APRIL 2025

Goldsborough

Quarterly financial planning news and views

Investment markets are like cargo

Investment markets are like cargo getting pulled along at the mercy of the driver.

In a recent blog, I referred to Trump as being like a heavy truck using air brakes on Greenhill Road in peak hour traffic: Lots of hot air, dangerous if it doesn't slow but ultimately only able to move at the same speed as those around.

Now, many weeks later, there has been limited slowing but that truck is now using loud engine brakes: still hot air but now noisier and suffocating those around with exhaust who are trying madly to get out of the way for fear of being run over or choked...

After the US election, investment markets broadly accepted that Trump had a mandate for some changes, which markets generally welcomed. In fact, equity markets in the US and Aus lifted for over 3 weeks after his Inauguration, even with the frenetic pace of Executive Orders coming from the White House. However, when the rubber hit the road on tariffs by mid-February and global trade efficiencies were really threatened, all markets had to re-adjust and volatility soared.

So, at this point, the ASX volatility index has initially peaked on April 7 over 150% higher than at the US Inauguration and is now in trending back down. Equity markets have been punished (All Ords lost just under 15% between Valentines Day and Apr 7) and there's been a brief respite although none of us are any wiser about what the next calamity will be.

To focus on some positives, not all markets have gone down. Equities have broadly lost but bond funds and other defensive assets have generally lifted, as we would expect them to in times like this. Also, a positive is the willingness of the US Administration to do a "deal"; when it comes to an investment market recovery, renegotiating trade deficits is very different to cancelling terms of trade altogether (which tariffs could bluntly do). As such, the next positive will be that some businesses (equities) will do better than others in choppy recovering markets.

Whilst it might feel like you (and all Australians who have been watching their super balanced get hammered) are simply passengers on Trump's trucking demolition derby, investment portfolios that are being actively managed have been making adjustments with two main focal points: avoid the investments that are likely to take the biggest ongoing beating, and target those that should have the freedom to recover more quickly. Whilst there's too many variables to list across our clients' investments, I'm pleased to report that largely portfolios have responded to these times in the way we would have expected. The key is to make sure your asset allocation is aligned to your long-term goals and don't get too distracted by the latest message on Trump's Truth Social network as it's likely be the opposite the following day.

Ultimately, engine brakes work by creating power absorbing pressure which forces the engine to work against itself. **How ironic.**

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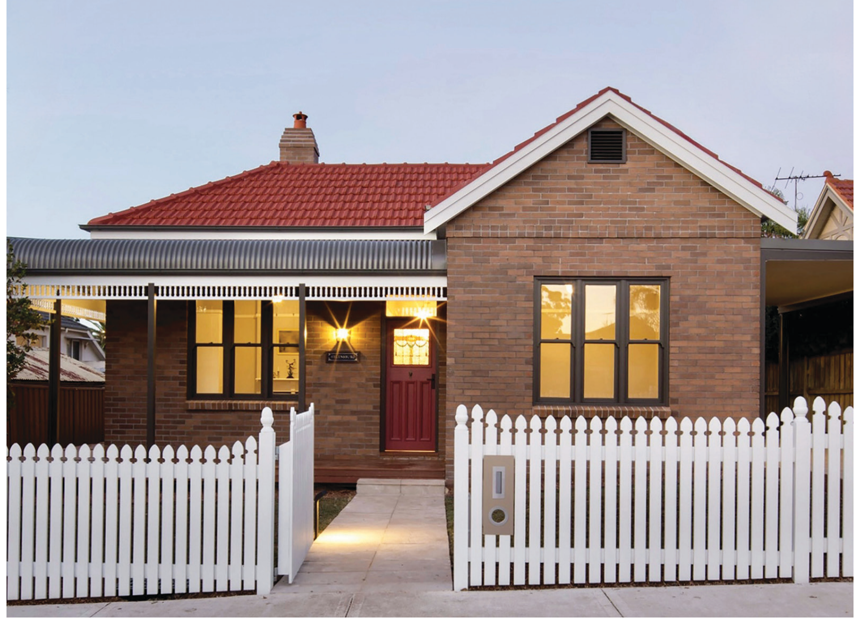


Downsizer super contributions: a big opportunity for over 55's

If you are 55 or older and thinking about selling your home, a downsizer super contribution might provide a once in a lifetime opportunity to boost your super.

