July 2025

With the shortest day now behind us and a new financial year underway, there's fresh energy in the air and plenty to keep an eye on in the financial landscape.

Wars in Europe and the Middle East, volatile oil prices and shifting US policies are making headlines but failing to dampen the optimism of the markets.

The ASX closed the financial year with a near 10% return – its strongest since the COVID-19 crisis and despite US tariff threats.

Australia is somewhat insulated from the tariffs, but concern lingers that the federal government's $1.5 trillion invested in the US, faces a tax hike.

The tariffs are a bigger risk for the US economy, with inflationary risks from tariffs possibly prompting rate increases. Nonetheless, Wall Street remains upbeat. The S&P 500 index surged to a four-month high in June on hopes of further rate cuts and smooth trade negotiations.

In Australia, forecasts of further interest rate cuts have fractured since tensions flared in the Middle East, with some expecting a July cut and others now tipping August.

The Aussie dollar has climbed to a seven-month high, while the US dollar tumbled to a three-year low.

Oil prices posted their sharpest weekly declines after a spike during June as the Middle East conflict reached boiling point.

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Legacy or liability?

Planning a smooth wealth transfer

Australians inherited an estimated $150 billion in 2024, an increase of more than 70 per cent in a decade, according to a JBWere report.[i]

It's a number that's predicted to grow more rapidly over the coming 20 years to $5.4 trillion, the report finds.

Managing this flow of wealth to family groups, often complicated by divorce and remarriage as well as children from previous marriages, can lead to disputes and legal challenges if not carefully handled.

Legal firms agree that the number of challenges to wills has been increasing each year with adult children most likely to take action. One firm estimates more than 60 per cent of claims are brought by adult children and around 20 per cent by partners or ex-partners.[ii]

Yet, many still do not have wills.

In the latest research available, the Australian Law Reform Commission found that almost 40 per cent of adult Australians did not have a will although, this figure declined to 7 per cent for those older over 70.[iii]

If you die intestate in Australia, your estate is distributed according to state and territory laws, and the laws vary slightly between each state and territory. Generally, the estate goes to the next of kin starting with the surviving spouse or partner followed by children, parents, siblings and then other relatives. If no relatives can be found, the estate may go to the government.

So, if it is important to you to have a say in how your assets will be distributed, a will is a must.

Meanwhile, for those in a new partnership but have children from a previous marriage, a binding financial agreement can be a useful way of protecting your partner's interests if something happens to you.

It's a legally enforceable contract that details how assets, liabilities and responsibilities will be divided if you separate, divorce or one partner dies.

Designing your transfer of wealth

Distributing your wealth now or later can depend on the family dynamics, any businesses you may own and whether you have a passion for creating a legacy – donating to a charity, for example. Alternatively, you may prefer to spend it on yourself and your partner to enjoy your later years.

The housing crisis and the emergence of the 'bank of mum and dad' has increasingly seen wealth transfer happening while the benefactor is still alive. You may wish to help your children or grandchildren to get a foot onto the property ladder, contribute to their superannuation, or pay their school fees or student loans. But it's crucial to obtain professional advice to understand any consequences of giving lump sums, particularly those receiving government entitlements, as they could potentially be impacted.

Another alternative is testamentary trust. This is commonly used to provide financial security for beneficiaries, such as family members or loved ones. It is used to manage and distribute assets according to specific instructions laid out in the will.

It can be specifically written and incorporated in your will and takes effect when you pass away. It is administered by a trustee, who you would also name in your will. The trustee would take legal control over the trust assets and is responsible for the management and distribution of the assets to the beneficiaries, based on the instructions in the trust.

This strategy could also potentially minimise any tax liabilities. However, there are a lot of things you need to consider when deciding whether or not a testamentary trust is right for you.

Some might prefer to establish or contribute to a charitable foundation as a way of building a family legacy. It's a move that allows you to have some say over how your hard-earned wealth is distributed and could involve family members to allow them to build knowledge and experience in philanthropy.

