Winter 2026

Welcome to our complimentary newsletter and, as winter sets in and the end of the financial year approaches, it is worthwhile tidying up and reviewing household finances.

After years in the making, reforms to Aged Care fees and charges have now been in place for 6 months. Means tested fees now including a Hotelling Contribution of up to $22.15 per day and a Non-Clinical Care Contribution of up to $107.32 per day, together with a general increase in Refundable Accommodation Deposits, can result in a cashflow squeeze for residents. Further compounding the cashflow squeeze is the indexation of any Daily Accommodation Payments. Grandfathering to the new means tested fees may apply to new residents based on any past Home Care arrangements.

Whilst the recent controversial Federal Budget was silent on residential Aged Care fees and charges, proposed changes to capital gains tax and the tax treatment of Family Trusts may have implications for residents selling assets to fund Aged Care in the future.

As a consequence of interest rate rises, the Maximum Permissible Interest Rate (MPIR) payable for Aged Care accommodation will increase from 7.96% per annum to 8.43% per annum on 1 July 2026. As always, the new rate only applies to residents entering Age Care for the first time on or after 1 July 2026. The increase in the MPIR will result in a reduction in the implied lump sum accommodation payment for Supported Residents to $313,043.

As always, just be in touch with either Tricia or myself with any queries you may have, or should you like us to provide your admissions team with a refresher session on a complimentary basis.

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Retirement income options when markets are volatile

The income assumptions many have carried into retirement are being tested in the current economic climate.

Markets have lurched from one direction to another; interest rates have lifted faster than expected, with the possibility of more increases in the months ahead, and there's no end in sight to the global uncertainty.

While the market shocks are interspersed with periods of relative calm, The Reserve Bank of Australia (RBA) warns that the disruption could pose challenges to our financial stability.[i]

Nonetheless, the RBA says Australia is "well placed" to handle the uncertain times.

For those heading into retirement and focused on income security rather than speculation, having a clear view of the different retirement income options can help.

Account-based pensions

One of the most common retirement income options is an account-based pension, often started using superannuation savings. Your money stays invested, and you draw a regular income from the account, choosing the payment amount (subject to minimum annual withdrawals set by law) and the investment mix.[ii]

The appeal here is flexibility. You can adjust payments and investment options, and the remaining balances can be left to beneficiaries in your will.

On the other hand, account-based pensions are directly exposed to market movements. So, when markets fall, your account balance may be affected. That could reduce your future income particularly if you continue withdrawals during a market downturn.

The risk is most significant in the early years of retirement. Losses combined with regular withdrawals can permanently reduce how long savings last, a challenge known as sequencing risk. Understandably, many retirees respond by spending less than they could afford, even when markets recover, simply to avoid the fear of running out of money later in life.[iii]

Lifetime annuities

Annuities offer a different approach. In return for a lump sum investment, annuities pay a guaranteed income either for a fixed period or for the rest of your life. Because the payments are not linked to daily market values, they could deliver a strong sense of certainty, particularly when it comes to covering essential living costs.[iv]

Some annuities provide fixed payments, some increase with inflation and others offer income linked partly to investment markets while still guaranteeing payments for life. These alternative styles of annuities aim to balance stability with the potential for higher long term income.

Combining income streams

Rather than choosing between flexibility and certainty, retirees may benefit from using more than one income stream. This approach combines a guaranteed income source with a more flexible one.

For example, a lifetime annuity might be used to cover the basics such as housing, food and utilities, while an account based pension funds discretionary spending, travel or unexpected expenses. Research suggests this could lead to more stable income and greater confidence to spend, even when investment markets are volatile.[v]

By making sure that your essential expenses are met regardless of market conditions, you may be less likely to panic or reduce spending during downturns.

The Age Pension

The Age Pension is an important part of the retirement income picture for many. It provides a government backed, inflation linked income that is not affected by market performance. For eligible retirees, it can act as a valuable safety net later in life, particularly if personal savings decline.

