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TRADE SECRETS

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CLIVE AND JACKIE BROOKS: CLIENTS OF GFM SINCE 1973

By Paul Nicol

As most of our clients are aware, this is a momentous year for GFM, having reached 50 years of operation. We are particularly proud of having reached this milestone, and we have spent time in the last couple of Trade Screts Newsletters reflecting on our past. Perhaps one of our proudest achievements is that the first client of GFM in 1973 was Clive Brooks, and incredibly, Clive still remains a client of GFM today! Clive has kindly written the article below on his family, working life and his relationship with GFM Wealth Advisory since 1973. We are incredibly grateful for Clive's loyalty and support over the last 50 years, and we have thoroughly enjoyed all our interactions with Clive, Jackie and his family over the journey.

I have been a client of GFM for 50 years, and my wife Jackie has been a client since we married 41 years ago. I believe we are among the longest–standing clients of GFM!

Both Jackie and I are now retired. I have to say at the outset that the financial security we have for retirement is in no small part due to the advice and assistance we have received from GFM over a long time.

Before retiring, I spent 50 years working for both the Commonwealth and Victorian Governments. At the same time, Jackie was a primary school and kindergarten teacher. We have two sons, Chris (39) and Adam (35). Both are married, and we are the proud grandparents of three granddaughters ranging in age from one to seven.

We are being kept busy in our retirement, looking after our granddaughters two days a week, getting them off to school and kinder and entertaining the one–year–old. We also do two days per week of voluntary work, and Jackie works at the Kyneton Foodbank and the Good Grub Club in Daylesford. I spend two days doing track maintenance with the Victorian Goldfields Railway with some fellow retirees. I have also been a CFA volunteer for about 30 years.

I first became a client of GFM when Tony took me out to lunch, if I remember correctly, so I didn't need much convincing! I took out a life assurance policy, the main savings product in those days (note: life assurance is entirely different from life insurance). In 1987 when I moved from the Commonwealth to the Victorian Government, I had a superannuation rollover. As I was unsure what to do, I contacted Tony as he had provided helpful advice. I remember that not long after I rolled my super into several equity-based funds, the share market crash of 1987 reduced the paper value of my investments considerably. But the market recovered, just as it did after the Global Financial Crisis.

Since 1987, my Superannuation has evolved from having Superannuation in retail funds, then a master fund and now an SMSF. Paul has assisted with our financial affairs for over 20 years.

I have always been impressed by GFM's client–first attitude. I have had dealings over time with some of the larger financial institutions, and you get the feeling that you are just one of many clients. There is no personal relationship with a large financial institution, and they certainly do not take the time to understand your needs.

Jackie and I thoroughly value the personal treatment of GFM and the active involvement in our financial affairs. I enjoy the regular catch–ups with Paul to review and fine-tune our investments and financial situation. I also appreciate the provision of information through weekly emails and other publications. The GFM team are all very friendly, making you feel they are there working for you.

You read so many horror stories about people who have lost their life savings through dodgy financial advice. The main lesson from GFM is that a diversified investment portfolio with a disciplined, long–term focus, avoiding any 'get rich quick' schemes, is the best approach to financial security. I have no doubt we would not be in the financial situation that we are in today if not for the advice of the GFM team.

When friends and family members have mentioned that they need some advice in dealing with their finances, I have no hesitation in recommending GFM based on our experiences. The feedback I have received from people we have referred is always positive.

I congratulate GFM for reaching the 50–year milestone, and we hope our relationship continues for many years ahead.

BUDGET 2023

By Patrick Malcolm

Treasurer Jim Chalmers has handed down his second Budget, outlining how Labor is preparing Australians for its 'defining decade' by helping with cost-of-living pressures.

In his second Budget speech since Labor took over Government last year, the Treasurer highlighted issues facing Australians, including inflation, rising energy costs, rising rents and mortgages.

"Our Government is building a stronger economy and a fairer society. With greater security in a time of economic uncertainty. More opportunities in more parts of our country. And a renewed determination for Australia to make the most of the defining decade ahead."

