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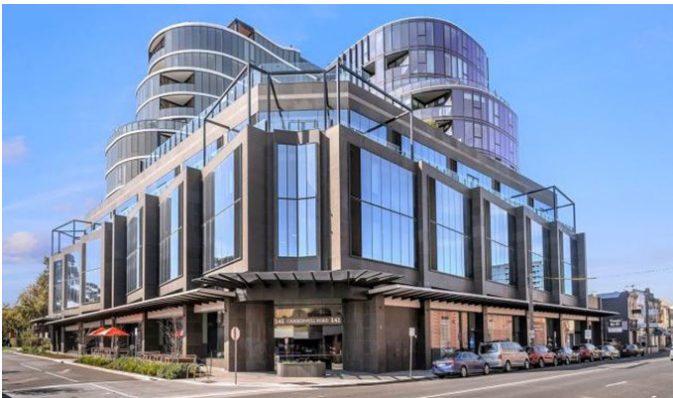
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GFM OFFICE MOVE

By Paul Nicol

After 10 years at 190 Through Road, Camberwell, the continued growth of GFM Wealth and GFM Gruchy Accounting has prompted a move to a larger, modern office space at **Level 2, 141 Camberwell Road, Hawthorn East.**



A key priority in selecting our new premises was ensuring it is both client- and staff-friendly, providing comfort, accessibility, and convenience for all. Located only 4 km from our current office and close to Camberwell Junction — almost opposite the Rivoli Theatre — the new location offers several advantages, including:

- Secure on-site parking beneath the building with direct lift access to Level 2
- A café located on the ground floor
- Easy access to public transport, shops, cafés, and restaurants at Camberwell Junction

The office is currently in the final stages of a full refurbishment, with our move scheduled for early to mid-May. To minimise

disruption during this period, all client meetings throughout May will be conducted online via Zoom or Microsoft Teams. Our team may also work remotely at times while IT and building access systems are finalised.



We look forward to welcoming clients to the new office from June onwards. As the move approaches, we will keep you informed of key details and will provide clear instructions regarding parking and building access ahead of your first visit to ensure a smooth transition.

This relocation represents an important milestone for our business, and we are excited to share our new space with you.

We look forward to seeing you soon at our new office.



ADVISER PREDICTIONS FOR 2026

By Patrick Malcolm

As financial advisers, we are the first to admit that predicting the next 12 months is far more difficult than building a successful long-term investment strategy. Markets, policy decisions and global events rarely unfold exactly as expected, which is why our advice consistently centres on patience, diversification and disciplined investing rather than trying to time short-term moves.

That said, the start of a new year always invites a little speculation and healthy competition and reviewing how our calls from 2025 played out is both insightful but more entertaining.

Last year's predictions offered a mix of outcomes.

- My financial prediction that Commonwealth Bank would fall below \$120 was a miss, while my non-financial expectation of a resolution to the PGA Tour-LIV Golf saga did not eventuate during the year.
- Paul's financial calls — expecting a strong rebound in healthcare and runaway domestic energy prices — didn't materialise, and his non-financial "big double" of the Swans winning the AFL premiership and the Storm winning the NRL premiership unfortunately didn't come to pass.

- James' view that small-cap companies would outperform proved correct, with the Small Ordinaries comfortably outpacing large caps. His non-financial prediction regarding a public breakdown in the relationship between President Trump and Elon Musk, and the resulting pressure on Tesla shares, was also directionally accurate.
- Sam was optimistic about ResMed hitting \$50 and Geelong winning the flag — both proved ultimately too ambitious.
- Amelia's financial prediction that the A-REIT sector would perform strongly proved directionally sound, and her non-financial call — Geelong making the AFL Grand Final — was also correct.
- Adam's expectation that the big four banks would underperform did not ultimately play out, with ANZ, Westpac and NAB all delivering returns comfortably ahead of the broader market, while only Commonwealth Bank tracked closer to index performance. Ferrari also fell short of securing the F1 constructors' championship.

Some calls landed closer to reality than others — and that's precisely the point: short-term forecasting can be fun and occasionally directionally accurate, but long-term thinking and investment discipline matter most when it comes to meaningful outcomes.

With that perspective in mind, we once again asked each adviser to put forward one financial and one non-financial prediction for the year ahead. Some are grounded in economic trends; others are a little more light-hearted, but all reflect the different personalities and viewpoints that shape our advice team.