Some lifetime income products receive concessional treatment under the Age Pension assets test, which can improve eligibility or payment levels. Understanding how different income streams interact with Centrelink rules can affect retirement outcomes.[vi]

Retirement income is about what fits, not forecasts

There is no single best retirement income option. Each comes with trade offs between flexibility, risk, growth potential and control. What matters most is how well an income strategy matches your spending needs, risk tolerance and desire for certainty.

The right structure, could help to reduce stress and support more confident spending in retirement. Uncertainty doesn't have to mean insecurity.

Talk with us about structuring a retirement income approach that fits your priorities and your circumstances.

i https://www.rba.gov.au/publications/fsr/2026/mar/the-global-macro-financial-environment.html

ii https://www.ato.gov.au/tax-and-super-professionals/for-superannuation-professionals/apra-regulated-funds/paying-benefits/income-streams

iii https://www.superguide.com.au/in-retirement/super-funds-income-for-life

iv, vi https://www.servicesaustralia.gov.au/income-streams

v https://www.superannuation.asn.au/account-based-pensions-and-annuities-investment-choices/

Downsizing with confidence

Deciding to downsize is a big life step. It is not just about moving to a smaller house. It can be about leaving behind a home full of memories, familiar streets, and routines you have built over many years.

For many, the idea of simplifying life, reducing maintenance, and freeing up finances can be very appealing. But for some, the reality of downsizing does not always match the rosy picture. In fact, one in six people who have downsized in the last five years wish they had not made the move, so it's important to give the move careful consideration to avoid "downsizer regret".[i]

The financial appeal of downsizing has been strengthened by the government's downsizer contribution scheme, which has been developed to encourage older Australians to release equity from larger homes and free up housing supply for younger families. Eligible homeowners aged 55 or older can contribute up to $300,000 from the sale of their family home into superannuation, or $600,000 for couples. This can provide a meaningful boost to retirement savings, but the considerations go beyond how the figures stack up.

The realities of downsizing

The costs add up

The financial boost from downsizing is often what makes it appealing. Selling a larger home can free up money for retirement, travel, or other plans, and topping up superannuation could provide a tax benefit.

However, you must consider all costs. Moving expenses can add up quickly. Renovations to make a new home suitable, such as improving accessibility, or modernising kitchens and bathrooms, can be expensive.

Finding the "right" place can also be a consideration, as appealing homes for downsizers – single-storey, low-maintenance and close to services – can be scarce and expensive.

Less space can feel restrictive

Downsizing literally means going smaller which can feel freeing at first. But a small home can feel restrictive if there is not enough space for hobbies, collections, or visiting family. Trading a large garden, spare rooms, or entertainment areas for a lock-up-and-leave lifestyle may reduce maintenance stress, but it can also feel like a loss of freedom.

Home is where the heart is

Downsizing can sometimes mean a move away from a familiar area. Leaving a family home and community connections can be deeply emotional, and a home in a new neighbourhood can feel isolating. Where you live can matter just as much as the house itself.

Watch the impulsive purging

Many people experience regret after decluttering too quickly. In the rush to simplify, sentimental objects, practical tools or furniture, may be thrown away or donated, only to be missed later. Taking your time to evaluate what items to keep, or place in storage, can prevent feelings of loss.

How to avoid downsizing regret

Careful planning can make a huge difference to how you experience downsizing. Here are some strategies to help make the move feel more positive:

Take your time – Give yourself time to adjust emotionally, financially, and physically. Explore your options and imagine daily life in a potential home before committing.

Think about future needs – Make sure your new home can support the activities you value – whether it's your hobbies or hosting family and friends.

Budget for hidden costs – Factor in moving expenses, agent fees, renovations, and strata or service charges.

Keep treasured items in mind – Don't discard sentimental or useful items too quickly.

Stay connected – Consider proximity to family, friends, shops, and services to maintain social connections or, if you are planning a significant change of scenery, think about how you'll develop personal connections in a new location.

Downsizing can be a smart financial decision, especially considering that government incentives may allow contributions to superannuation. However, it's important to remember that these contributions could impact any Age Pension entitlements. We are here to assist you with the financial side of things.