There were no unexpected changes to Superannuation or SMSFs announced in the Budget. Previously announced superannuation measures were included, such as the reduced tax concessions for earnings on total superannuation balances of more than $3 million.

Please note that many of these announcements are yet to be legislated.

Superannuation

The Government will reduce the tax concessions available to individuals with a total superannuation balance exceeding $3 million from July 1 2025. It will bring the headline tax rate to 30%, up from 15%, for earnings on an individual's total superannuation balance, which is greater than $3 million. Those with a total superannuation balance of less than $3 million will not be affected. This measure is expected to impact around 80,000 individuals.

Employers are only required to pay their employees' Superannuation Guarantee (SG) quarterly. From July 1 2026, employers will be required to pay their employees' SG entitlements on the same day they pay salary and wages.

Cost of living relief

The Budget included a $14.6 billion cost-of-living relief package over four years.

- Electricity bills: The Government is partnering with state and territory governments to deliver up to $3 billion of electricity bill relief for eligible households and small businesses. From July 2023, this plan will deliver up to $500 in electricity bill relief for eligible households and up to $650 for eligible small businesses. Average national retail electricity prices are forecasted to rise by around 10% in 2023-24.
- Health costs: The Government is investing $3.5 billion over five years to make it easier and cheaper to see a doctor and strengthen the foundations of Medicare. The bulk billing incentive will be tripled for the most common consultations with children under 16, pensioners and other Commonwealth concession card holders. This includes face-to-face, telehealth and videoconference consultations. More than 300 Pharmaceutical Benefits Scheme medicines will be dispensed in greater amounts, phased in from September 1 2023.

Small business

The Government has pledged to improve cash flow and reduce compliance costs for small businesses by temporarily increasing the instant asset write-off threshold to $20,000 from July 1 2023, until June 30 2024.

Small businesses with an aggregated annual turnover of less than $10 million will be able to immediately deduct the full cost of eligible assets costing less than $20,000 that are first used or installed ready for use between July 1 2023, and June 30 2024. The $20,000 threshold will apply on a per-asset basis, so small businesses can instantly write off multiple assets.

Housing

The Government has brought together states and territories, the Australian Local Government Association, investors, and the construction sector through the National Housing Accord, with a shared ambition to boost supply and build one million new homes from 2024.

Maximum rates of Commonwealth Rent Assistance will increase by 15%, the most significant increase to Commonwealth Rent Assistance in over three decades.

Aged Care

This Budget allocates $11.3 billion to support the Fair Work Commission's decision to provide an interim increase of 15% to award wages for many aged care workers. More than 250,000 workers will benefit from the decision.

Renewable energy

This Budget accelerates investment in renewable energy through the Capacity Investment Scheme, which will unlock over $10 billion of investment in our grid.

The Government's $2 billion 'Hydrogen Headstart' will accelerate large-scale renewable hydrogen projects, aiming to position Australia as a world-leading hydrogen producer and exporter.

National Reconstruction Fund

The Government has committed $15 billion to the National Reconstruction Fund, one of the most significant investments in manufacturing in Australia's history. The National Reconstruction Fund will partner with the private sector to invest in priority areas that leverage Australia's natural and competitive strengths in renewables and low emissions technologies, medical science, transport, value-add in agriculture, forestry, and fisheries, value-add in resources, defence capability and enabling capabilities.

JULIE AND GRAEME AGNEW: CLIENTS OF GFM SINCE 2005

By Sam Eley

Graeme has kindly written the article below on his family, working life and his relationship with GFM since 1973. We greatly appreciate his contribution to this edition of Trade Secrets.

We are 3rd Generation Clients of GFM Gruchy & GFM Wealth. And both our adult children are now 4th Generation clients.

Julie and I were young when we first met in 1958. We went through Balwyn High School together; we holidayed at Wye River together every summer; we surfed and skiied together, but ostensibly we were never linked romantically. But, some observed our relationship beyond the superficial and forecasted our ultimate union.