Don't let the name fool you. The Super Downsizer Contribution has nothing to do with buying a smaller home. It could be a way to substantially boost your retirement savings or even restructure your super for tax benefits.

What are super downsizer contributions?

The Super Downsizer scheme allows eligible Australians to contribute up to $300,000 from the proceeds of selling their primary residence directly into their superannuation. For couples, this means a potential combined injection of $600,000 into your retirement nest eggs.

What makes this opportunity particularly valuable is that these contributions don't count toward your non-concessional contributions cap. This means you can still make your regular annual contributions of up to $120,000 in addition to your downsizer contribution.

Eligibility requirements

To qualify for the Super Downsizer scheme, you must:

- Be aged 55 or older at the time of contribution
- Have owned your home for at least 10 years
- Ensure the property is in Australia and has been your main residence at some point
- Make the contribution within 90 days of settlement
- Limit your contribution to $300,000 per person (not exceeding the property's value)

Benefits beyond the obvious

The Super Downsizer scheme offers several advantages that make it an attractive option for over 55s:

Bypasses contribution restrictions: Your downsizer contribution isn't affected by the $1.9 million Total Super Balance cap that typically limits non-concessional contributions.

Tax planning opportunity: Downsizer contributions can be incorporated into a recontribution strategy to minimize potential death benefit taxes for your beneficiaries. If you are unfamiliar with this concept, our website contains several blog articles that explain it in detail. To optimise benefits for your adult children, make this a part of your retirement planning process.

Benefits for over 75s: Unlike regular super contributions, you can make downsizer contributions even if you're over 75.

If you're considering downsizing, speak with a financial adviser to determine how this strategy could fit into your overall retirement plan and help maximise your superannuation benefits. ■

MOMIR VUKSA SMSF SPECIALIST ADVISOR™/ SSA® Representative (1306168)

Navigating tariffs and economic uncertainty

Recent weeks have seen significant market turbulence following the announcement of new tariffs by the US. These changes have been swift and substantial leaving many investors concerned.

In essence, tariffs are taxes on imported goods, designed to make foreign products more expensive and encourage the onshoring of manufacturing to the US and the purchase of locally made items. For example, a Chinese-made appliance that previously cost US$100 now costs US$145. Including wholesale and retail profit margins, the consumer price could rise from US$130 to US$200. A similar US-made appliance that cost US$140 to produce and retailed for US$168 now appears more competitive.

Taxes ultimately affect consumers by making everyday items more expensive. This dampens consumer spending and slows economic growth. The US has raised its average tariff rate from 2.5% to over 22%, the highest level in more than a century.

The tariff hikes effectively act as a $700 billion tax increase on US households and businesses. For every 10% increase in tariffs, inflation could rise by around 1%, potentially pushing US inflation above 4%. Economists estimate that US GDP growth could be cut by 1.5% this year, increasing recession risk. Australia's GDP is exposed to the health of the global economy and if global trade slows, Australia will feel the effects.

Current market volatility indicates a higher chance of a US recession. If conditions improve, like a reduction in tariffs or better-than-expected economic growth, share markets could rebound. Conversely, deepening recession fears could lead to further declines in US share markets, affecting other markets as well.

Some good news locally with inflation easing, and recent data showing underlying inflation tracking below 3%, within the RBA's target range. This provides room for interest rate cuts if needed.

In these uncertain times, a diversified portfolio with high-quality investments and a long-term perspective is crucial. We continue to monitor markets closely and will make adjustments as new risks and opportunities arise. ■

BORIS PEDISIC CFP®
Representative (301739)

Current sharemarket turmoil - what it means for your superannuation

The slump in sharemarkets has accelerated since Trump's so called "Liberation Day" tariffs on 2 April 2025. From their February record highs, US Shares are down approximately 18%, Global Shares are down 16% and Australian Shares are down 15%, however, Fixed Interest has rallied – refer below.

As most of us have at least some of our wealth in shares via our superannuation, such falls can be depressing, **however**, seen in the context of share market history, which often sees periodic sharp falls **they are nothing new.** Also, this recent downturn **follows two years of very strong returns**.

As a result, you may see a negative effect on your super and investments in the short-term. History has shown us that even though share markets fluctuate regularly, the general trend is that they grow over time. Like all dips and major market events, it's best to avoid knee-jerk reactions and stay the course by taking a long-term view.

