August 2026

As we begin to wrap up the winter season, we can embrace the last of the cooler days and make the most of the opportunities the months ahead may bring.

July provided some welcome signs for the Australian economy, although inflation pressures persist. CPI eased to 3.8% in the year to June, down from 4.0% in May, supporting expectations that the Reserve Bank may be less likely to raise interest rates in the short term. But underlying inflation was unchanged at 3.6% because of persistent price pressures.

Consumer confidence improved a little, rising 4.1% to 83.9 in July. Despite the gain, sentiment is still deeply pessimistic.

Oil prices were volatile throughout July but ended well below the peaks reached earlier in the year.

Australian share markets finished the month stronger, with the ASX 200 moving above 9,000 points following the latest CPI figures. But caution in US markets following the Federal Reserve's decision to keep rates on hold tempered sentiment.

The Australian dollar delivered a resilient performance throughout July to close above $0.70, hitting a six-week high.

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LIFE MOVES FAST.

Is your insurance up to speed?

Life rarely stands still. A new home, a growing family, a career change or the transition to retirement can all have a significant impact on your insurance needs.

Yet insurance is often one of those financial arrangements that gets filed away and forgotten. Over time, that can leave you underinsured, paying for cover you no longer need, or relying on arrangements that no longer reflect your circumstances.

That's why it's worth checking your insurance annually to make sure it still fits your life.

When life changes, check your cover

Many people take out insurance and then rarely look at it again. But the amount of cover that was appropriate five or ten years ago may not be suitable today.

Consider some common life events:

- Buying, building or renovating a home
- Getting married or entering a new relationship
- Having children
- Separating or divorcing
- Taking on a larger mortgage
- Starting or selling a business
- Approaching retirement

Each of these milestones can change both the level and type of insurance you need. For example, a growing family may require increased life insurance to protect loved ones financially. Conversely, someone who has paid off their mortgage and whose children are financially independent may find they need less cover than they once did.

Check your valuations

One of the most common insurance mistakes is failing to update valuations.

Property values and replacement costs have risen significantly in recent years. Construction costs, building materials and labour expenses may mean that rebuilding a home after a major loss could cost far more than expected.

The same applies to contents insurance. Think about how many valuable items may have been added to your home over time, such as electronics, furniture, jewellery, sporting equipment or appliances. A quick estimate made years ago may no longer reflect the true value of your possessions.

Business owners face similar challenges. Equipment, stock, technology and business interruption costs can all change substantially over time.

A regular review can help identify potential gaps before they become costly surprises.

Are your beneficiaries still the right people?

Life insurance and superannuation death benefit nominations deserve particular attention.

The people you intended to benefit from your insurance years ago may no longer be the people you would choose today. Marriage, divorce, the birth of children, blended families and changing personal circumstances can all affect your wishes.

Reviewing beneficiary nominations regularly helps ensure your proceeds are directed according to your current intentions rather than outdated paperwork.

This is especially important after major life events. An old nomination that no longer reflects your circumstances can create unnecessary complications and stress for loved ones at an already difficult time.

Don't forget income protection

Many people insure their home, car and contents, yet one of their most valuable assets is often their ability to earn an income.

Income protection insurance can help replace a portion of your income if illness or injury prevents you from working. As your salary, expenses and financial commitments change, it makes sense to review whether existing cover remains appropriate.

If you've recently received a promotion, changed careers, become self-employed or taken on additional financial responsibilities, your current level of cover may not provide the protection you expect.

Review your premiums and policies

Insurance products evolve over time and so do premiums.

A review may reveal that you're paying for features you no longer need or that changes in your circumstances mean you require additional cover. It can also help you assess whether you're receiving good value for the premiums you're paying.

But it's important not to focus solely on price. A cheaper premium may come with reduced benefits, stricter conditions or exclusions that limit protection when it's needed most.

The goal is not necessarily to find the cheapest policy but to ensure you're receiving appropriate value for the cover you have.