I was conscripted in 1969 and ended up in an Infantry Platoon in Vietnam in 1970. Made very aware of my mortality, what was important in my life regularly featured in my thoughts, and Julie always featured very highly in them. I subsequently decided that Providence told me I should marry this girl!

When Julie left high school, she pursued an Arts Degree at Monash University and a Diploma of Education at Melbourne University. She first taught at Echuca High School in 1972 and 1973, when she kept saying "Maybe" to my marriage proposals. Fortunately, Julie finally said "YES", and we married in late 1973. She taught at Mitcham High School for the next 23 years and at Canterbury Girl's Secondary College for the following 21 years. At the latter, she taught the daughters of GFM's staff members Geradine and Leanne.

The History teacher in Julie had her research both our families histories. It fascinated her that my family's interest in flour milling had spanned nearly two centuries. My great–great–grandfather had built the first windmill in the fledging Port Phillip Colony to mill flour, which was in short supply. In the 1840s, he built a larger steam mill on the Yarra at Heidelberg. My grandfather William returned from WW1, farmed wheat near Nagambie and later moved to the City to form a milling and blending business handling mainly non–foodstuffs, but still organic, materials. My Father continued in the family business during WW2 and beyond.

Julie and I progressively took over the business in the 1980s. We had been too reliant on milling a single product for a single Company for some time. When, in 1983, we lost this client, we were in trouble.

I credit Julie with finding the solution, viz. 'That we should go back to the stability of milling a range of foodstuffs for a range of clients'. Julie had gone to the pantry and came out with a jar of whole peppercorns and said: "These need to be ground". Serendipity had us contact a spice importer and a specialty grain processor currently looking for a 'Miller'. Within six months, we were not only out of trouble but expanding.

One thing was constant through all these changes of the last 80+ years: our accounting firm Gruchy's, which was now morphed into GFM.

After visiting Jimmy Dancer in 2004, I accepted an offer from a larger company to purchase our quite profitable business. At age 54, I retired in 2005. Julie retired in 2017, having given 50 years of service to the Education Department.

GFM's successful management of our Superannuation has contributed significantly to our being able to travel widely and frequently. We rarely had pre-booked accommodation when we arrived in places like Longyearbyen, Agrigento, Curia, Chau Duc or Bukittinggi. We call it 'playing Mary and Joseph". Sometimes we would have to sleep in a manger, while at other times, we'd sleep in a palace. We have been lucky to have travelled to many remote places like Ittoqqortoorrmiit on the East Coast of Greenland and the middle of our Simpson Desert.

When not travelling, gardening and beekeeping have kept us closer to home, enabling me to give time to Box Hill RSL Welfare Department. I visit elderly war veterans and their spouses in their homes or Aged Care Facilities. I find such volunteer work extremely rewarding.

We are not GFM's archetypical client ... It took engaging GFM to correct our misconception that a 'diversified portfolio' was one in which we had a share starting with every letter of the alphabet! As flippant and unprofessional as this may sound, it was not unsuccessful, but GFM's approach has been much more successful!

We now regard GFM/Gruchy's as another family and have taken a familial interest in Sullivan, our advisor Sam Eley's latest addition to his family. We have also become very fond of one of GFM's latest staff additions, Jade.

I commend engaging GFM to one and all. They have deservedly earned our explicit trust.

THE IMPORTANCE OF CONTRIBUTION SEQUENCING

By Sam Eley

Contribution rules are one of the ever-changing constants of the superannuation landscape. As a recap, below are the current main contribution types available within superannuation:

- **Concessional contributions:** Current cap of $27,500 per annum. These contributions include Employer Superannuation Guarantee and Salary Sacrifice contributions or Personal Concessional contributions that a member can claim a tax deduction on.
- **Carry forward unused concessional contributions:** As above, however, only available if your total superannuation balance is balance $500,000 as of June 30 of the prior year.

Should you not have used the full concessional cap in earlier years (up to a maximum of five years), the surplus can be 'carried forward' into the next financial year to provide a more significant potential tax deduction. For example, unused cap in the 2018–19 Financial Year will expire if not used by the end of this Financial Year.