Paul

Financial:

Melbourne residential property prices will fall again in 2026.

Non-Financial:

England will win the FIFA World Cup & Errol Gulden wins the Brownlow.

Patrick

Financial:

Global Technology stocks will underperform broader markets in 2026 as earnings expectations normalise and capital rotates toward value and infrastructure assets.

Non-Financial:

Carlos Alcaraz wins 3+ Tennis Majors.

James

Financial:

With the US dollar under continued pressure, Emerging Market equities will outperform other international stock indices.

Non-Financial:

USA to significantly outperform and reach the semi-final of their home World-Cup mid this year.

Amelia

Financial:

The ASX All Ordinary Index will be above 10,000 points by the end of 2026.

Non-Financial:

Geelong will win the AFL Grand Final.

Sam

Financial:

The worst-performing asset class in 2026 will be listed property.

Non-Financial:

It will be an all-Queensland AFL Grand Final: Brisbane vs Gold Coast.

Adam

Financial:

Private Equity will continue to acquire energy production and infrastructure assets due to the continued demand for AI and data centres.

Non-Financial:

Jai Newcombe to win the Brownlow Medal, Hawks finish top 4.



BEN & LAURA: CLIENTS OF GFM SINCE 2012

By Patrick Malcolm



Ben has kindly written an article about his and Laura's working lives, world travel, and their relationship with GFM Wealth Advisory. We appreciate Ben's contribution to Trade Secrets.

I grew up at the base of the French Alps and, at 21, in 2002, moved to Australia to do a 4-month university exchange program in business management. In that first week, I fell in love with the whole country and its people, so I never left. People were open-minded, loved a chat in the tram and were eager to take me to the footy!

I managed to buy a little apartment in St Kilda in 2006, which made me feel very Aussie!

In 2008, after wrestling with the immigration department for a few years, I became an Australian citizen, meaning I could start travelling without fear of being blocked from re-entering the country. My career in the home textile industry was fun: business was strong, I was travelling around the world to source, market and sell our products. Times never really got tough, and I am very thankful for it. It was around this time that my business mentor who was a client of GFM, introduced me to Paul Nicol. He probably saw I was having too much fun and needed a bit of financial guidance!

In 2012, my ambition to climb the corporate ladder was overtaken by my thirst for world travel and remote surfing, so I traded my suits for board shorts and flew to South America

and Central America, where I surfed and lived simply for a year. Peru, Cuba and Nicaragua were my favourite destinations.

While travelling, a Geelong-based leading home textile business contacted me and offered me a great job. Perfect! It meant that upon my return home to Australia, I could move to Jan Juc on the Surf Coast and really live the Aussie dream!

I worked there as a General Manager for 10 years. It was intense and rewarding. I managed to buy my dream bush property in Bells, so I was surrounded by nature. This made life easier! During these years, I would take two trips a year, generally looking for surf or mountain-biking adventures in colder regions like Alaska, the Far East of Russia, Greenland, and Iceland.

In 2019, I met my now-wife Laura, and together we decided to shift our focus from career to the environment. Being concerned about the state of the planet, and in love with its people, it was time to explore it with intention. We sold our Bells property, bought a small house in Jan Juc, and took off for 2 years to travel along the coastlines of the South Pacific and Atlantic Oceans.

We sailed to Antarctica on a 55ft steel sailboat called the Ypake 2, to find surf, clean up a small stretch of coast, and raise awareness about the poorly regulated krill industry. After a hectic crossing of the Drake passage, we decided to visit the Falkland Islands, where we continued surfing, cleaning up beaches and even had a go at sheep farming with very caring locals!

We continued to Chile and Peru using a small van and public transport. Learning all about these faraway shores and the struggles of the fishing industry had an impact on us, and we started making documentaries. A few even won awards somehow: they are a good way to share what we care about, whilst also weaving in the adventurous side of travel to these regions.

Eventually, we left South America and flew to France to spend a whole summer with my family. Needless to say, it was magic and a good way to gain a few kilograms! In August 2024, we finally set off by bicycle with surfboards in tow to cross France, Spain, Portugal, Morocco, Western Sahara, Mauritania, Senegal, and the Gambia. We were in awe of the kindness and solidarity that these African countries offered. Attempting to do an annual review Zoom call with Patrick from the comfort of our tent in Mauritania was one of the many little challenges!

