Your Private Wealth Specialists

2025

INSIDE THIS ISSUE

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GDA NEWS and CHAIR'S OPINION

The 2025 New Year is well underway. We hope you all enjoyed a happy and safe festive season and are well rested for the beginning of the year.

This year promises to be one of great turmoil. The world seems to be looking to Donald Trump to solve all of its catastrophes although Joe Biden, in a last-ditch effort, may have just pipped him with the “solution” to the Israeli/Hamas conflict, with a negotiated ceasefire! There are still others though – Ukraine/Russia, China, the economy, security, bushfires and big freezes.

Australia is entering another election period that also promises to be interesting, to say the least.

The increasing violence and general nastiness in our society is being reflected in our politicians’ petty personal attacks on each other. This is not the sort of leadership our country needs.

The increasingly vocal, radical minority determined to silence and abuse any they disagree with, rather than tolerate their views are prevailing. And support for democracy is falling particularly among the young.

Unfortunately, a world in which all voices could be heard equally and all value systems constantly granted a hearing is a utopian society not possible.

2024 was a difficult year for GDA with the death of its founder and Chairman, John Fairlie, but the significant national recognition for quality service and outcomes was a gratifying highlight. We are immensely proud of these accomplishments and remain confident that your financial future is in very capable hands with GDA.

At GDA we are excited to be providing a new specialist service for Aged Care advice, commencing in April. This service aims to create awareness about planning for aged care, provides education on clients’ aged care funding options and provides guidance and support to clients’ and their immediate family members. This service offering will be tailored to the individual client's needs with the aim of providing peace of mind and a smooth transition into aged care.

We will be able to address:

- New Residential Care Fees – accommodation costs and daily fees
- Means-Testing Rules – the updated processes and impacts
- Effective Advice Strategies – what works now and beyond 1 July 2025, what’s changing, what’s new
- Protected Person Rules – the implications for assessments of the former home
- Grandfathered Clients – who qualifies and what fees apply
- Case Study Scenarios – tailored for low-means residents, high-net-worth clients, and couples
- Support at Home Integration – home care fees and packages
- ACS 9-Step Approach – create robust aged care advice solutions
- Ethics and Compliance – ensure our advice meets professional standards

Emma Leith will be our Aged Care specialist. Emma is featured on page 2.

Ann Fairlie, Chair

Thank you for being a valued part of the GDA community

MONEY MATTERS

ADVISER PROFILE - EMMA LEITH

Emma Leith will not be an unfamiliar face to most clients as she joined GDA in 2019. You may be aware that Emma has been studying, completing her professional year and transitioned into a full-time role as a Financial Planner in 2023. We thought we would take this opportunity to allow you to get to know her better.

What made you want to become a financial planner?

My tutor at university ignited my passion to have a career in financial planning and to become a financial planner. It was through the tutor's passion to really make a difference in people's lives that interested me.

What type of clients do you help?

I work with a range of individuals, predominantly retirees and pre-retirees, and provide tailored advice in areas of wealth creation, wealth protection and retirement planning.

How long have you worked in the financial services sector?

I have worked in the industry for over 6 years. Upon graduating from Bachelor of Business in 2018, I started working as a receptionist in a large financial planning firm in Hobart. From there I gained experience and progressed into client services and then became a paraplanner for a short period of time, whilst undertaking my master's degree. Throughout my role development and studies, it became evident to me that I wanted to have a career in financial planning and become a Financial Planner.

I joined GDA in 2019 and completed my professional year with GDA within the last 18 months. I then took a break to have baby George and have returned since the start of the year in a full-time capacity as a Financial Planner.

Why did you choose GDA?

GDA is a multi-faceted organisation with terrific career growth opportunities. I like the fact that we can look after clients' financial advice needs and offer the Managed Discretionary Account Service for better portfolio management, but also their tax and accounting needs as well.

GDA has its own Australian Financial Services License and this is important to me as I had worked in larger organisations that didn't have their own license and I could see the impact this had on providing advice.

GDA has supported me throughout my studies and has provided resources to give me the opportunity to undertake my professional year and become a Financial Planner.

What are your qualifications?

I have a Master of Financial Planning and am a member of the Financial Adviser Association Australia (FAAA). I am working towards becoming a registered Certified Financial Planner and am also currently undertaking studies to become an Accredited Aged Care Specialist ahead of our Aged Care service offering to be launched in April 2025.

What do you enjoy outside of GDA?

Away from work, I enjoy walking, craft, and spending quality time with my husband, baby, golden retriever, friends and family.

Emma completes the Advice Team, alongside Senior Financial Planners, Michael Driessen and Malcolm Penglase and is accepting new clients.