- **Non-concessional contributions:** Current cap of $110,000 per annum depended on your Total Super Balance (TSB). You can also choose to 'bring forward' three years' contributions and make $330,000 in a single year, precluding you from further non–concessional contributions for an additional two financial years.
- **Downsizer contributions:** Lifetime cap of $300,000. To meet the eligibility of a downsizer contribution, you must have lived in the property as your principal place of residence at some stage during ownership, owned the property for over ten years, be over age 55 as of January 1, 2023, and make the contribution within 90 days of receiving settlement proceeds. It is a one-off use and can be made irrespective of your total superannuation balance.

While having all of these potential contribution options is great, the correct order and sequence of these contributions is critical.

Case Study

Eliza is 63 years old and earns $130,000 annually as an employee. She has superannuation totalling $480,000 as of June 30 of the prior financial year. She has been focusing on reducing debt and received only the mandatory Superannuation Guarantee payments from her employer over the past five financial years. Eliza has recently received an inheritance of $400,000. She has also sold her principal place of residence for $1,200,000 and bought a new, smaller home for $900,000 after costs. She wants to sure up her position for retirement in the next couple of years.

Eliza's concessional contribution history is as follows:

	FY19	FY20	FY21	FY22	FY23
Contributions Made	$12,350	$12,350	$12,350	$13,000	$13,650
Contribution Cap	$25,000	$25,000	$25,000	$27,500	$27,500
Cumulative Unused Contributions	$12,650	$25,300	$37,950	$52,450	$66,300

As Eliza's balance is below $500,000 as of June 30 of the prior financial year, Eliza could make a personal concessional contribution of up to $66,300 before June 30, 2023, and claim it as a tax deduction. This benefit would be $66,300 worth of income being taxed at a maximum of 15% instead of Eliza's marginal tax rate of approximately 37%. On a contribution of $66,300, this is a tax saving of $14,586.

Following the concessional contribution of $66,300, Eliza could utilise the 'bring forward rule' and contribute up to $330,000 of her inheritance proceeds as a non–concessional contribution to superannuation.

Finally, once her property sale has been settled, Eliza could make a $300,000 downsizer contribution to superannuation outside the non–concessional contribution cap to further increase her balance.

As mentioned earlier, the order and sequence of these contributions is critical. If Eliza made the downsizer contribution before the $66,300 concessional contribution, and the financial year ticked over June 30, she would no longer be eligible to utilise her carry forward unused concessional cap as her balance would be over $500,000 as of June 30. This would cause a significant difference in her assessable income for FY23.

In summary, by making the recommended contributions, Eliza contributed:

- $56,355 concessional contributions ($66,300 less 15% contributions tax)
- $330,000 non–concessional contribution
- $300,000 downsizer contribution

This would quickly increase Eliza's total superannuation balance from $480,000 to $1,166,355 while saving her $14,586 in tax by correctly availing herself of the carry forward unused concessional contribution rules while her balance was below $500,000.

This strategy can benefit clients with significant unused concessional contributions or those who sell investment properties or other assets that generate a significant capital gain in a particular financial year. As always, careful planning is required before enacting any contribution strategies to ensure compliance with the relevant contribution rules and caps.

SIX INVESTMENT THEMES FOR 2023

By Patrick Malcolm

Although many investors are expecting a return to normal after inflation subsides and central banks stop raising interest rates, markets are undergoing significant changes.

Below, we share six long-term themes from the Capital Group. As these ideas illustrate, even during periods of uncertainty, it can be an exciting time to be an investor.

1. Dividend Decade

Dividend investing may have seemed downright dull over the last decade as tech titans dominated market returns, but today, boring is beautiful.

With growth slowing and the cost of capital rising, we expect dividends to be a more significant and stable contributor to total return going forward.

As the prominence of dividends rises, so does the importance of evaluating each company's ability to pay them. Businesses with pricing power and the capability to grow earnings and dividends at a sustainable level have the potential to be compelling investments, especially when markets are volatile.