During this 8-month, 8,000km ride, we learned a lot about a very concerning and sad situation: European and Asian industrial super trawlers have been illegally emptying the ocean along the west coast of Africa, resulting in an environmental and humanitarian disaster. The local artisanal fishers, unable to fish anymore, have been trying to migrate to Europe in their basic wooden boats to find work. If they make it, the countries that robbed them of their livelihood are criminalising them, and sadly, they often die at sea trying to reach these shores: 9,700 died last year.

So, we will pause our careers for another year, and from January to October 2026, Laura and I will cycle & surf the remaining 9,000km of the west coast of Africa, riding through Guinea-Bissau, Guinea, Sierra Leone, Cote d'Ivoire, Liberia, Ghana, Togo, Benin, Angola, Namibia and South Africa. We will attempt to reach Cape Town to raise awareness and funds for the Environmental Justice Foundation and its relentless battle against this issue.

All along these very entertaining 25 years of Aussie life, GFM has been guiding me, even acting as a translator when I could hardly grasp the vocabulary of financial planning! Peace of mind is key, avoiding financial mistakes too, so we can keep focusing on what is most important to us.



DONNA CHAVAL: 10 YEARS AT GFM

By Witi Suma

Donna joined GFM ten years ago, and over that time, she has become a constant presence within the business — someone staff know they can rely on without hesitation. From her earliest days, it was clear that Donna brought a highly diligent approach to her work, paired with genuine care for the people around her.



Donna quickly established herself as an integral part of the SMSF Administration team through her strong work ethic, attention to detail and willingness to help wherever needed. She has never sought the spotlight, yet her contributions have been felt across countless client interactions and projects, often as the quiet force that ensures things run smoothly behind the scenes.

What stands out most about Donna is her consistency and dependability. She approaches every task with professionalism and patience. Her friendly nature and approachable manner make her a pleasure to work with, and her experience means she is often the person others turn to for guidance or reassurance.

Reaching ten years with GFM is a significant milestone, and Donna's loyalty and contribution to GFM over that time have been invaluable. We are incredibly grateful for the role she continues to play within the team and look forward to many more years working alongside her.

Here's a quick Q and A with Donna.

1. How long have you worked at GFM?

I've been with GFM for 10 years now — though it honestly feels like only three or four! The time has absolutely flown by, which I take as a sign that I genuinely enjoy what I do and the people I work with.

2. What does your job involve?

I'm part of the SMSF Administration team, where every day looks a little different. My role spans a broad mix of tasks — everything from helping clients with their day-to-day fund administration to preparing deed updates. There's always something new to learn, and I enjoy the variety and problem-solving that come with it.

3. What do you like to do when you aren't working?

Nothing clears my mind quite like a long walk or a slow jog. It's my favourite way to unwind — fresh air, a bit of movement, and just enough pace to convince myself I'm being sporty without actually breaking into a dramatic sweat.

4. What is the one thing you can't live without?

My family. They're my anchor, my joy, and the number one non-negotiable in life. They're my everything — and also the reason I can't function without coffee.

5. If you could meet anyone, dead or alive, who would it be and why?

I would choose Audrey Hepburn. Beyond being an iconic actress, she lived with such grace, kindness and quiet strength. Her humanitarian work later in life is what truly inspires me — she used her influence to make a meaningful difference in the world. Plus, I'd love to ask her how she managed to look effortlessly flawless while the rest of us are still trying to stop our hair from doing that thing in the morning.

6. Favourite book?

I love the children's book series by Kobi Yamada. Each one carries such simple yet powerful lessons about courage, curiosity, and possibility — they're beautifully written reminders of how to approach life with an open heart and an open mind.

7. Favourite movie or TV show?

The Proposal. It's one of those movies I can watch again and again — the humour, the chemistry, the heartwarming moments... It's an easy feel-good favourite.

8. What's something interesting about you that people may not know?

I used to swim competitively — not quite Olympic level, but definitely committed enough to master early mornings, endless laps, and the glamorous goggle marks that stayed on your face longer than the workout itself.

9. What do you like most about working in Financial Services?

Helping clients. There's something incredibly rewarding about supporting people, simplifying the complex, and making their financial lives easier to navigate.