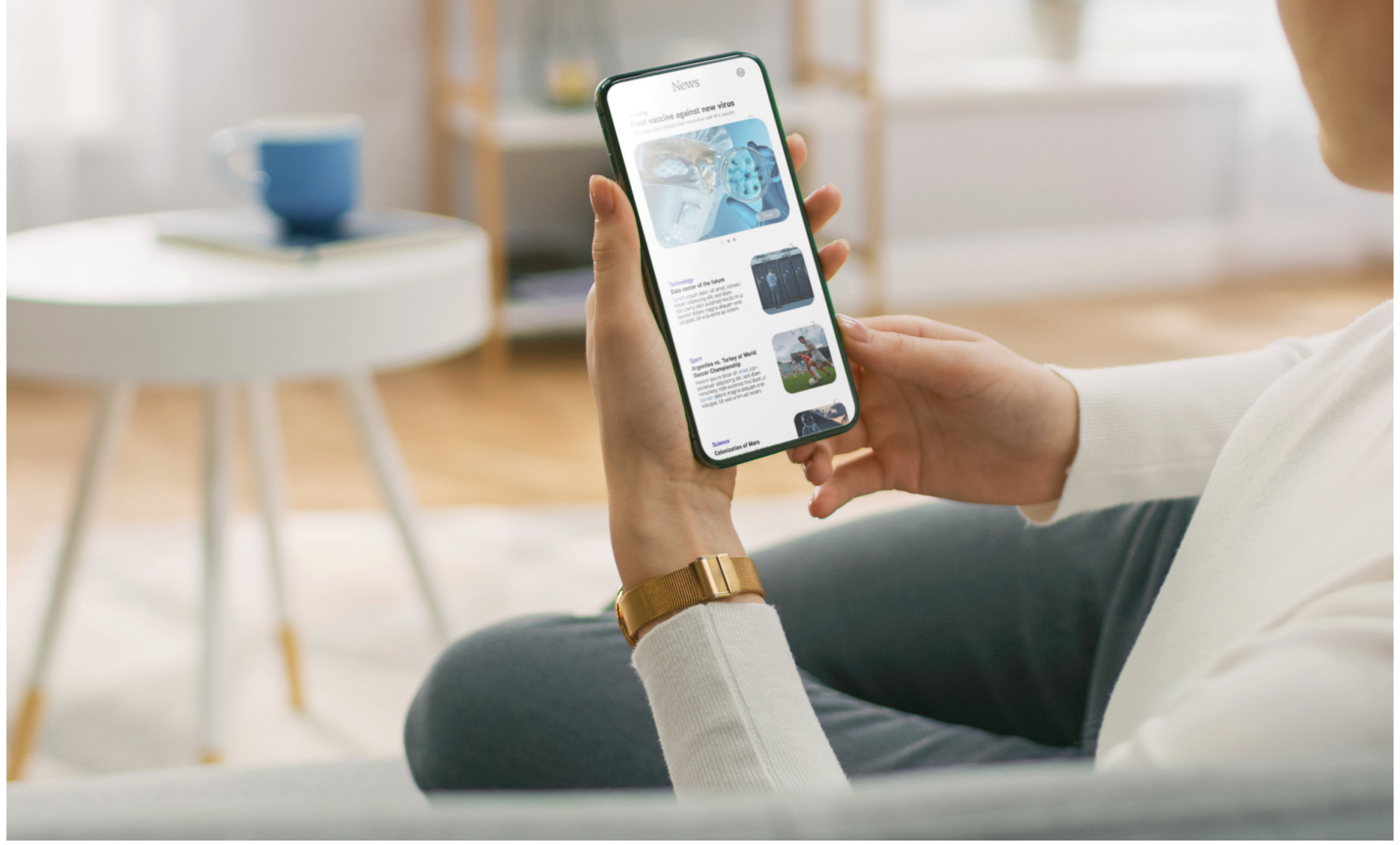
At Goldsborough, we're always focused on building **well-diversified portfolios that can weather different types of market environments**. Whilst some of our portfolios have 40-45% invested in shares, many are lower than this. Our portfolios also invest in Property, Infrastructure and Fixed Interest (Bonds and Corporate Debt), as well as Cash. This diversification is doing its job, as follows:

- Increased exposure to fixed interest (bonds and corporate debt) - over the past 12 months, we've gradually added to fixed interest, which helps cushion the impact of falling share markets.
- Defensive listed share market assets (global listed infrastructure and property) are typically a more defensive part of the sharemarket and this is proving to be the case at present. Infrastructure and property have outperformed global shares this year.
- Cash and currency - some of our active investment managers are holding higher levels of cash, giving us flexibility and resilience. In addition, the recent fall in the Australian dollar has helped offset some losses from international shares.