There are opportunities across sectors, including industrials, utilities and health care. Pharmaceutical companies can be attractive in an inflationary environment. Many have strong balance sheets and cash flows and can raise prices even in a highly competitive marketplace.

2. New Growth

Growth stocks have come under intense pressure, but the market is throwing the baby out with the bathwater for some companies.

As a growth investor, it's essential to differentiate between companies that have reached the end of their runway or are facing stiffer competition with those simply in a cyclical slowdown. If you find companies set to re-accelerate when the economy improves, you can find promising buying opportunities.

If there is confidence that the company will survive, then the question isn't when the cycle will turn but what's on the other side. What's more, the pace of innovation worldwide is picking up again.

3. Global Champions

It may seem challenging to be a global investor now, but this is when the best companies shine.

Investors are concerned about de-globalisation and assume it is harmful to portfolios. It can be, but changes in trade patterns generally favour global champions — industry-leading multinationals that can adjust to the changing landscape. The COVID-19 crisis shed light on the importance of resilience over efficiency. Companies are responding by establishing redundancies in supply chains. That's creating opportunities for companies that help build factories and expand supply lines.

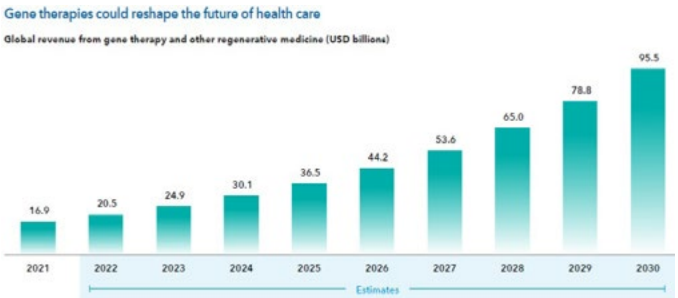
Global stocks should also benefit as two notable headwinds dissipate. The strong US dollar may have peaked, supporting dollar-based returns of US and non-US stocks. Also, reopening China's economy should boost global economic growth, especially in emerging markets.

4. Golden Age of Healthcare

Innovation is at an all-time high in health care. The macro-environment may have topped investor concerns over the last year. However, innovation is what ultimately drives long-term value creation.

Pharmaceutical companies have invested heavily in drug discovery in recent years. As a result, deep pipelines of pioneering treatments are being developed to tackle some of the world's most significant health issues.

Gene sequencing is another innovation with significant health and investment implications. It may be possible to pair genetic sequencing with gene-based interventions to deliver personalised, precision medicine. Imagine replacing defective or missing genes with normal, healthy ones. That future may not be far off.



Source: Statista, Capital Group

5. Industrial Renaissance

Capital expenditure is rising, and it could set the stage for an industrial renaissance.

Close attention is being paid to how increased CapEx will benefit suppliers across industries — pick-and-shovel companies. Investors sometimes overlook these businesses, but they often have more stable cash flows and lower risk profiles than the companies they service.

Another interesting trend is how much money has flowed into healthcare research and development (R&D). Pharmaceutical companies that successfully developed vaccines and anti-viral treatments have piled up cash. Much of this capital will likely be funnelled into more R&D for companies that support the biopharma industry.

Several multi-year trends could increase capital investment and drive opportunities for various industries. These include Europe's focus on energy security and reshoring supply chains.

6. Reshoring Supply Chains

Challenged by supply chain disruptions during the pandemic, many companies are taking steps to diversify their manufacturing operations — placing a renewed focus on reliability and security over cost and efficiency. Rising geopolitical tensions underscored by the war in Ukraine have made this shift in corporate strategy all the more urgent, transforming global trade in the process.

There's a common misconception that this trend will displace China as the world's most extensive manufacturing base. Instead, many companies are shifting to a "China +1 strategy" by maintaining operations in the country while adding facilities elsewhere. Incremental investments in China will focus primarily on the domestic market. Additional investments in other locations will serve the rest of the world.

