



INVESTMENT &
ADVICE SOLUTIONS

The Quality of Advice Review

September 7th, 2022

Dear Sir/ Madam,

Thank you for making the time to consider my Submission around various aspects around many of the matters around the Aged, Disabled, Retired and Personal Injury cohort in Australia.

I will address some points around the relevancy of why these sectors are so vital in the sections below.

History of Aged Care Specialists & the courses –

We first wrote the Aged Care Specialist Adviser course in 2002, with input and formatting from a lecturer at New England University, and it has developed since then to be a post graduate standard course, with 80 CE points accredited by the Association of Financial Advisers and Mentor Education. Successful candidates gain the post nominal qualifications of Aged & Disability Care Specialist Advise™, Aged Care Specialist Adviser®, Personal Injury Specialist Adviser®, Disability Care Specialist Adviser® and Retirement Living Specialist Adviser®.

We have had around 300 advisers pass the course, roughly a third each over financial planners, accountants and lawyers.

We did seek accreditation and recognition from FASEA, but it was rejected. When we challenged the rejection, I was told that they wanted to do another unit on ethics and compliance instead.

This is despite the fact that the cohort we deliver solutions for number well over 8 million people, they are the most vulnerable in the nation, who have traditionally received bad, expensive, and often conflicted advice, and who represent a majority of wealth in the country as well.

Solutions –

We have created educational and advice solutions, along with 10-year calculators for clients which consider the following:

- Meeting income needs

- Minimising tax

- Creating and/or maintaining wealth

- Minimising risk

- Estate planning optimised

- Centrelink optimisation, care fee minimisation and planned Aged care funding.

Our submissions have been recognised by the Aged Care Royal Commission and the Disability Royal Commission, where we are assisting with ongoing technical papers to their board.

Relevancy –

The demographics and forthcoming trends over the next 30 years are compelling as there are over 4.4 million people aged over 65 in Australia as well as 4.5 million people in Australia with a disability. There are around 230,000 in Residential Care, as well as over 200,000 in Retirement living, and a growing number of people receiving home care as well. The post WW2 baby boomer demographic will see an increasing number of older Australians until around 2050, so a long-term view is needed. All of these people have specific qualitative and quantitative needs which are not delivered through other providers in the financial services system.

Stakeholders –

Residents, aged, disabled, retired, personal injury, home care, families, residential, investment, developer, institutional and Government.

Advisers need to consider at least a 10-year view for these clients so as to consider a range of different factors, ranging from income delivery, care funding, aged care cost planning, trans generational wealth transfer, long term changes in Centrelink testing and tax variations, etc.

Past errors in advice and investment deliver for this cohort also need to be considered, as there are a large number of clients whose situations need to be rectified and remediated.

We value these people, and over the last 20 years, have designed systems to provide duplicatable, best practice solutions to protect them from abuse, violence, neglect ignorance and exploitation, so they can be funded and cared for with dignity.

I am the father of a severely disabled young woman, and became known to the National head of Aged & Disability Services at Gadens Lawyers through pro bono work I was doing in the disabled community (Mainly MS Clients) over the past 27 years or so. I was retained by Gadens and Legacy (NSW) from 2003-5 to investigate and deliver financial and estate solutions for the families of those who served, and who had disabilities themselves, or children with disabilities. At that time, in North Sydney alone, there were 20,000 Legacy families, and over 2,000 of the children were intellectually disabled, anecdotally from Vietnam Veterans who were exposed to Agent Orange when on service. These recommendations evolved, and were subsequently enacted under the ITAA, and properly done, provides optimal overall solutions for the clients and their families.

We have been published in the Tax Institute reference guide and their other resources over the last 6 years, and we regularly provide resources for their members, as well as speaking at their seminars, and other industry ones.

So, as well as developing the educational standards, we have developed optimal calculators and investment solutions for disabled clients, with better solutions at a fraction of the costs charged by the Trust companies, and the other main players in the industry to the detriment of their clients.

What I mean by this is that we are still absorbing the results of the Haynes Royal Commission, where financial service providers are castigated over 0.25% commissions, where a fee for service should apply, yet the Trust companies charge 5.5% of capital to invest, 6.6% of income earned annually, as well as fee for service, without challenge, and, in general terms their advice is conflicted and poor.

