Goldsborough

Quarterly financial planning news and views

Trump 2.0 – What can we expect?

An emboldened Trump returns - it would be easy to say we've seen it all before. Trump 2.0 is like the original Trump on steroids. His "Make America Great Again" (MAGA) movement is bolder, much more organised, surrounded by a fiercely loyal team and, as yet, largely unchecked. Trump's first term (2016 – 2020) now seems like it was just the warm-up act.

His inaugural address was pulsating with confidence and packed full of promises to the American people. The 47th US president has reasons to feel self-assured. Just four years ago, he was an embattled incumbent, departing Washington with the lowest approval rating of any post-WWII US president and under the shadow of the violent January 6 Capitol insurrection.

Today, Trump's popularity sits at an all-time high. He returns to the Oval Office as the first Republican to win the popular vote in more than two decades and just the second president in American history to reclaim the White House for a non-consecutive term.

Following his decisive electoral win, global share markets have increased significantly. He's proposing a similar agenda to his first stint in power – an emphasis on market-friendly and pro-business policies, deregulation, elevated fiscal spending and tax-cuts.

However, his return also means increased economic, trade and geopolitical uncertainty given the more extreme nature of many of his policies and his own erratic approach to policy making - often characterised by grand statements on social media that may or may not go anywhere.

This is likely to contribute to a volatile ride for investors. Trump's policy agenda is somewhat schizophrenic for investment markets, in that it includes some very pro-market aspects – with tax cuts and deregulation – but some negative aspects – notably around tariffs and immigration.

Fiscally conservative House Republicans will hopefully keep a lid on his populist inflation boosting tendencies (including the tariffs), however, this may not be clear for a while. His policies on tariffs, will create a lot of uncertainty and disruption which may trigger a correction this calendar year.

Simmering beneath the surface of a robust global economy and with global share markets at record levels, is the mounting threat of unprecedented levels of US debt and potential higher inflation due to some of his policies.

Finally, with US stocks now accounting for approximately 70% of the MSCI World Index; the "magnificent seven" stocks remaining the world's most crowded trade; the euphoria of US households towards the equity market (a majority believing that shares will automatically go up in the next 12 months), leads us to the conclusion that:

We can expect Trump 2.0 to be a "fairly wild and unpredictable ride." ■

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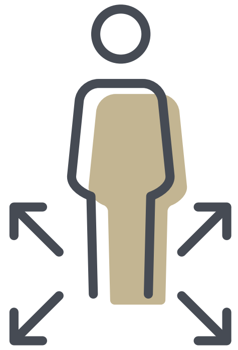
Navigating the transition: from full-time work to retirement



Retirement is a significant milestone, marking the end of a long career and the beginning of a new chapter in life. For many pre-retirees, the transition from full-time work to retirement can be both exciting and daunting. There are emotional and financial impacts in this transition and each journey is different. There is some key preparation to do so that you can be ready.

Emotional Preparation

The emotional impact of retiring can be profound. After years of a structured routine and professional identity, the sudden shift to a more relaxed lifestyle can be challenging.

1. **Reflect on your career:** Take time to reflect on your career achievements and the skills you've developed. Acknowledge your contributions and celebrate your successes. This can help you feel a sense of closure and pride as you move forward.
2. **Find new purpose:** Retirement offers the opportunity to explore new interests and passions. Consider volunteering, taking up a hobby, or even starting a small hobby business. Finding new ways to stay engaged and productive can provide a sense of purpose and fulfillment.
3. **Stay connected:** Maintain social connections with friends, family, and former colleagues. Social interaction is crucial for mental well-being, and staying connected can help you avoid feelings of isolation.

Financial Preparation

Financial readiness is a critical aspect of a successful retirement.

1. **Create a retirement budget**: Estimate your retirement expenses and compare them to your expected income. Consider costs such as housing, healthcare, travel, and leisure activities. If the numbers don't stack up you will need help in structuring your finances so that you do not experience financial anxiety.
2. **Understand social security benefits**: Familiarise yourself with your Social Security benefits and the best time to start claiming them.
3. **Review your investments and strategies:** Assess your investment portfolio to ensure it aligns with your retirement goals. As you approach retirement, you may want to change the exposure to different kinds of assets to meet your future income and growth goals. This new phase of life can also open doors for strategic opportunities like Estate Planning and simplification of your arrangements. If you are unsure of what these might be you should speak to a finance professional.

Practical tips for a smooth transition

1. **Set clear goals:** Define what you want to achieve in retirement. Whether it's traveling, spending more time with family, or pursuing a new hobby, having clear goals can give you direction and motivation.
2. **Travel wisely:** If travel is on your retirement agenda, plan your trips carefully. Look for deals, travel during off-peak times, and consider longer stays to make the most of your travel budget.
3. **Stay flexible:** Retirement plans can change, and it's essential to stay flexible. Be open to new opportunities and willing to adjust your plans as needed.