Southeast Asia, Mexico, India and the United States are some of the top relocation destinations. Companies facilitating this transition may be well-positioned to exploit this trend.

It could take a decade for companies to transition fully, but the process is undoubtedly underway.

Source: Capital Group

STAFF PROFILE:
WITI SUMA

By Paul Nicol

It was mid–1996 when I completed my Applied Economics/Arts double degree, a course with subjects as diverse as accounting, law, international marketing, and even linguistics. It was so broad, and I honestly didn't know what I wanted to do after graduating. On the Uni's recommendation, I went to Skillshare, a government-funded training and job placement organisation. It was a chance encounter there that I met Trish Cresp, a long–

time client of GFM's founder, Tony Gilham. Upon her urging, he interviewed me, and lo and behold, I was hired!

I had never worked in an office before, so I was excited and keen to learn. I started as the typist and administration assistant, answering phones and handling the mail daily. With my administrative skills and thirst for knowledge, I soon began to make such an impression that I was tasked with preparing summaries of clients' investments and policies for adviser meetings. I enjoyed doing this, as it taught me much about how Superannuation and insurance worked.

Up to that point, our range of products and services was relatively small – we had a general insurance division, and a "life" division that mainly offered personal and corporate superannuation plans, investment bonds, and insurance policies such as "whole of life". It wasn't until the mid–90s that self–managed superannuation funds entered our radar. We became aware that this was a burgeoning area in super and wanted to be a part of it. In 1996 we set up our first SMSF.

The task of administering funds was, and still very much is, a role that requires specialised knowledge. By 1999, Tony felt I was up to learning the ropes, so I became an SMSF Administrator. I quickly learned a lot, becoming proficient in setting up funds and managing ongoing regulatory requirements. Around the same time, we started to set up private investment portfolios for clients. I also became responsible for this part of the business, preparing the initial paperwork and executing the investment purchases and sales that the advisers would recommend for the clients.

Back in the early days, things were done so manually. Over the years, I observed how technology changed and improved our operations. An example is the production of the quarterly reports we send – in the beginning, each report was compiled, checked, and sent manually. Fast–forward to today, hundreds of reports are generated and emailed seamlessly each quarter. GFM is also the mailing house for our SMSF and investment portfolio clients, so we receive large volumes of mail every day. The use of technology allows us to automate the scanning and filing of these documents to client files. A gradual move to cloud-based applications has also enabled our teams to collaborate effortlessly with each other and our clients.

Over the past 26 years, my mind boggles at the ever-changing superannuation landscape. As SMSF specialists, we need to continually navigate the changes, adapt to them and understand them fully to continue to provide expert guidance and advice. There's never a dull moment in this industry!

The GFM team has grown since 1996. When I started, we had less than ten staff across the general insurance and "life" teams; we now have 26 across the GFM group. On this note, the merger of GFM Wealth Advisory and Gruchy Accounting in 2015 for me solidified our reputation and presence in the industry, bringing with it decades of combined experience. Clients love that their financial adviser and accountant are in one place.

During my time at GFM, I'm most proud of developing a seamless onboarding process for new clients from start to finish. Aside from the advisers, I'm the first contact point for GFM Wealth Advisory clients. I conduct the implementation meetings with our new SMSF and private investment portfolio clients, explaining the documentation as well as our service offering and what they can expect. Whether they are brand new to investing or if they have an existing SMSF and have chosen to move to GFM, every client is unique and important to me. I see myself as an ambassador for the company from the first meeting to each subsequent point of contact. I can't help but smile when I pick up the phone, as I genuinely love chatting with clients and helping them with their queries – and no question is ever silly!

We have an extremely hardworking and dedicated team – Annie, Jacqui, Donna, and Nadine. Everyone has the philosophy of "client–first" top of mind. Everyone is so good at what they do – it's great that clients can rely on them for paperwork and not have to worry about admin, which is what we're here to do.

I genuinely believe that the "client–first" culture at GFM has led to our Barron's "Top 50 (and now top 100) Financial Advisers in Australia" designation for the sixth year running. Our client referrals keep growing because of existing clients' trust and faith in us.