Whilst we can't predict exactly how the tariff story will unfold, we're well-positioned to adapt as needed. Our team is monitoring all investment markets closely and will continue adjusting portfolios in line with new risks or opportunities. At times like these it's important to focus on basic investment principles:

- Share market pullbacks are healthy and normal - **their volatility is the price we pay for the higher returns they provide over the long term**.
- It's very hard to time market moves - so the key is to stick to an appropriate long-term strategy.
- Selling shares after a fall, locks in a loss.
- Share pullbacks provide opportunities for investment managers to buy them more cheaply.
- Australian shares still offer attractive income (dividends) relative to bank deposits.
- To avoid getting thrown off a long-term strategy – it's best to turn down the noise around all the negative news flow. ■

BRENTON MIEGEL CFP®
Authorised Representative (227297)



Should I be concerned?

From an investor's point of view, 2025 has been one of those years where already there has been a long list of things to be concerned about: the US election (late in 2024), the Australian election (May 3 is the date!), ongoing inflation concerns, unemployment concerns, continuing conflicts in the Middle East and between Ukraine and Russia, as well as the global economy broadly. It seems a sad fact of life that the media is more concerned about "negative" issues that are in our lives, something that we read in the newspaper or see on the news constantly.

Most of these issues have resulted in a pronounced level of share market volatility, but nothing earth-shattering like we experienced during the GFC or in early 2020 with Covid.

Here are some ways that I believe can help to manage the "noise" that we hear and reduce our worry:

1. **Put the latest concern that you hear in context –** remember that there has always been a constant stream of worries/concerns that have impacted on investment markets. Over the last four years issues such as the potential for the US government to shut down and its debt ceiling debacle, Greece, the potential for an Australian recession, and a manufacturing slump (but to name a few) have all had the potential to cause significant negativity on investment returns. Over the last 100+ years the global economy has had plenty of worries, and yet Australian shares (the All Ordinaries Accumulation Index) have returned approximately 11.6% per annum since 1900 and US shares (the S & P 500) approximately 9.8% per annum.
2. **Recognise how markets work –** a diverse portfolio of shares returns more than bonds and cash long-term because it can lose money short-term. Share markets can be highly volatile in the short term but generally show strong returns over a rolling 20-year period. Invariably, short-term volatility is driven by "loss averse" investors projecting recent events into the future. So, volatility driven by worries and bad news is normal! It's a price investors pay for better long-term returns.
3. **Find a way to filter news so that it doesn't distort your investment decisions –** many investors choose to manage their own portfolio. If you are in this situation, build a good investment process or choose two or three investment subscription services and rely on them. If you're working on a long-term strategy with your financial planner, stick to it.
4. **Make a conscious effort not to check your investments so often –** most clients check their portfolios on an infrequent basis. I have, however, met with clients who check their portfolio daily (and in some instances, several times a day). Professional fund managers are continually researching and reviewing the investments that they hold on your behalf. Each day a unit price is struck based on the "value" of the portfolio, based on their research. Monitoring your portfolio on a daily basis is a bit like tracking the All Ordinaries. If you were to track the All Ordinaries daily, you would find that the number of positive days equates to the number of negative days (about 50/50). If you were to look at the same index on a monthly basis about 65% of the months offer positive returns, 35% negative. If you look at it on a calendar year basis about 80% of the years are up, 20% down. And if you stretch it out to once a decade, since 1900 positive returns have been seen 100% of the time for Australian shares! I'm not suggesting you review things once every 10 years, but if you're in the habit of reviewing daily, maybe look at doing it on a quarterly basis for starters.
5. **Look for opportunities that bad news and investor worries throw up –** periods of share market turbulence after negative news often present opportunities for investors as shares can be pushed into "cheap" territory. Baron Rothschild, of the famous banking dynasty, said the best time to buy was "when there is blood in the streets". In other words, buy when everyone is selling! This may not necessarily be possible for individual investors, but quality fund managers adopt this attitude.