The transition from full-time work to retirement is a significant life change that requires careful planning and preparation. Consulting with a financial planner can be invaluable in navigating this new phase of life, ensuring that your financial health is as robust as possible. By addressing both the emotional and financial aspects of retirement, you can create a fulfilling and enjoyable retirement experience. ■

Remember, retirement is not the end but a new beginning filled with opportunities to explore, learn, and grow.

WILL CHAPMAN Dip FS(FP) Authorised Representative (311745)

Employee uncertainty during corporate change

The highest profile change locally is the Adelaide Uni merger and there are plenty of others on the go.

Big business mergers, takeovers, corporate shake ups and restructuring happen all the time. With the stroke of a pen (or email), CEO's, CFO's, a Board or someone called Colin from Accounts thinks there's a commercial advantage to making a corporate change and so the unsettling of a workforce begins.

I've never met an employee who has gone through a significant merger or restructure who says they haven't been affected. New boss, new location, new systems, new peers, new responsibilities, new payroll details, new customers and/or new training (if you're lucky); the changes to adopt can be huge. That all assumes you get to keep your job!

Redundancies are much more disruptive to life but for some actually brings a welcome change, or hopefully at least a payout. There are some specific rules around redundancy payouts and in particular the tax treatment of them that need to be considered, as does what to do with the payout itself.

Maybe it will allow for an early retirement. Perhaps you can use your super to your advantage and possibly add more to your retirement pool (if not yet ready to retire); but also consider what you would be investing in within your super fund relative to when you might need to access those funds; is the investment type conflicting with the investment timeframe?

Employees who go through a corporate change may have to re-nominate their super fund for their new payroll; some may realise that their old super fund is now called something else. This can be because recently, super funds themselves have been consolidating and merging, some better than others.

So, in the midst of your own workplace change or life change (if being made redundant), you may now have to familiarise yourself with your own super. Given it's likely to become your second largest asset, now is the time to consider whether what you have had in the past is still right for you in the future.

- What are you actually invested in?
- How many accounts do you have?
- Are your death benefit nominations binding and up to date?
- Do you have insurance in your super?
- Is it enough?
- How much does it actually cost?
- Are you getting bang for your buck?

The other thing to consider is the service of your super fund. **In the foreseeable horizon, the size of the super industry will be larger than the size of our banking industry.** Given super funds generally don't have "branches" like banks, how easily can you deal with your super fund? Why should you wait on hold 30 minutes for your $500,000 super fund to answer your basic call? Then, why can't they answer your questions about your own super? If you had $500,000 in a bank account, you'd get a private banker. So, you would expect that super fund service to be equally sharp, but this is often not the case.

Our clients can request our help with changes in work, super, redundancy and, of course, retirement. Plus cut through the jargon. **So, if you or someone you know is going through a significant workplace change such as a merger or corporate change, call us.**

Even if your situation is already optimal, it will be reassuring to hear from us that there's no additional value we can provide. ■

MICHELLE SANCHEZ ADFS(FP)
Representative (325471)

Inflation survival guide: tips to keep your finances afloat

You can't read the news at the moment without noticing the alarmist headlines around inflation, it's been the hot topic of conversation for a while now.

No doubt you've noticed the rising cost of groceries, petrol and electricity. News of the price of a cup of coffee doubling in 2025 is enough to strike panic in every caffeine loving Aussie. Inflation is like that sneaky neighbour who always takes more than their fair share—it slowly chips away at the value of your hard-earned money.

But with smarter investing, you can stay ahead of inflation and keep your finances working harder for you. Let's explore how.

Understand the inflation challenge

Inflation in Australia has been higher than usual recently, which means your dollars aren't stretching as far as they used to. The Reserve Bank of Australia (RBA) aims to keep inflation in check, but even at 2-3%, it can erode your purchasing power over time. For example, if inflation averages 3% per year, something that costs $100 today will cost over $180 in 20 years. So, the question is, how can you make sure your investments grow faster than inflation?