If you have a friend or family member that you feel would benefit from advice, then please do not hesitate to contact Emma on (03) 6234 4413 or eleith@gdas.com.au to arrange a no obligation meeting.

12 SUPER TIPS FOR A MERRY AND BRIGHT RETIREMENT

1. Consolidate your superannuation

If you've worked multiple jobs, you might have multiple super accounts. Consolidating them into one fund can save you money on fees. The good news is that consolidating is easy through ATO on line services or your myGov account where you can also search for lost or unclaimed super.

Before consolidating, consider potential impacts like the loss of insurance coverage, fees, investment options, and tax implications to ensure the transfer aligns with your needs and adds value.

2. Review your investment strategy

Your super is an investment for your future, so make sure it aligns with your goals and risk tolerance.

For self-managed super funds (SMSFs), it's a legal requirement to have a documented investment strategy aligned with your objectives, which must be reviewed regularly.

3. Check your insurance coverage

Many super funds offer default insurance, including life, total and permanent disablement (TPD), and income protection coverage. It's essential to review your cover to ensure it provides adequate protection for you and your family and is not overpriced. If you manage an SMSF, you're also required to consider and document the insurance needs of each member as part of the investment strategy. Seek professional advice to ensure your current cover is sufficient for death, disability or illness.

4. Check your fund's performance

Not all super funds are created equal, and performance can vary significantly. Regularly check your fund's performance compared to others to ensure it's performing. If your fund's performance is underwhelming, consider revisiting your investment strategy or switching to another fund that better aligns with your retirement goals.

5. Nominate your beneficiaries

Super isn't automatically part of your estate, so it's important to nominate valid beneficiaries to ensure your funds go to the right people. Without a valid nomination, your super fund may decide who receives the benefits, regardless of your Will. Regularly review your beneficiary nominations, especially when circumstances change, to ensure they are up to date and reflect your preference.

6. Make extra contributions

Even small additional contributions can make a big difference to your super balance at retirement thanks to compounding returns. In addition to the 11.5% employer super guarantee contributions for 2024/25, adding extra contributions through salary sacrificing or personal after-tax payments can boost your retirement savings. Just be mindful of contribution caps to avoid extra tax. Small sacrifices now can lead to substantial benefits later.

7. Salary sacrifice

Salary sacrificing is an efficient way to boost your retirement savings and reduce your tax. By redirecting part of your pre-tax salary into your super fund, you can benefit from lower tax rates, allowing more money to work for you in the long term. It's an easy way to start saving for the future without feeling the pinch today, and over time, compounding returns will help your super grow.

8. Claim your government co-contribution

If you earn below a $60,400 a year and make a voluntary contribution to your super, the government may top up your super with a part co-contribution. The maximum co-contribution is $500. To receive this maximum amount your income must be below $45,400 and you must contribute at least $1,000 as a personal after-tax contribution into super.

MONEY MATTERS

This is a great way to boost your super savings and is a government bonus. To be eligible there are several other rules, so check if you qualify.

9. Explore spouse contributions

If your spouse earns less than $40,000 pa, you can contribute to their super fund and potentially claim a tax offset of up to $540. This is a great way to help boost their retirement savings and potentially reduce your taxable income in the process.

10. Plan for transition to retirement

If you're nearing retirement a transition-to retirement (TTR) strategy could help you make the most of your savings and ease into retirement more comfortably. This strategy allows you to draw down some of your super while still working part-time, supplementing your income without fully retiring. It's a way to boost your savings and ensure a smooth transition to retirement, making your golden years as stress-free as possible.

11. Review fees

Super funds charge various fees for managing your money, and these can add up over time reducing your returns. It's important to review the fees associated with your super to ensure you're not overpaying.

12. Seek professional advice

If you're unsure about any aspect of your super, seeking advice from a financial adviser can be a great step. A financial adviser can provide tailored advice, helping you navigate decisions about your super, investments and retirement planning ensuring your super journey stays on track and guiding you toward the best financial decisions for your future.

HOW DOES YOUR SUPER COMPARE WITH OTHERS YOUR AGE

Market volatility

Have you ever wondered how your super balance compares to others in your age group? Or maybe you're curious about how much you should have saved by now to ensure a comfortable retirement? It's not always easy to figure out if your super is on track, but understanding how it stacks up can help you make smarter decisions now that will benefit you later.

This article looks into the average super balances for people of different ages and explores how much you may need in retirement.

