

The Farm Household Allowance: To help you through the tough times

Our core purpose is
'TO HELP COMMITTED CLIENTS ACHIEVE FINANCIAL SECURITY'



MULCAHY & CO | P 03 5330 7200 | INFO@MULCAHY.COM.AU | 300B GILLIES ST NTH, BALLARAT

The Farm Household Allowance (FHA) provides fortnightly income support to farmers and their partners up to a maximum of three cumulative years (1,095 days of payment) while they take action to address their long-term financial security.

ELIGIBILITY FOR FARM HOUSEHOLD ALLOWANCE

- Be a Farmer
- Aged 16 and over
- Contribute a significant portion of your labour & capital to a farm enterprise
- Have regular contact with a farm household case officer (one will be provided if successful)
- Have received Farm Household Allowance for less than 3 years
- The Farm must have a significant purpose or character (based on activity and prospect of profit, consistency of farm activity, whether the activity is planned organised and operated like a business and the size, scale & permanency of the activity)
- Have total farm net assets of less than \$2.55 Million
- Meet the requirements of the Non-farm and liquid assets test.

MAXIMUM PAYMENTS (ANNUALISED):

- Single with no children - \$13,327
- Single with dependent children - \$14,606
- Single, aged 60 or over - \$14,606
- Partnered - \$11,983 (each)

AMOUNT PAYMENTS ARE REDUCED BY OFF FARM EARNING:

- \$0 - \$100 per fortnight doesn't affect the rate of payment.
- \$100 - \$250 per fortnight reduces the payment by 50c for every dollar
- More than \$250 per fortnight reduces the payment by 60c for every dollar

AMOUNT THAT CAN BE EARNED BEFORE PAYMENTS STOP COMPLETELY:

- Single with no children can earn up to \$990 per fortnight before the payment cuts out
- Couple \$906.71 (each) per fortnight before the payment cuts out

A RECIPIENT CAN REDUCE THEIR ASSESSABLE OFF FARM INCOME FROM ASSESSMENT IF:

- The amount of interest payable during the relevant tax year either by the person or their partner is owed to a commercial lender (e.g. a bank) and payable under a written contract
- The loan contract was entered into at least one year prior to the person or their partner claiming Farm Household Allowance and cannot be renegotiated with the lender
- The lender is independent from the person and their partner if applicable and does not have a right or interest in the farm or any other asset owned by the person, their partner or the farm enterprise

- The lender holds a farm asset of the farm enterprise as security for the loan
- The ordinary income of the person or their partner for the relevant financial year is less than zero (i.e. the farm enterprise made a loss in the relevant financial year)

The maximum amount which can be offset against interest repayments is \$80,000. It is also limited by the total of the Farm loss and the amount of interest owing.

PRESCRIBED ADVISER

If the farmer is required to complete a Farm Financial Assessment they will need to meet with Mulcahy & Co. A voucher for up to \$1,500 is available to help pay for this fee. The voucher will be included in the letter sent to the applicant informing them that they will need to complete a Farm Financial Assessment.

To start the process contact us on 03 5330 7200 and we can get the ball rolling to complete the application process as quickly as possible.

IMPORTANT DISCLAIMER: This document does not constitute advice. Clients should not act solely on the basis of the material contained in this document. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly and we therefore recommend that our formal advice be sought before acting in any of these areas. This document is issued as a helpful guide to clients and for their private information.

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Are You Financially Secure?



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What does being financially secure mean?

IT MEANS ASSESSING YOUR PERSONAL AND BUSINESS GOALS AND DEVELOPING A PLAN TO ACHIEVE THESE.

We have identified 10 key areas to help you become financially secure:

1. Goals & objectives
2. Estate plan
3. Risk plan
4. Asset protection plan
5. Taxation plan
6. Debt plan
7. Retirement and succession plan
8. Business plan
9. Superannuation plan
10. Investment plan

Setting goals and objectives and having strategies to achieve these is an essential element of becoming financially secure. Once you know what you are aiming to achieve and how you are going to get there, we then need to make sure you have a strong foundation in place to protect you, your family and other investments. A strong foundation needs an estate plan, risk, plan, asset protection plan, taxation plan and debt plan.

With the foundations in place we can then work on the strategies to achieve your goals and objectives. It may seem out of order that we have the retirement and succession plan at number 7 rather than 10. It is important that this is considered early and a plan is put in place. This assists to plan for this financially as well as keeping the communication lines open on the topic.

10 Steps to becoming Financially Secure

1. GOALS AND OBJECTIVES

Picture yourself in 10 years time... Where do you want to be? How are you going to get there? Being clear on your goals & objectives ensures you can develop a strategy to achieve them.

2. ESTATE PLAN

“What will happen when I’m gone?” Only assets owned in your name are covered by your will. Your Estate Plan protects your family from the potential threats that your Will does not.

3. RISK PLAN

Your Risk Plan addresses whether you need to save or insure to protect your family’s financial security in the event of an injury, accident or death.

4. ASSET PROTECTION PLAN

An Asset Protection Plan makes sure your assets are owned in the right names or entities so you limit the risk of them being exposed to creditors.

5. TAXATION PLAN

A Taxation Plan structures your affairs so that you legally pay the least amount of tax and retain more of your income.

6. DEBT PLAN

A Debt Plan ensures your assets aren’t over exposed to debt and structures your debt to maximise tax deductibility of the interest.



7. RETIREMENT PLAN

Retirement is setting the date when you can choose to stop work. Your Retirement Plan details the income and assets you need (in addition to superannuation) to retire and outlines the steps to get there.

8. BUSINESS PLAN

Your Business Plan may be the main source of your wealth. The 5 Drivers to Business Success are the key to developing a business which will help you achieve your goals.

9. SUPERANNUATION PLAN

Many people miss out on the enormous tax benefits of superannuation. A Superannuation Plan will ensure you have a strategy to produce greater wealth at retirement.

10. INVESTMENT PLAN

An Investment Plan will increase your asset base, while focusing on preserving your capital and managing your risks, to meet your personal and financial goals.

We offer a free no obligation meeting to review your situation. Call us today on 03 5330 7200 and take advantage of this valuable offer.

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