COMMERCIAL PROPERTY FINANCE	Available for clients who wish to purchase commercial properties for investment or their own owner-occupied business(es). There are a number of lending options available for this type of security and Paul has access to various mainstream and non-mainstream lenders and options.
SELF MANAGED SUPERFUND LOANS	Lenders in this space is very limited. However, Paul has access to various funders for lending in this sector both for commercial and residential properties.
BUSINESS FINANCE	Includes equipment finance, debtor finance, import finance and cashflow funding. Business finance is still difficult to obtain and moving your business banking from one bank to another can be a ghastly experience and take many months and focus away from your business. Lenders also tend to occasionally review their industry risks and sometimes withdraw facilities if they consider the industry has become too risky. This may present a refinance opportunity so contact Paul today to discuss your options.
EQUIPMENT FINANCE	Includes motor vehicle, trucks, trailers, excavators, caravans, forklifts, office fit-outs, phone systems, audio and any IT equipment, medical equipment, jet skis, helicopter, boats and machinery. This is a highly specialised area and require many years of experience to successfully acquire finance for business clients to purchase equipment. There are various lenders in the market today who are not necessarily mainstream banks who only do Equipment Finance, and thereby able to provide attractive terms and excellent approval turnaround times.

PROFESSIONAL SERVICES

Services Required	Paul Recommends	Contact Details
Tax and Accounting	Craig J. Allen, Craig Allen & Associates	Tel : 03 9558 7316
Quantity Surveyors	Bradley Beer, Director BMT Tax Depreciation	Tel : 03 9654 2233 Mob : 0413 271 777
Accounting Services	Michelle Frey Hermann & Associates	Tel : 03 9589 3521
Law and Legal Services, Wills, etc	Keith Hoban or Dita Kaye D & K Legal	Mob : 0497 650 790
	Joanne Simmonds LLB, Director Beaumaris Law Legal Practitioners	Tel : 03 9589 3205
Insurance Services	Richard Alford, Managing Director HWA Insurance Brokers	Tel : 03 9559 3302 Mob : 0403 338 306
Design and Marketing	David Cheah, Abacus Mind	Mob : 0403 979 986
Property Conveyancing Services	Colleen Buck Cheltenham Conveyancing Services	Tel : 03 9585 6222 Mob : 0416 246 617
Financial Planning, Superannuation and Risk Products	Ian Henry Brenton Henry	Tel : 03 9521 0303 Mob : 0408 571 757 Mob : 0433 923 669
Property and Advisory Advocacy	WPB Property Greville Pabst	Tel : 1300 302 581 Mob : 0419 326 361

Quotes & Wise Sayings

“A Penny Saved is a Penny Earned.”

Benjamin Franklin

“The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have little.”

Franklin D Roosevelt

“Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.”

Paul Samuelson

“The hardest thing in the world to understand is the income tax.”

Albert Einstein

“While money can't buy happiness, it certainly lets you choose your own form of misery.”

Groucho Marx



Paul Flakus
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