In conclusion, while the recent market volatility and negative sentiment may cause concern, it is essential to maintain a long-term perspective and focus on a well-diversified portfolio. By putting worries in context, recognizing how markets work, filtering news, and looking for opportunities, investors can navigate these turbulent times and achieve better long-term returns. ■

MICHELLE SANCHEZ ADFS(FP)
Representative (325471)

From savings to spending: managing financial stress in retirement

As a financial planner, I've seen how the transition from accumulating wealth to spending savings can be both exciting but also very daunting. Retirement is a significant life change, and understanding the link between financial wellness and mental health can help you navigate this new chapter with confidence.

Firstly, it's completely normal to feel a bit anxious about managing your savings. After years of building up your nest egg, the idea of drawing it down can be stressful and filled with worry of "running out". The key to enjoying your retirement to the fullest is finding ways to the manage the financial stress. It's important to acknowledge that adjusting to this new phase of life can take time. Eventually, you'll find a balance between the earnings potential of your investments and your spending, allowing you to live your life comfortably without the fear of depleting your retirement funds.

One of the best steps you can take is to get organised. Start by creating a budget that reflects your new lifestyle. It doesn't have to be overly complicated – just a simple plan to track your income and expenses. Knowing where your money is going can give you a sense of control and help reduce anxiety.

Setting realistic financial goals is another great strategy. Whether it's planning for travel, hobbies, or simply maintaining your current lifestyle, having clear goals can motivate you and give you something positive to focus on. Remember, it's perfectly fine to adjust your goals as you go along. Flexibility is key!

Don't forget to utilise the resources available to you. There are plenty of apps and tools designed to help you manage your finances more effectively. And if you're feeling overwhelmed, consider speaking with your Goldsborough Financial Adviser who can offer you some guidance during this transition.

It's also crucial to take care of your mental health. Make time for activities that help you relax and unwind, whether it's going for a walk, practising yoga, or simply enjoying a good book. And don't hesitate to reach out to friends, family, or a mental health professional if you need support.

Remember, financial wellness is a journey, not a destination. It's about finding a balance that works for you and making small, positive changes over time. By taking steps to manage your finances and prioritise your mental health, you can reduce stress and enjoy a more balanced, fulfilling retirement. ■

MATTHEW KELLY CFP®
Representative (314983)

Residential Aged Care – key changes to accommodation costs

Increase in maximum accommodation price
Staring January 1, 2025, the maximum price for residential aged care accommodation that providers can charge without needing approval from the Independent Heath and Aged Care Pricing Authority will increase from $550,000 to $750,000.

Refundable Accommodation Deposit (RAD) retention
From July 1, 2025, aged care providers will be required to retain 2% per year of the RAD, capped at 5 years.

Annual indexation
The maximum accommodation price will be subject to annual indexation starting from July 1, 2025.

Indexation of daily accommodation payments (DAP)
For new residents entering aged care after July 1, 2025, DAPs will be indexed twice a year based on the Consumer Price Index (CPI). This is a substantial change from current arrangements whereby the DAP is fixed at time of entry.

Implications for new Aged Care clients

These reforms will have several implications for those entering care after July 1, 2025:

- Higher upfront costs – clients planning to move into residential care may need to prepare for higher upfront costs due to the increased maximum accommodation price.
- Financial planning adjustments – the introduction of RAD retention and indexation of DAP will require careful financial planning to ensure people can meet these new costs without compromising their financial stability.
- Increased choice and control – the reforms are part of a broader effort to provide older Australian with more choice and control over their aged care arrangements, ensuring they receive the care they need in a setting that suits them best. ■

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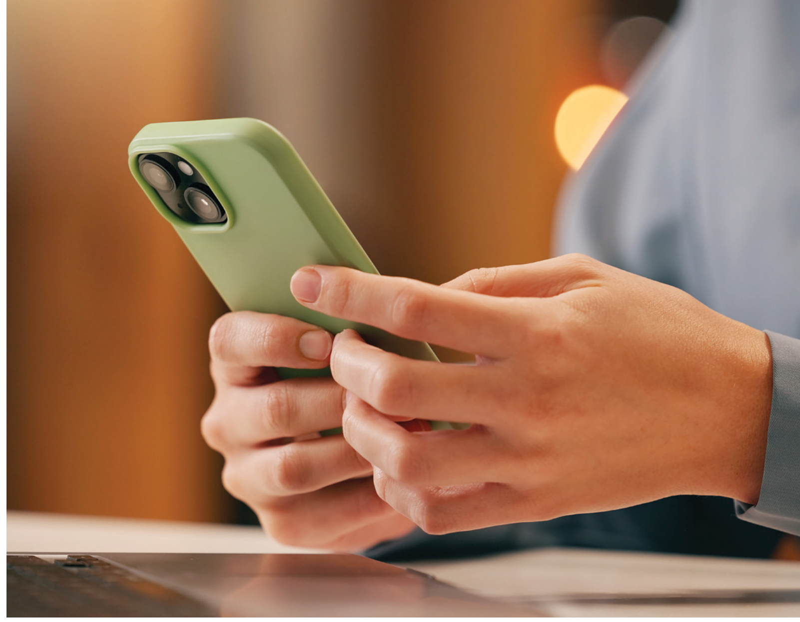