Most importantly, creating a family legacy relies primarily on the strength of family relationships. Any disputes will more than likely be magnified after a death and some relationships may be strained, so it may be helpful to discuss your intentions with family members and any other beneficiaries. Be clear about your plans and don't ignore negative reactions.

Getting your affairs in order

After all, wealth transfer isn't just about finances – it's about securing family harmony and ensuring your legacy is preserved according to your wishes. Taking the time to plan, communicate openly with loved ones, and seek professional guidance can make all the difference.

i https://www.jbwere.com.au/campaigns/bequest-report

ii https://solomonhollettlawyers.com.au/news/the-rise-and-rise-of-inheritance-claims/

iii https://www.alrc.gov.au/publication/elder-abuse-a-national-legal-response-alrc-report-131/8-wills/

LESS hibernate, MORE *activate*

When the temperature drops, it feels like more of an effort, but getting outdoors, even when it's chilly, can do your brain and body a whole lot of good.

Let's be honest – when it's cold outside, the couch starts to look very attractive. You've got the heater cranking, you're engrossed in the latest TV series with your favourite hoodie on, and venturing out into nature seems like a job for someone far more motivated. But here's the thing; humans weren't designed to hibernate through winter. We're built to get out and about and move – year-round.

Movement and exposure to natural environments – even just for short bursts – have so many health benefits. It can improve your body's immunity, boost your mood, help you sleep better, and keep your body ticking over during the colder months.

Nature isn't just nice – it's medicine

It's not just about 'getting some fresh air'. Spending more time in nature has real, measurable effects on both the body and the brain.

A large-scale study found that spending as little as two hours a week in nature is associated with better physical health and significantly improved well-being.[i] That does not have to be two hours in one go – you can chip away at it over the week, whether it's a morning stroll in a local park, a quick paddleboard, or a bit of time on the green practicing your putting.

Other studies have shown that being outdoors reduces cortisol levels (your main stress hormone), lowers blood pressure, and even enhances the overall function of your immune system. Yep – getting outside may help your body fend off seasonal bugs and colds. Exposure to natural light during the day also helps regulate your sleep cycle by supporting healthy melatonin production, so you're more likely to sleep well and feel rested and refreshed.[ii]

A brain boost

It's not just your body that benefits. Time spent outdoors has been shown to improve your mood, reduce stress and anxiety levels, and boost focus and memory.

It can also enhance the release of endorphins and dopamine, which are neurotransmitters that are associated with positive emotions, happiness, and well-being.[iii]

The Japanese have long understood the benefits that nature has on our mood and have a practice known as 'shinrin-yoku' which translates as forest bathing. This simple but powerful act of spending time in a forest became popular in the 1980's as a response to the high stress environment of corporate Japan. So, why not try a little shinrin-yoku yourself? After all, the bush is lovely when it's cool and crisp and the smell of a forest after rain is also something special and can create a sense of connection to nature.

You don't have to retreat all the way to the bush for some peace and tranquillity if you are an urban dweller though. Even a quick escape into the backyard for some vitamin D can offer mental breathing room and a chance to slow down and unplug.

Move it or lose it (and not just the summer fitness)

Of course, there are real benefits to combining nature and exercise, especially during winter, which is often when our healthy routines can sometimes fall apart. The activity levels drop, the comfort food kicks in, and suddenly getting out the door requires Olympic-level motivation.

Movement – especially in natural settings – helps counteract the physical slump.

You don't have to run a marathon. A walk along the beach, a bit of trail hiking, or hitting a few balls on the golf course is more than enough to get the heart pumping and muscles moving. Even spending 20-30 minutes outdoors can lift energy levels and help prevent the aches and stiffness that creep in during the colder months.

Worth the effort

Sure, it takes a bit more effort in winter, but nature doesn't close for the season – and the rewards are still there if you're willing to rug up and step out. So, whether it's a bike ride, taking the dog for a walk or just having a potter around the garden, get out there.