Remember, it's not just a numbers game. Emotional attachment, lifestyle changes, social connections, and practical needs all play a role in whether a move to downsize feels liberating or limiting. Taking time to plan, reflect, and consider how and where you want to live, can help ensure downsizing brings freedom, comfort, and happiness rather than regret.

i https://www.smh.com.au/national/i-had-no-idea-about-some-of-the-issues-the-aussies-finding-the-downsides-to-downsizing-20250501-p5lvod.html

Investing for the next generation

For many, the goal of investing is about creating wealth for a comfortable financial future, as well as a legacy that supports your children and grandchildren for decades to come.

But one of the greatest risks to that legacy can be the challenge of dealing with sudden wealth. When adult children inherit large sums or significant assets without preparation, sometimes the result is family tension, poor decisions or erosion of wealth.

While precise figures vary, research and industry experience consistently show that many families struggle to preserve wealth beyond the second and third generations, largely due to behavioural and governance challenges rather than investment performance.

Building financial literacy

Financial capability is developed over years of exposure, education, and experience.

The Australian Securities and Investments Commission (ASIC) MoneySmart program emphasises that financial literacy is a core life skill, not simply a technical ability.

While an inheritance may be some years off, parents who are expecting to pass on some form of an inheritance, should begin involving their children in financial discussions where appropriate. This might include reviewing investment portfolios together, explaining the complexities of how superannuation works or discussing the rationale behind major financial decisions. Understanding how risk is associated with investing, and ongoing tax obligations is also essential to create the whole picture.

Practical experience is just as important as theory. Allowing adult children to manage a portion of investments, under guidance, can build confidence and accountability. This phased approach reduces the risk of overwhelm later, when financial responsibility increases significantly.

Gifting or loaning?

Another important consideration when supporting the next generation is whether to provide financial assistance as a gift or a loan. The decision has both ethical and practical implications.

Gifting can provide immediate support without the burden of repayment, allowing children to purchase a home, invest or establish a business. But unequal gifting among siblings may create perceptions of favouritism, even if the intention is fair. Clear communication and documentation of the reasoning behind decisions is essential.

Loaning, on the other hand, can maintain a sense of responsibility and fairness.

Loans structured with clear terms can encourage financial discipline and avoid creating dependency. Families often formalise the arrangements with written agreements that set expectations for repayments and interest. There are also taxation and legal considerations.

The Australian Taxation Office may assess certain arrangements differently depending on whether funds are genuinely gifted or loaned. Professional advice ensures that intentions are reflected correctly. Ultimately, the choice between gifting and loaning may come down to the financial maturity of the recipient and your estate plan.

Preparation beyond money

Financial preparation alone is not enough. Inheriting wealth also involves emotional and behavioural readiness.

Open conversations about wealth, values and expectations are important. This includes explaining the purpose of wealth, whether it is to provide security, support philanthropy or create opportunities for future generations.

Governance structures, such as family meetings, investment committees or advisory boards can also help heirs understand their roles and responsibilities and encourage collaboration.

Philanthropy is another powerful tool for preparing heirs. Involving children in charitable giving decisions can instil a sense of social responsibility. It reinforces the idea that wealth is not solely for personal use, but also a resource to benefit the broader community.

Managing the transition

Gradual transition strategies can ease the adjustment for both parents and children.

This might involve progressively transferring control of assets. For example, adult children may first participate in decision-making, then take on increasing responsibility for managing investments over time. Trust structures are often used for staged distributions, allowing flexibility and protection.

Regular reviews are equally important. As family circumstances change, so too should the plan. Marriage, divorce, business ventures or health issues can all affect how wealth should be managed and transferred.

A legacy of capability

Successful intergenerational wealth transfer is not measured by the size of the inheritance but by the preparedness of those who receive it. Financial literacy, decision-making and open communication are the foundations of lasting wealth. By investing time in educating and including the next generation, families can reduce the risks associated with sudden wealth and create a legacy that endures.

If you'd like to discuss how to prepare your family for a successful wealth transition, we're here to help.