WHEN IS THE RIGHT TIME TO DOWNSIZE OR SELL A PROPERTY TO BOOST YOUR SUPER?



By Patrick Malcolm

For many Australians, the family home or an investment property is the most significant store of wealth outside superannuation. But as clients move toward retirement—or want to simplify their financial lives—the question naturally arises:

"When is the best time to sell and use the proceeds to boost super?"

At GFM Wealth Advisory, we see this frequently. The timing of a sale isn't just about the property market—it's about understanding the contribution rules, how they interact, and how to sequence them to maximise tax outcomes and retirement savings.

This article outlines how timing works, the key contribution pathways available, and two practical case studies showing how clients can get **more than \$1.5 million into super** when selling a family home—and close to **\$1 million** when selling an investment property.

Why Timing Matters

Getting funds into super at the right time can make a significant difference to long-term outcomes. Consider the benefits:

- **Lower tax rates inside super:** 0% on earnings in the pension phase.
- **More years of compounding** inside a tax-effective environment.
- **Better portfolio management options** compared to holding a highly concentrated property asset.
- **The ability to stagger contributions** over financial years to access multiple caps.

Selling too early or too late can affect your eligibility for important contribution strategies—especially the **bring-forward Non-Concessional Contribution** and **carry-forward Concessional Contribution** rules.

Three Key Ways to Move Wealth Into Super

1. Non-Concessional Contributions (NCCs)

NCCs are after-tax contributions—ideal for adding large lump sums to super.

Current rules (FY 2025–26):

- Annual cap: **\$120,000**
- Bring-forward rule: Contribute up to **\$360,000** in one year
- Eligibility depends on your **Total Super Balance (TSB)** as at 30 June of the prior year (must generally be below \$2.0m)
- Must be under age 75

This is often the largest and most flexible way to move money into super—but **only if you time your sale and your contributions correctly.**

2. Concessional Contributions (CCs)

CCs are pre-tax contributions and include employer SG, salary sacrifice, and personal deductible contributions.

Key points:

- Annual cap: **\$30,000 per person**
- Ability to use **unused concessional caps** from the past five years if TSB < \$500,000—especially useful in a year where a property sale triggers a large capital gain
- In some cases, SMSFs can use a **contribution reserving strategy**, allowing up to **\$60,000** to be counted over two financial years, but made at once
- Must be under age 67 to make personal concessional contributions, or meet the work test between ages 67- 74

This can significantly reduce tax in the financial year of the property sale.

3. Downsizer Contributions

A highly valuable option for those aged 55+ and selling their principal residence.

Key features:

- Up to **\$300,000 per individual** (\$600,000 per couple)
- Does not count toward the NCC cap
- **No TSB test**
- Must be contributed within **90 days** of settlement
- The property must have been your main residence for CGT purposes

This contribution type is unique because even clients with very large super balances can use it.

When Does It Make Sense to Sell?

From our experience advising clients over decades, the “sweet spot” for selling often appears when several factors line up:

1. The property no longer meets your lifestyle or investment needs

Maintenance burdens, increased holding costs, reduced rental yield, or the desire to free up capital are common reasons.

2. You are still eligible to make NCCs

A sale that significantly increases your assets after 30 June may push your TSB above key thresholds, blocking future NCC opportunities.

3. You are aged 55+ and want to use the Downsizer Contribution

This can be a catalyst for selling the family home.

4. You want to minimise tax in a CGT year

CCs (especially catch-up CCs) can significantly reduce tax on a capital gain, making the timing of settlement more strategic.

Case Study 1: Downsizing the Family Home – Getting \$1.56 million into super

Clients: Bill (73) and Karen (73)

Situation: Retired; selling long-term family home to move closer to their children.

Sale proceeds: \$2.5 million

Goal: Maximise how much they can move into super efficiently.

Strategy and Timing

Step 1 — NCCs pre-30 June

Let’s assume settlement takes place in **May**.

Bill and Karen each contribute:

- \$120,000 NCC before 30 June
- Total: **\$240,000**

This avoids triggering the bring-forward period for each person.

Step 2 — NCCs post-30 June

After 1 July, they contribute the remainder allowed under the bring-forward rule:

- \$360,000 each
- Total: **\$720,000**

Step 3 — Downsizer Contributions within 90 days of settlement

- Bill: \$300,000
- Karen: \$300,000
- Total: **\$600,000**

(Downsizer contributions do not affect NCC caps and can be done regardless of existing balances).