Outside of work, I like to partake in fun hobbies such as weekly dance/fitness classes, singing in various community choirs, photography, and driving my treasured '65 Mustang on beautiful days. My partner Rob and I love wildlife. We enjoy camping and staying in remote spots like the Flinders Ranges and Kangaroo Island. I have recently resumed volunteering with OzHarvest as a van assistant, a fantastic way to help the needy firsthand.

One of the main reasons I've been with the firm for so long is that the company encourages staff to learn and develop their skills and grow within the organisation. We're also very much like a family; I think clients see that in us. I love working at GFM and look forward to many more years here!

ENDURING POWER OF ATTORNEY FOR SMSF MEMBERS

By Witi Suma

Most of us recognise the need to put in place a Will to protect and care for our loved ones when we pass away. Not nearly as much attention is paid to ensuring that our day-to-day decisions can continue to be made should we become unable to manage our affairs. People often think that "losing capacity" pertains to just older people. However, capacity can be lost at any age. It can happen very suddenly, such as through car accidents, workplace accidents, poor health, strokes and heart attacks.

If you are a member of a self-managed superannuation fund (SMSF), having a backup plan in place is particularly crucial. Have you considered what happens if you lose legal capacity and cannot manage your interest in the fund? How can you take actions such as making a super contribution into the fund, claiming a tax deduction for that contribution, withdrawing a benefit, commencing a pension, or varying your binding death benefit nomination?

Importantly, suppose you are an SMSF member and have lost legal capacity. In that case, you can no longer act as a corporate trustee director or as an individual trustee. With limited exceptions, superannuation legislation broadly requires that all members must be trustees or directors of the corporate trustee, and vice versa (for the remainder of this article, we will use the term "trustee" to refer to both individual trustees or directors of a corporate trustee). This can cause compliance issues for the SMSF if a member becomes unable to act as trustee for any reason, such as illness, accident, poor physical health, or simply reaching an age where the responsibilities of day-to-day life become too burdensome. Further, a member may no longer be able to act as a trustee if they become resident overseas for an extended period.

If the member who has lost legal capacity will remain in the SMSF, there needs to be a backup plan to ensure the fund can still meet the trusteeship requirements. The best action is implementing an Enduring Power of Attorney (EPOA) for the member. An SMSF can retain its' complying status if the member's attorney has been appointed as trustee in the member's place within six months of the member losing capacity.

What is an EPOA?

An EPOA is a legal document that allows you to appoint someone – your "attorney" – to make decisions on your behalf about personal or financial matters. The "enduring" power granted to the attorney continues even if you cannot make decisions. You may limit the power to cover only specific matters if you wish; furthermore, you can choose when the arrangement starts – for example, it only begins once you become legally incapable or commences as soon as the document has been executed. The EPOA ceases when you die – upon death, the Will takes effect.

It is vital to check that the SMSF's trust deed and company constitution allow an attorney to step in as trustee. Secondly, the attorney doesn't automatically become trustee upon the member's loss of capacity – the attorney must be formally appointed. In the case of an individual trustee fund, the attorney needs to be added as a trustee, and the member who has lost capacity needs to be removed. Where a corporate trustee is in place, the attorney will be appointed as a director, and the member will be removed as a director.

Appoint someone whom you trust implicitly:

Choosing an appropriate attorney is a critical one. You need to choose someone you trust enough to stand in your place and make decisions that you would have made yourself if you had the capacity. They should be financially savvy, and if it is a relative, ensure they are not in conflict with other family members.

If more than one attorney is appointed, the document needs to stipulate how the attorneys may act, for example:

- **Jointly** – the attorneys must make decisions together and sign all documents together;
- **Jointly and severally** – they can make decisions together or independently of each other, and as such, any one individual can sign a document;
- **Majority** – a majority need to agree on the decision, and the majority must sign the document.