Figures from Safework Australia tell us that around 220,000 people per year suffer some disability (104,000 are currently “serious” claims, plus super, insurance and civil claims), and the quantum of payments made are around 5.9% of GDP, or an amount of around \$100Bn p.a. (Not just total dollars, but annual dollars). As such, I estimate that around 2.1 million Industry Super Fund members, or around 31% of their members, also may not have received appropriate advice.

I know it sounds corny, but it is the desire to assist these Aged, Disabled and Personal Injury Clients as much as we can – in qualitative and quantitative matters – and to create, as good as we can, best practice educational, advice, care and financial solutions. Hence the writing of the only Graduate Diploma/ Post Graduate training course for the Accountants, Lawyers and Financial Planners who wish to practice in this area – but which affects over 30% of all Australians.

We have also developed calculators and many other tools for these advisers, to assist in their calculations and recommendations, both initial and ongoing, for these clients and their families.

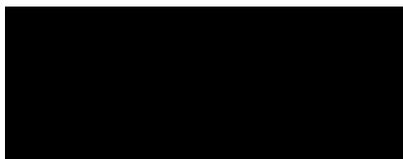
We are also actively working with the Retirement Living Industry to incorporate younger disabled clients into Independent Living communities, with really excellent results – especially when compared to where these clients were historically placed, quite often, in High Residential Care.

Thank you again for listening to what I have done, why I have done it, my view of the matters around the history of the sector, and my (conflicted) solutions for these affected clients. As I mentioned, in the last calendar year, I referred over 400 clients to my adviser network, on a no fee, pro bono basis, but the needs of this market is much bigger than this. It may also be a consideration for you in the Age business section, as a poorly serviced new market opportunity.

And it’s very rewarding work to do!

I’m very happy to meet and discuss further these matters, and you have my contact details.

Thank you again, and my kind regards,



I also attach a presentation on “The Health Watch™ for your information

Introducing the exciting, new Health & Security breakthrough for facilities, residents, and their families - The Health Watch™ - assisting with GST refunds as well as optimal care for residents.



We know just how dangerous falls are – that’s why we have developed fall detection, GPS, sleep, movement and activity monitoring.



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We also know that around 1 in 6 clients may become disoriented, so we have developed a *Wanderer Alert* capability that lets us know where they are, and helps us to get them home.



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There may also be a time when they feel unsafe, unwell, or in danger – we have developed an easy to use system with a Panic Button and Emergency Call functions.



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And all of us can sometimes forget things – that's why we have included a Medication Reminder, charging alerts, voice assistance, etc. – with a facility dashboard for all residents



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We know how important it is to look after the residents – we also screen, monitor & report on B.P., Pulse, Temperature, Oxygen & Haemo readings.



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And we receive and can forward relevant health records to family & medical advisers – and even let them know if we identify a health related issue.



Our solutions assist family members, friends and partners to care, and we are confident that we can help you to watch their health.



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PERSONAL INJURY & DISABILITY ADVISER WORKSHOP

Workbook & Notes

Day 2

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APPENDIX & REFERENCES

- <http://www.theage.com.au/victoria/state-trustees-lose-clients-life-savings-20150130-1327h1.html>
- <https://www.audit.vic.gov.au/report/state-trustees-limited-management-represented-persons?section=30484&show-sections=1#section-30484>)
- NB State Trustee fees – 5.5% of assets PLUS 6.6% of income as at September 2018

Figures and assumptions used:

Residential Care - Basic daily rate = \$52.25 per day

Maximum Permissible Interest Rate = 4.1%

Minimum Assets Amount = \$50,500

The DAP equivalent has been calculated on these figures, using available capital, for simple comparison.

The Optimal solution is based on splitting the \$1,000,000 over a \$20,000 bank account, a \$100,000 Allocated Pension (Taking the 4% minimum- and 4% growth), and the balancing \$880,000 in accumulation Super. I have taken the 15% earnings tax off this component to nett the crediting rate down to 6.8% as a Capital Growth amount.

Home Care Level 2 – Basic Daily rate = \$10.19 per day. \$15,750 package

State Trustees – Initial Asset charge of 5.5% as well as 6.6% of income, which reduces the invested capital from \$1,000,000 to \$945,000, as well as the effective nett earning rate from 8% to 7.472%.

Other links

www.agedcarespecialists.com

www.personalinjuryspecialists.com.au

www.gdv.com.au