Total moved into super

Contribution Type	Bill	Karen	Total
Downsizer	\$300,000	\$300,000	\$600,000
NCCs (pre-30 June)	\$120,000	\$120,000	\$240,000
NCCs (post-30 June)	\$360,000	\$360,000	\$720,000
Total	\$780,000	\$780,000	\$1,560,000

Bill and Karen move a significant portion of their wealth into a tax-effective environment, rebalance their portfolio in line with their retirement objectives, and simplify their lifestyle—all without triggering any tax.

Case Study 2: Selling an Investment Property – Using NCCs + CCs + Reserving Strategy

Clients: Michael (65) and Sarah (65)

Situation: Own an investment property in joint names purchased 20+ years ago. Low yield, high maintenance, significant unrealised capital gain of \$420,000. \$210,000 each → after 50% CGT discount → \$105,000 taxable gain each

Sale price: \$1.08m

Goal: Reduce tax in the sale year and move as much wealth as possible into super.

Step 1 — Reduce tax using CCs and unused concessional caps

Because the property sale triggers a large capital gain, we manage tax through concessional contributions:

- Michael: \$30,000 current-year CC + \$30,000 via SMSF reserving strategy
- Sarah: \$30,000 + \$30,000 via reserving strategy

Total CCs: \$60,000 each → \$120,000 combined

This helps reduce taxable income in the CGT year.

The total tax payable is \$14,188 each, comprising \$4,288 in income tax, \$900 in Medicare Levy and \$9,000 in contributions tax (\$28,376 combined).

If no CCs were made, Michael and Sarah's combined income tax and Medicare Levy would be \$48,776, saving \$20,400.

Step 2 — NCCs across two financial years

Assuming settlement occurs in April, they can stagger contributions:

Before 30 June

- \$120,000 each
- Total: **\$240,000**

After 1 July (Using the bring-forward rule)

- \$360,000 each
- Total: **\$720,000**

Total into super

Contribution Type	Michael	Sarah	Total
CCs + Reserving	\$60,000	\$60,000	\$120,000
NCCs (pre-30 June)	\$120,000	\$120,000	\$240,000
NCCs (post-30 June)	\$360,000	\$360,000	\$720,000
Total	\$540,000	\$540,000	\$1,080,000

By using the CC strategy, Michael and Sarah save approximately \$20,400 in combined tax and, importantly, move a substantial sum into super.

Contribution Sequencing: What We Recommend at GFM

Across many cases, we have found a consistent order of operations that maximises benefits:

1. If applicable, start with Concessional Contributions

Useful in years where you realise a capital gain.

2. Then utilise Non-Concessional Contributions

Timing around 30 June can unlock multiple caps.

3. Finish with the Downsizer Contribution

This contribution doesn't affect any of the cap rules and is often the final—and largest—piece of the strategy.

This approach aims to maximise contributions while preserving flexibility and minimising tax.

Final Thoughts

The decision to sell a family home or investment property is both financial and emotional. But when the timing is right—and when the contributions are structured correctly—it can dramatically improve your long-term financial position.

This is one of the most powerful strategies we help clients navigate at GFM Wealth Advisory.

Using a combination of NCCs, CCs, and Downsizer Contributions, clients can often move **\$1 million to \$1.5 million or more into the highly tax-effective superannuation environment.**

If you are considering downsizing, selling an investment property, or planning how to structure contributions before retirement, we encourage you to reach out. The timing and sequencing matter, and the windows of opportunity can be narrow.



PREPARING YOUR SMSF FOR UNEXPECTED EVENTS

By Witi Suma

Self-managed super funds (SMSFs) are established as part of a long-term wealth-building strategy, with the core purpose of providing retirement benefits for the members. While trustees may work towards this by spending considerable time focused on investment performance and tax strategies, it is just as important to plan for unexpected personal events that may occur along the way, such as illness, incapacity, relationship breakdown, or death. Failing to prepare can leave a fund exposed to compliance issues, administrative difficulties, or outcomes that do not reflect the members' wishes.