If deciding to appoint multiple attorneys, it is wise to consider whether the arrangement will be practical and workable for all involved. It is also essential to ensure the document is validly executed, witnessed, and reviewed regularly to ensure the individual(s) appointed remain suitable for the position. Be sure to notify your family of whom you've appointed so everyone is clear on who can make decisions when the time comes.

The consequences of having no EPOA in place:

Suppose there is no EPOA in place when a member loses capacity. In that case, it may be necessary for a family member or other interested party to apply to a tribunal in the relevant state (e.g. VCAT) to become the member's administrator. This can be a complex and costly process, leading to an uncertain outcome given that there is no guarantee that the tribunal will select to be the member's administrator. In addition, the cost involved and the time for the process to complete could well exceed the six-month grace period granted to SMSFs to meet the trustee/member rules, resulting in the fund becoming non-complying even though prompt steps were taken to address the issue.

To provide certainty and comfort, it is therefore vital to consider appointing an attorney under an EPOA whilst the member is still mentally capable of avoiding appointing an administrator after the member has already lost capacity.

Conclusion:

A well-drafted EPOA is an integral part of planning for managing your affairs should illness or incapacity occur. All members of an SMSF must have one in place to ensure the fund maintains its' complying status in the event of loss of legal capacity. Without one, loved ones could be embroiled in a lengthy and costly process with no guaranteed outcome. Don't leave it until it's too late – contact us now if you want to discuss further.

CLIENT COCKTAIL PARTY AT THE NATIONAL GALLERY OF VICTORIA

By Mai Davies

On Thursday, March 9 2023, we were thrilled to host many of our clients at the National Gallery of Victoria (NGV) for a private viewing of the Salon and a cocktail party in the Garden Restaurant. This event was the start of GFM's 50th-anniversary celebrations. We have several events planned for the year to thank our clients for their loyalty and support. All had a great night!

The photos from the night can be found on our website: www.gfmwealth.com.au/events/50-years/client-cocktail-party-at-the-national-gallery-of-victoria/

BETH KEITH (GFM CLIENT) TURNS 100!

By Patrick Malcolm

Over a weekend in late April, Beth Keith, a GFM client of ten years, enjoyed a wonderful celebration of her 100th birthday at a family luncheon and then a party with eighty family and friends the next day. She was delighted to have twenty-three of her immediate family join her on the Sunshine Coast, where she has lived for the past thirty-two years after moving from Victoria. One of her grandsons, his wife and four young children travelled from Florida with others from Victoria. Beth still lives independently in a retirement village, maintains an active social life, is a keen sports fan, and still beats the family at cards and board games. She inspires all those around her, is a much-loved Mum, Grandma and Great grandmother and is thankful for her remarkable life and good health.

ANNUAL GOLF DAY: FRIDAY, MARCH 24, 2023

By Mai Davies

We held our 20th Annual Golf Day at Riversdale Golf Club on Friday, March 24, 2023, attended by many keen golfers. Everyone had a fantastic time and was blessed to have perfect weather.

It was also great to have new players join us this year. The course was in perfect condition, and we had some terrific prizes on offer.

Congratulations to Michael Boldiston, George Georgiou, Chris Niall, and Peter Bell, with an Ambrose Score of 57.879!

The Runners–Up with a score of 58.092 were Paul Ramsay, Trevor Pearson, Kevin Cresp, Peter Barr

The photos from the day can be found on our website: www.gfmwealth.com.au/events/past-events/annual-golf-day-2023/

QUARTERLY BUSINESS LUNCH: OUTLOOK & TOP INVESTMENTS FOR 2023

By Mai Davies

On Monday, May 1 2023, we held our Quarterly Business Lunch at Leonda By The Yarra, where we provided an insight into our views of the economic environment and the research and investment selection process we undertake to select appropriate investments.

Our financial advisers, James Malliaros, Patrick Malcolm and Paul Nicol, discussed the following topics:

- An economic update and outlook
- Our preferred investments in the current market environment

This seminar was well attended by clients and guests, and the feedback was excellent. Everyone appreciated the opportunity to participate in such an interesting and insightful presentation.