Smarter investing strategies to consider

1. **Diversify, Diversify, Diversify**
   A well-diversified investment portfolio is like a balanced diet—it's good for your financial health. By spreading your investments across shares, property, and fixed income options, you can reduce risk while aiming for growth. Shares, particularly those in growth sectors or companies with the ability to easily raise prices as needed without compromising sales, can outpace inflation over time. Meanwhile, Australian property has historically been a solid performer, although it requires careful research.
2. **Think about inflation-protected assets**
   Some investments are designed to keep pace with inflation. For example, inflation linked annuities. These annuities adjust their payouts based on inflation, helping preserve your purchasing power. Real estate investment trusts (REITs) can also benefit from rising property values and rents, which often move with inflation.
3. **Consider global investments**
   Australia is a fantastic place to live, but sometimes looking beyond our borders can open up new opportunities. Investing in international shares or funds gives you access to companies and industries that may perform differently from our local market, spreading your risk further. It also adds currency exposure which can boost returns on international shares when the foreign currency strengthens against the AUD.
4. **Don't forget superannuation**
   Your super is one of the best tools you have to combat inflation. With tax advantages and the power of compounding, it's worth reviewing your super strategy regularly. Do you have the ability to add more than your mandated super guarantee? Are you in the right investment option for your stage of life? Growth or balanced options may be better suited, to outpace inflation over the long term, than more conservative options.
5. **Stay patient and invest for the long term**
   It's tempting to react to short-term market movements, especially when headlines are all doom and gloom. But history shows that staying invested and focusing on the long term is often the best approach to building wealth and beating inflation.

Ready to Get Ahead?

Inflation doesn't have to derail your financial plans. With the right investment strategy, you can keep your money growing and protect your future lifestyle. ■

SAM MARTIN CFP®
Authorised Representative (252676)

Navigating changes to Term Allocated Pensions: what retirees need to know

As financial advisers, it's our duty to keep our clients informed about the latest changes in superannuation and retirement planning. Recently, significant changes have been proposed to the accessibility of Term Allocated Pensions (TAPs). These changes could impact retirees, especially those whose Age Pension benefits are now affected by the income test. Here's what you need to know and how you can navigate these changes.

Understanding Term Allocated Pensions

Term Allocated Pensions (TAPs) are a type of income stream product that provides regular payments over a fixed term. They were popular before 2007 due to their favorable treatment under the assets test for age pension eligibility. However, for clients who still have these products, it is likely that their assessable assets have reduced over time, and the assets test benefits of the TAP no longer apply. Additionally, the way these products are structured means that in the later stages, the income test can result in negative consequences for age pension entitlements.

Key change to TAPs

Relaxation of Commutation Restrictions: As of 7 December 2024, the government has relaxed the restrictions on commutation, allowing individuals a five year window of opportunity to convert their TAPs into lump sums. This provides more flexibility for retirees to manage their funds.

Impact on Age Pension

Retirees who have shifted from the assets test to the income test may find that their TAPs now reduce their age pension entitlements. However, if they are still assessed under the assets test, it is likely that the TAP is still beneficial to them, and the best course of action may be to retain it.

What Can Retirees Do?

1. **Review your pension strategy:**
   It's crucial to review your current pension strategy in light of these changes. Consider whether converting your TAP into an account-based pension or another option might be more beneficial.
2. **Seek professional advice:**
   Consulting with a financial adviser can help you understand the implications of these changes and develop a strategy that aligns with your retirement goals.

Special note for SMSF members

There are additional considerations and opportunities for SMSF members that should be carefully evaluated.

Conclusion

The changes to Term Allocated Pensions, effective from 7 December 2024, offer more flexibility but also require careful consideration. We will be speaking with our ongoing clients about their options in the coming months to assist in these decisions. ■

BRENTON MIEGEL CFP®
Authorised Representative (227297)

Feeling good – bring on 2025!

Having had a strong affinity for music from a very young age, I will quite often reflect on the lyrics of songs as I wander through a day. When thinking about my article for the first newsletter of 2025, Michael Bublé's **Feeling Good** came to mind. No, I have not experienced any life changing decisions (noting the line **"it's a new life"**), but like you I've experienced a new year ticking over, and **I'm feeling good!**

Like many of you, 2024 for me was the year that seemed to increase in pace as it went along and certainly had its shares of ups and downs. Late 2024 offered me (and my family) an opportunity to reconnect with some close family members that we had been somewhat estranged from for a period of time. This was a time of great joy and excitement for us.

2025 offers an opportunity for that to continue in our lives. It also offers us the opportunity to build on the successes that we have experienced both personally and professionally throughout 2024.

2024 was a very positive year from an investment perspective. It was great to see that the odd dip in portfolio values was quickly followed by very solid gains and that continued through the entire year. I'm not going to pretend that 2025 is forecast to do the same (my crystal ball broke many years ago), but the glass half full person in me says that things will continue on their merry way, and **I'm feeling good.**

2024 was also a very positive year for Goldsborough from a client referral perspective. We saw a significant number of new clients as a result of referrals from their friends and/or family who have been extremely pleased with the service and support provided by their Goldsborough adviser, and the broader Goldsborough team. For that we say thank you, and invite you to refer anyone that you know who seeks professional financial advice to Goldsborough Financial Services in 2025. ■

To quote Michael Bublé:

"Birds flying high
You know how I feel
Sun in the sky
You know how I feel
Breeze driftin' on by
You know how I feel

It's a new dawn
It's a new day
It's a new life
For me
And I'm feeling good"

MATTHEW KELLY CFP®
Representative (314983)

Major changes to Aged Care in 2025

Late last year, new legislation passed Parliament which incorporated major changes to both Home Care and Residential Care, including fees and charges,

Most proposed reforms commence 1 July 2025. Grandfathering applies to existing Residential Aged Care residents and Home Care participants.