Diminished Capacity – the Growing Importance of Enduring Powers of Attorney

As our population ages, enduring powers of attorney (EPOAs) are increasingly important in SMSF succession planning. Under superannuation law, all members of an SMSF are generally required to be trustees (or directors of a corporate trustee). However, there is an exception if a member loses mental or physical capacity – an attorney appointed under an EPOA may step into the trustee role, provided they are eligible. By doing this, it ensures that the fund's trustees can continue to fulfil their ongoing responsibilities and legal obligations. Proper documentation and informed decision-making are critical when implementing EPOAs.

Planning for Death and Succession

The death of a member is one of the most significant events an SMSF may face. Trustees need to consider in advance where members' superannuation benefits will be paid and how the fund's trustee structure will operate following a member's death. The SMSF trust deed (its governing rules) determines the payment of death benefits and the restructuring of the fund's trusteeship.

Tools such as binding death benefit nominations (BDBNs) and reversionary pensions help to ensure a member's benefits are directed in accordance with their wishes. A BDBN is a legal document that specifies how a member's superannuation benefit is paid upon their death; a reversionary pension allows the member's income stream from the SMSF to continue to be paid to a designated beneficiary, typically the spouse or partner, after the member's death.

Care must be taken to ensure these strategies are valid under the trust deed and current superannuation law. With transfer balance caps increasing, planning has never been more important to avoid unintended tax consequences for beneficiaries.

Corporate Trustees and Administrative Continuity

The choice of trustee structure can significantly affect how smoothly an SMSF operates following an unexpected event.

When an SMSF has individual trustees, changes in membership typically require changes to asset ownership records – often a costly and time-consuming process.

By contrast, a corporate trustee structure can provide continuity, as the company continues to hold the fund's assets even if there are changes in directorship due to death or incapacity. This makes corporate trustees a valuable succession planning tool for many SMSFs.

Changes in Membership and Relationship Breakdown

Members may choose to exit their fund at some point, and couples may divorce or separate, requiring a division of their superannuation interests. SMSFs with illiquid assets, such as property, may be forced to sell assets or introduce new members into the fund to facilitate benefit payments to the exiting member. This highlights the importance of adequate diversification, not only to protect members' benefits from investment risk if an asset performs poorly, but also to ensure there is sufficient liquidity to fund a benefit payment at relatively short notice.

Insurance and Financial Protection

Consideration of insurance cover must form part of every SMSF's ongoing investment strategy review. Adequate cover can be critical in the event of an unexpected event, so trustees should periodically assess whether policies held within or outside the SMSF remain suitable for the members' needs.

Being Prepared Makes All the Difference

As an SMSF is a long-term plan, trustees need to have contingency plans in place to deal with events such as illness, divorce, incapacity, and death. Addressing these issues early, rather than leaving them until the event happens, can reduce stress, protect the value of members' benefits, and ensure the fund continues to meet members' objectives.

Working with experienced professionals such as GFM to review SMSF trust deeds, trustee structures, EPOAs, and estate planning strategies ensures you won't be caught unprepared. Planning for the unexpected is not pessimistic – it is a fundamental part of good SMSF governance.



DIVISION 296 – PROPOSED SUPERANNUATION TAX: STATUS AS AT FEBRUARY 2026

By Adam Blanchard

The Federal Government's proposed Division 296 tax — often referred to as the "\$3 million super tax" — remains an area of active tax policy development in Australia. First announced in early 2023, the proposal has been refined following consultation with industry participants regarding fairness and complexity. While Parliament has not yet passed the legislation, the most recent Treasury exposure draft (released December 2025) provides greater clarity on how the measure is expected to operate, with a proposed commencement date of 1 July 2026.

Importantly, the proposal is directed at individuals with very large superannuation balances and is unlikely to affect the majority of superannuation members.

Intended Scope and Who May Be Affected

Under the current draft, Division 296 would apply to individuals whose Total Superannuation Balance (TSB) exceeds \$3 million, with an additional tier applying once the TSB exceeds \$10 million. Both thresholds are proposed to be indexed over time, which reduces the likelihood of bracket creep.

The tax would be assessed to individuals rather than super funds, meaning all super interests held by a person — including balances across APRA-regulated funds and Self-Managed Super Funds (SMSFs) — are aggregated. Retirement-phase balances are also included in the TSB calculation.