And hey, the couch will still be there when you get back. Probably with a hot cuppa waiting.

i https://www.nature.com/articles/s41598-019-44097-3
ii https://askthescientists.com/outdoors/
iii https://www.apa.org/monitor/2020/04/nurtured-nature

Your future just got a SUPER BOOST – ARE YOU READY?

With the new financial year comes a fresh wave of superannuation changes that could make a real difference to your retirement savings.

Let's unpack what's changing – and how to make the most of it.

The SG rate hits 12%

One obvious lift to retirement incomes is the increase in the Super Guarantee (SG) rate from 11.5 per cent to 12 per cent. That means more going into your super account.

Your employer must now pay 12 per cent of your ordinary time earnings into your chosen super account. So, it's a good idea to check your first payslips for the new financial year to make sure the changed rate is applied.

If you have a salary sacrifice arrangement, note that the SG calculation applies to your total salary, as if the arrangement was not in place.

For a quick update on what the change will look like for your super balance, check the MoneySmart calculator.

More for retirement phase

Beyond your regular contributions, the amount of super that can be transferred into the retirement phase – known as the general transfer balance cap (TBC) – has increased from $1.9 million to $2 million from 1 July 2025.[i]

If you exceed the cap, you'll need to transfer the excess back to your accumulation account or withdraw it as a lump sum – plus, you may pay tax on the earnings.

If you've already started a retirement income stream, you'll have a personal TBC – your own individual limit, which may be less than the general TBC. Your personal cap is based on the general cap at that time you started, adjusted for how much you've used and any indexation you're entitled to.[ii]

For example, if you started a pension with $2 million on 1 July 2025, you've used your entire cap. The cap doesn't limit the amount you can hold in super. If you have more than the cap available, the remainder can be left in your super fund's accumulation account.

You can check your cap in ATO online services, which records all the debits and credits that make up your balance.

Special rules apply for defined benefit income streams.

More qualify for after-tax contributions

The change in the general TBC to $2 million may also allow you to increase non-concessional (after-tax) contributions using the bring-forward rule. While the $120,000 annual limit on non-concessional contributions hasn't changed, eligibility for using the bring-forward rule now applies to those with a total superannuation balance below the general TBC of up to $2 million.

The rule allows you to bring forward the equivalent of one or two years of your annual non-concessional contributions cap ($120,000), allowing you to make contributions two or three times more than the annual cap.

No change to contribution caps

While more investors may now be eligible to access the bring-forward rule, the caps on both concessional (before tax) and non-concessional contributions haven't changed.

The tax paid on contributions depends on whether you're paying from before-tax or after-tax incomes, you exceed the contribution caps, or you're a high income earner.[iii]

The concessional contributions cap is $30,000 and if you have unused cap amounts from previous years, you may be able to carry them forward to increase your contribution in later years. You can make up to $120,000 in non-concessional contributions each financial year and you may be eligible for the bring-forward rule allowing up to $360,000 in one contribution.

Not sure how the rules affect you? Talk to us today about how to stay ahead and make the most of your retirement savings plan.

Awaiting the new $3m tax

The proposed new tax on earnings above $3 million in super accounts, known as the Division 296 tax, has not yet been ratified by Parliament. Nonetheless, it is expected to be applied from 1 July 2025.

The new tax doubles the tax rate from 15 per cent to 30 per cent for earnings on balances that exceed $3 million.

An earnings loss in a financial year, can be carried forward to reduce the tax liability in future years.

i https://www.ato.gov.au/tax-rates-and-codes/key-superannuation-rates-and-thresholds/transfer-balance-cap

ii https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/withdrawing-and-using-your-super/retirement-withdrawal-lump-sum-or-income-stream/calculating-your-personal-transfer-balance-cap

iii https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/understanding-concessional-and-non-concessional-contributions