Average balances of Australians

The Australian Taxation Office (ATO) has released data showing average super balances for different age groups. The data gives a helpful overview of where Australians are at in terms of their retirement savings. Here's how the averages break down:

	Averages ($)	
Age	Men	Women
Under 18	7,666	5,088
18-24	8,069	7,297
25-29	25,407	23,273
30-34	53,154	44,053
35-39	90,822	71,686
40-44	131,792	102,227
45-49	180,958	136,667
50-54	237,084	176,824
55-59	301,922	228,259
60-64	380,737	300,717
65-69	428,533	379,483
70-74	474,898	422,348
75 or more	487,525	416,279

Source: ATO Statistics 2021-22: Median super balance by age and sex, 2021-22 financial year

You might be looking at your super balance right now, feeling either satisfied or a little worried about how it measures up to these averages. Remember, averages don't tell the whole story. Your balance can be impacted by various factors like career breaks, part-time work, salary levels, or investment decisions. If you've made additional contributions or opted for higher-growth investment options, your balance may be above average. If it's not quite where you'd like it to be, don't worry- there's still plenty of opportunity to take steps and get back on track.

How much super do you need in retirement?

Understanding what you'll need in retirement-can help you gauge whether your super balance is on track.

The Association of Superannuation Funds ofAustralia (ASFA) provides clear benchmarks to define what a "comfortable" or "modest" retirement might look like.

A modest retirement covers basic living expenses, with most of the income coming from the age pension. On the other hand, a comfortable retirement allows for a higher standard of living, including private health insurance, a reliable car, household upgrades, and leisure activities like holidays.

Here's what ASFA estimates you'll need if you retire at 65, own your home outright, and are in good health:

	Comfortable retirement	Modest Retirement
Singles	About $595,000 in super for an annual income of $52,085	At least $100,000 in super, combined with the Age Pension, could provide an income of $33,134 for singles or $47,731 for couples
Couple	Around $690,000 in super to generate a combined annual income of $73,337	

Source: ASFA retirement standard budget for retirees aged 65-84 (June quarter 2024)

Knowing these benchmarks can help you assess your progress and plan for the future you want.

Are you on track?

Now that you know what the average super balance look like, and you have a better idea of how much you may need, it's time to check where your super stands. If your balance is lower than the targets set by ASFA, don't panic- it's never too late to take action. You can still take steps to boost your super and make it work harder for your retirement.

ECONOMIC NEWS

Market Key Points

- The Australian equity market rebounded in October returning 3.8% over the month.
- Global developed markets had a strong month, US equity markets buoyed by the presidential election results.
- Asian markets suffered most visibly by comparison as the threat of tariffs potentially imposed by a Trump presidency were assessed.

Australian Equities

After losing ground in October, the ASX 200 rebounded strongly in November, posting its best returns since July. The ASX 200 Accumulation Index rose by 3.8% for the month. This performance was largely driven by the clarity provided to Australian investors following the US election.

Out of the 11 sectors, nine recorded gains. Information Technology led the way with a 10.5% increase, followed by Utilities (+9.1%), Financials ex-Property (+7.0%), and Consumer Discretionary (+6.9%). However, Energy (-0.7%) and Materials (-2.6%) lagged.

Information Technology continued its impressive momentum, returning 68.3% over the past 12 months. Standout stocks for the month included TechnologyOne (ASX: TNE), Xero (ASX: XRO), and Life360 (ASX: 360).

In contrast, investors were cautious in the Energy and Materials sectors due to concerns over additional US tariffs impacting the already stuttering Chinese economy. Major players like Rio Tinto (ASX: RIO), BHP (ASX: BHP), and Fortescue (ASX: FMG) saw declines. Gold miners also struggled as investors rushed to the US Dollar following the Trump election, which pushed down the price of gold.

As the calendar year draws to a close, the ASX 200's had a strong performance in November, with gains seen broadly across most sectors.

Global equities

Developed Markets outperformed Emerging markets in November largely driven by a rally in US Markets, post-election results. Developed markets gained 5.18% (MSCI World Ex-Australia Index (AUD)) versus a-3.07% return (MSCI Emerging Markets Index (AUD)).

US markets rallied post-election results with the S&P500 closing at an all-time high, gaining 8.8% for the month (in local currency terms). The FOMC's decision to cut interest rates by another 25 basis points also contributed to a broad market rally with the Nasdaq Composite gaining 6.3% (in local currency terms) while the Russell 2000 gained 11.0%, the best month since December 2023.

Asian markets suffered most visibly in November as Trump threatened to impose Tariffs when in office. The Chinese Hang Seng Index fell-4.23%, while the CSI 300 Index, rose a modest 0.75% (in local currency terms), assisted by further Chinese pledges from authorities to support the economy. while in Japan the Nikkei 225 Index fell-2.22% (in local currency terms).