How the Tax Is Expected to Work

Division 296 is designed as an additional personal tax on a portion of realised superannuation earnings attributable to balances above the relevant thresholds. Earlier proposals to include unrealised capital gains have been removed, so the focus is now limited to realised income and gains.

Under the current draft:

- Balances above \$3 million would attract an additional 15% tax on the earnings portion relating to amounts over that threshold.
- Balances above \$10 million would attract a further 10% tax on the earnings component above that level.

When combined with existing super fund tax, this may result in higher effective tax rates on earnings above the thresholds only, rather than across an individual's entire superannuation balance.

Timing and Transitional Arrangements

Although the proposal is not yet law, planning discussions generally reference 1 July 2026 as the intended start date, with the first assessment expected to relate to the 2026–27 financial year.

In the initial transitional year, balance measurement is expected to occur only at year-end. From subsequent years, the rules are expected to reference the higher of the opening or closing balance for the financial year. These mechanics are designed to provide consistency in how balances are measured over time.

The Role of Total Superannuation Balance (TSB)

TSB is central to both determining whether Division 296 applies and the proportion of earnings that may be subject to additional tax. The proposed shift to using the higher of the opening or closing balances (after the first year) is intended to standardise how balances are assessed and reduce short-term fluctuations that influence outcomes.

What Counts as Earnings

Only realised earnings — such as interest, dividends, rent and realised capital gains — are expected to form part of the Division 296 calculation. Unrealised gains are excluded under the latest draft. Super funds would allocate these realised earnings to members using fair and reasonable methodologies, while defined benefit interests would rely on prescribed valuation approaches. Further operational detail is expected to be provided through regulations.

Transitional and Special Provisions

Two technical areas are worth noting:

- **Cost base reset:** SMSFs and certain small funds may elect to reset the cost bases of assets at 30 June 2026 for Division 296 purposes.
- **Death treatment:** The draft legislation provides limited concessions where a member passes away before the end of an income year, which may be relevant in estate-planning contexts involving very high balances.

SMSFs and Larger Super Funds

Division 296 is intended to apply across all superannuation fund types, although the administrative approach is expected to differ. Larger APRA-regulated funds would generally rely on unit pricing or crediting rate methodologies, while SMSFs may use proportional earnings allocations supported by actuarial or accounting processes. For most members, these mechanics would occur within the fund's normal reporting framework.

Outlook — What Happens Next

As of early 2026, Division 296 remains a proposal rather than an enacted law. While it is aimed at individuals with very large superannuation balances, superannuation is still widely expected to remain a tax-effective long-term savings structure for most Australians.

At this stage, the most appropriate approach for most people is to stay informed and monitor developments as legislation progresses. Significant changes or restructuring are generally not necessary until the final form of the law is confirmed.

Key considerations at present include:

- Monitoring overall superannuation balance levels
- Maintaining awareness of legislative updates as they are released
- Avoiding major changes based solely on draft proposals

For the majority of superannuation members, Division 296 is unlikely to require any immediate action, but we will continue to monitor and communicate as further details become available.



10-YEAR TEAM DINNER

By Mai Davies

On Friday, 6 February, we celebrated at Kisume to acknowledge those team members who have been with the company for over 10 years.

With a team of 31 staff, it is remarkable that 14 have reached this milestone – a testament to our organisation's strong culture and commitment. This year, we proudly welcome Donna Chauval and Ting Zhu to the 10-Year Club and look forward to others joining in the next few years.

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This is our 15th annual celebration. The team members are:

Donna Chauval	10 Years
Ting Zhu	10 Years
Melany McLennan	11 Years
Rebecca Dhillon	12 Years
Ivan Yeung	15 Years
Jacqui Umali	18 Years
Andrew Goldman	18 Years
Annie An	20 Years
James Malliaros	24 years
Patrick Malcolm	24 years
Paul Nicol	27 years
Witi Suma	29 years
Mai Davies	41 years
Phil Gruchy	48 years



CHRISTMAS CARDS AND CHARITABLE DONATIONS

By Mai Davies

For 27 years, we have donated a comparable amount to charities instead of sending Christmas cards. This year, we had six nominated charities and donated to each.

The 2025 money has been donated to the following charities as nominated by our clients:

- Australian Wildlife Conservancy
- Australian Red Cross
- EJF – Environmental Justice Foundation
- The Corner Store Network
- Mums Supporting Families in Need
- REACH Charity