Major life events are a natural trigger to revisit your insurance. Even if nothing significant has changed, it's worth checking your cover each year to make sure it still reflects your needs.

The best time to review your insurance is before you need it.

If your circumstances have changed or you can't remember the last time you checked your cover, speaking with your financial adviser can help identify any gaps, overlaps or opportunities to update your protection.

What lies ahead for property investors?

Property investors are facing a whole new world this financial year following the tax reforms announced in the May Federal Budget, the ATO tightening the rules around claiming deductions for holiday homes and the government's decision to abolish the ability to purchase residential property through self-managed super funds (SMSFs).

While there is no need to panic, the reforms will usher in significant change and require careful thought and detailed modelling of the financial implications for your investment portfolio and cash flow going forward.

New Capital Gains Tax rules

Major reforms to the CGT rules are set to take effect from 1 July 2027. The changes mean property investment assets held for more than 12 months will no longer receive a 50 per cent discount on their capital gain before tax. This will be replaced with cost-based indexation, with gains adjusted for inflation before CGT is applied.[i]

A minimum 30 per cent tax rate will also be introduced for net capital gains from 1 July 2027 and will apply to individuals, partnerships and companies. These tax changes will also apply to discretionary trusts from 1 July 2028.

Any capital gains made on an investment property that was held for more than 12 months and sold before 1 July 2027 will be taxed under the existing 50 per cent CGT discount rules. Gains after this date will be taxed using the new minimum 30 per cent rules.

With the window to take advantage of the current 50 per cent discount rule closing on 30 June 2027, property investors contemplating selling a rental property should seek professional advice to understand how these changes could affect their financial position.

Negative gearing changes

One of the most controversial Budget changes is to limit negative gearing for residential property investments to new builds.[ii]

Properties held prior to Budget night (12 May 2026) are exempt from these changes, but use of negative gearing by taxpayers purchasing established properties will be restricted. For commercial property, the current negative gearing rules continue with no change.

From 1 July 2027, investors who purchase an existing property will only be able to offset their residential investment property losses against other income from residential properties. This includes any capital gains. Excess losses can be carried forward to offset against residential property income in future years. The changes will apply to individuals, partnerships, companies and most trusts, but widely held trusts and super funds (including SMSFs) will be excluded.

New rules for holiday homes

If the Budget proposals aren't enough to give property investors a headache, the ATO has made it clear its approach to holiday home tax deductions will be tougher.[iii] Following the release of a new holiday home tax ruling, owners will now be restricted to minimal private use each year if they wish to retain access to tax deductions.

From 1 July 2026, deductions for ownership costs like mortgage interest, council and water rates, insurance, repairs and maintenance may be denied depending on when and the way a holiday home is used. Advertising and cleaning expenses, booking fees and commissions remain deductible.

Personal use during peak periods is now a signal that a property is primarily a leisure asset rather than an income-producing one. If the property is available for most of the year, but is blocked out during Christmas, Easter, school holidays and local peak periods, it is now likely to be assessed as a property that is not mainly used to generate income.

Time to reassess your property portfolio

Given this strict new interpretation of the deduction rules by the ATO, the Budget tax reforms to CGT, along with the banning of SMSFs from Limited Recourse Borrowing Arrangement (LRBA) for residential properties, property investors are urged to seek professional advice early on and review their property investment strategy in light of the changes.

Transitional rules, valuation approaches and record-keeping requirements will be critical. Investors should ensure documentation is up to date, consider timing of transactions carefully.

If you would like to discuss any of the changes and how they may affect you, please contact our office today.

i https://budget.gov.au/content/factsheets/download/tax-explainers-negative-gearing-capital-gains-tax.pdf

ii https://budget.gov.au/content/factsheets/download/tax-explainers-negative-gearing-capital-gains-tax.pdf

iii https://www.ato.gov.au/law/view/document?LocID=%22TXR%2FTR20261%2FNAT%2FATO%22&PiT=99991231235958