Property

The S&P/ASX 200 A-REIT Accumulation Index TR reversed the negative result in October, finishing the month up 2.48% in November. The Index is up 26.0% YTD. Similarly, global real estate equities also reverted, increasing by 2.7% (represented by the FTSE EPRA/NAREIT Developed Ex Australia Index (AUD Hedged)). Australian infrastructure saw the largest reversal of the three indexes, bouncing back with a return of 4.98% after a falling 4.75% in October. The index has delivered a return of 9.65% YTD.

November saw muted activity in Australia on the M&A front across the A-REIT sector, with AGM season dominating company announcements. Tense talks continued between Hotel Property Investments (HPI) and the Charter Hall Retail REIT (CQR) led consortium. Following the rejected revised bid of $3.85-per-share, the bid was lowered to $3.785-per-share. As expected, HPI directors have unanimously recommended shareholders reject the offer. Stockland Corporation Limited (SGP) acquired 12 Australian residential master-planned communities from Lendlease (LLC) for $1.06bn. The transfer of projects was completed on 29 November. Dexus (DXS) has announced it has entered into an agreement to sell two office properties (Pyrmont, Sydney and Brisbane) for $443.2m.

The Australian residential property market experienced an increase of +0.1% Month on Month (as represented by CoreLogic's five capital city aggregate). Perth continued its strong run and was the biggest riser (+1.1%, 21.0% YoY), followed by Adelaide (+0.8%) and Brisbane (+0.6%). In contrast, Melbourne was the worst performer and continued to experience a fall in value (-0.4%) alongside Hobart (-0.1%) and Sydney (-0.2%).

Fixed Income

The bond market displayed mixed signals throughout November. Early in the month, investors anticipated volatility and potential inflationary pressures following a Trump victory in the US elections. However, as uncertainty subsided, yields began to fall, and the month concluded on a more favourable outlook.

While the overall Consumer Price Index (CPI) showed signs of easing, the Reserve Bank of Australia's (RBA) preferred measure, core inflation, rose month-on-month indicating a sticky inflationary environment.

This suggests that the RBA is unlikely to cut rates until the new year. In addition, the labour market showed signs of cooling, with wage growth decelerating and consumer confidence stabilising however, broader economic uncertainty remains. Amidst this backdrop, the 2-year and 10-year yields Australian government bond yields dropped 8 and 16 basis points respectively.

In the US, the Federal Reserve implemented a 25-basis point rate cut, in line with a softening job market and bringing inflation closer to the 2% goal. As the month unfolded, the bond market started to correct its initial overreaction to the potential inflationary policies under the newly elected administration, with yields on the 2-year and 10-year US government bonds falling by 3 and 12 basis points, respectively.

Economic Key Points

- Australian GDP for Q3 2024 was 0.3%, while the annual rate of 0.8% was the weakest in decades.
- The RBA kept interest rates at 4.35% during its November meeting.
- The FED cut interest rates to 4.75% in its November meeting.

Australia

GDP growth for the September quarter slowed further to +0.8% on an annual basis, well below economists' expectations. This was despite rising federal and state government spending, which ABS data indicates jumped 4.7% compared to the previous September quarter. The RBA recently admitted that it had underestimated the scale of aggregate fiscal spending, including infrastructure programs, public servant wage inflation and the burgeoning cost of the NDIS. The weaker GDP data has revived expectations for our central bank to cut interest rates in the first half of 2025.

The RBA kept rates at 4.35% at the November meeting with minutes from the meeting showed that the board members had considered a range of scenarios which might justify an easing of monetary policy. However, the commentary also suggested a reluctance to move towards rate cuts without sustained or widespread indications that they were required, for example in needing to observe "more than one good quarterly inflation outcome" to be confident that any decline was sustainable.

CPI data showed the headline inflation rate to be unchanged at +2.1% for the rolling 12 months to October, but the trimmed mean metric favoured by the RBA accelerated from +3.2% to +3.5% for the same period. The change reflected broad-based price pressures across a range of goods and services, belying the headline numbers which have been skewed down by federal and state government energy rebates.

The unemployment rate was steady at 4.1% in October, matching market estimates.

Retail sales rose 0.6% in October, ahead of market expectations of a 0.3% increase, while annual sales jumped 3.4% for the same period. The Westpac-Melbourne Institute Consumer Sentiment Index increased 5.3% to 94.6 in November as consumers see some further easing in the pressure on family finances, are no longer concerned about the risk of further interest rate rises and are becoming more confident about the economic outlook.

Composite PMI was steady at 50.2 in November, just into expansion territory and driven by services activity.

The trade surplus widened to $5.93bn in October, the largest since February, ahead of market estimates of $4.55 billion and the revised prior reading of $4.53 billion.

SOURCE: LONSEC INVESTMENT Month in Review December 2024