Protecting your email from hackers

Recently several clients have been victim to hackers gaining access to their personal email accounts. These cybercriminals initially send a seemingly harmless message to the contacts and friends of the compromised accounts, then follow up with a request for money or phish for personal information. This tactic is designed to exploit the trust between you and your contacts, potentially leading to financial or personal information theft.

Goldsborough take your security very seriously. After receiving the suspicious emails, we promptly phoned the affected client to discuss our concerns. Some clients knew they had been hacked, but others were unaware. Please be assured that we will not act on an unexpected email without directly speaking to you first. This protocol is in place to protect you and ensure that any actions taken on your behalf are legitimate and secure.

How to recognise and prevent email hacks

Here are some key signs that your email account may have been compromised:

1. **Unusual activity:** Emails sent or deleted without your knowledge.
2. **Profile changes:** Alterations to your profile information.
3. **Notifications:** Alerts from your email provider about unusual activity.
4. **Mail forwarding settings:** Changes to your forwarding settings.

If you notice any of these signs, take immediate action:

- **Run a virus scan:** Ensure your device is free from malware.
- **Change your password:** Use a strong, unique password.
- **Enable multi-factor authentication:** Add an extra layer of security.
- **Check account settings:** Verify your contact information and settings. It's important to check that your auto-forwarding settings are turned off so that hackers cannot receive a copy of future emails.
- **Warn your contacts:** Inform them about the hack to prevent further issues.

One of the most effective ways to protect your email account is by enabling Two-Factor Authentication (2FA). Typically, this set up will require a password and a verification code sent to your mobile device.

We encourage you to remain vigilant and take the necessary steps to protect your email accounts. Should you have any concerns or need assistance, please do not hesitate to contact us. ■

SAM MARTIN CFP®
Authorised Representative (252676)

Supporting your financial journey

Last week, I attended a work conference with two colleagues from our office, immersing ourselves in the latest industry developments. This wasn't just a break from routine—it was a chance to refine our skills, explore emerging trends, and bring back practical benefits for you. With many of you retired or nearing retirement, we're dedicated to evolving our practice to support your financial journey. Here's how our takeaways will strengthen our partnership.

The conference offered a mix of inspiration and actionable ideas. We heard from speakers like Peter Bol, the Aussie runner, on resilience, and Pauline Nguyen, of Red Lantern fame, on innovation—themes that echo our commitment to you. The real focus, though, was on navigating market shifts and optimizing retirement income—key for ensuring your funds last. With longer lifespans and changing economic conditions, retirement planning is a dynamic process. This reinforced our focus on crafting personalized, adaptable strategies that grow with you.

A major highlight was exploring IT solutions to enhance our practice. **We're excited to announce a move to a client portal via a secure app.** This will revolutionize how we communicate—offering you a secure way to access reports and documents, as opposed to email or snail mail, which is increasingly compromised by scammers and time consuming. It means easier monitoring of your communications, whether you are home or traveling. Less physical paperwork means better organisation and faster turnaround times.

Beyond the tech, the conference underscored our mission: to provide peace of mind. A client-first approach—listening to your needs, simplifying complexity, and being available when it matters—remains our core. Whether you're enjoying retirement travels or finalising your workforce exit, this portal will make staying connected effortless and secure.

We're thrilled to implement these upgrades, starting with the app-based portal, which we'll roll out soon—stay tuned for details! Thank you for entrusting us with your financial future. I'm eager to see these changes enhance your experience and welcome your thoughts. ■

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 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 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 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 January, February and March 2025 are:

- Monica T
- Sharon G
- Kate P

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

The winners each receive a $100 gift voucher!

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