Key Reforms

Residential Aged care - Accommodation Reform

- RAD retention amount – aged care providers will retain 2% p.a. (up to a maximum 5 years) of a resident's lump sum accommodation payment (RAD or RAC) where they enter care on or after 1 July 2025.
- Indexation of Daily Accommodation Payments (DAPs) – DAPs will be indexed twice per year for residents entering care on or after 1 July 2025.
- Maximum accommodation price increases – amount that can be charged without Government approval increases from $550,000 to $750,000 from 1 January 2025 (note, this change has already been enacted by separate legislation).

Residential Aged Care - Ongoing Fees

- Hotelling Contribution – new means tested fee of up to $12.55 per day will be payable by residents where they enter care on or after 1 July 2025.
- Non-Clinical Care Contribution (NCCC) – the current means tested care fee will be replaced by a new means-tested NCCC of up to $101.16 per day where they enter care on or after 1 July 2025. A lifetime cap of $130,000 (or maximum of 4 years) applies.

Home Care

- New classification system – 8 ongoing classifications for ongoing care replace the current 4 levels of Home Care packages – 2 short-term classifications for restorative care and end-of-life care.
- New fee structure – clients will pay a set percentage of the cost of each service they receive. The set percentage is determined by the type of service (clinical, independence or everyday living) and the person's age pension status (means testing). ■

LACHLAN HARVEY CFP®
Authorised Representative (227293)

The burden of inheritance

I am often talking with people about the delicate topic of inheritance. It can be difficult to talk about, and I tend to notice a certain expression that reveals some reservations and a complex range of emotions. Some mix of grief, anguish, and possibly even guilt that can be hard to put a finger on.

It can be a real challenge for people to separate the emotions associated with losing a parent from the practical reality of receiving an inheritance. Throughout our lives, we rely on the consistent presence of our parents, until that moment when they are no longer with us.

I feel that some financial planners can be far too hasty in offering advice and presuming that funds will automatically be consolidated into a retirement nest egg. Perhaps a better approach is to permit individuals to set aside their inheritance for a while, allowing for a period of adjustment and reflection.

There will likely come a time when individuals can distance their financial decisions from the emotions associated with losing a loved one. To take ownership and stewardship of inherited money, whether large or small. Some might feel an obligation to spend the money in ways they believe their parents would have wished. Others may view it as an unexpected gain to be spent freely. There will also be those who feel a duty to manage the inheritance with future generations in mind, ensuring that it is preserved and passed down through the family.

Everyone's journey is different, but my point here is: The secret ingredient is not just good advice – it's time. ■

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Information sessions in 2025

We are happy to announce that we will be hosting 3 different types of information sessions in 2025. These sessions will all be held in our boardroom at 6pm on the dates listed below:

Super SA FAQ

Monday 24 February
Monday 26 May
Monday 25 August
Monday 24 November

at 6.00pm

A FAQ event on the tips and tricks unique to Super SA and how we can assist to maximise your benefits.

Retirement Living and Aged Care options

Wednesday 5 February
Wednesday 7 May
Wednesday 6 August
Wednesday 5 November

at 6.00pm

If you or a loved one will need Retirement Living support and/or Aged Care in the coming years, then this seminar will explain the different options that are available.

How to make the MOST of your retirement

Tuesday 11 February
Tuesday 13 May
Tuesday 12 August
Tuesday 11 November

at 6.00pm

There's never a better time to plan for tomorrow than today! We'd love to help you start planning your financial future, and it's as simple as attending one of our free events.

Please keep an eye on our Facebook page or our website for the most up-to-date details.

Referral award

Goldsborough is a referral-based business. **The biggest compliment any client can give us at Goldsborough is the referral of a friend, relative or business associate who could benefit from our services.** To show our appreciation for the wonderful referrals that we receive from our clients we are now drawing a winner for **each month**, to receive a $100 gift voucher!

We have pleasure in announcing the winners of our Referral Reward for October, November and December 2024 are:

- Eric and Wendy Gierszon
- Michael Miller
- Chery & Jeff Thompson

Congratulations and thank you again, your vouchers are on the way.

The winners each receive a $100 gift voucher!

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