SIAA monthly

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UNLOCKING POTENTIAL: A comprehensive guide to gearing for financial advisers

Seeking quality fixed income via a cost efficient solution in times of uncertainty

Strengthening Australia's public markets into 2030 and beyond: A call for further competitive reform

Derivatives accreditation: Increasing your worth as an adviser

Scaling fixed income in 2025: Rethinking execution to custody and middle office

SUPER SNIPPETS: Super industry should brace for impact

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COVER STORY

Stockbrokers and Investment Advisers Association
Serving the interests of investors

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MESSAGE FROM THE CEO

Judith Fox, CEO

As we enter a new financial year, it is good to reflect on SIAA's work to support our members over the past 12 months. Our aim is to drive positive change in public policy. We have held 143 government and stakeholder meetings. We have lodged over 17 submissions.

To give you an idea of how much effort we put into securing sensible regulatory outcomes, here are some of those meetings:

- We have had 42 meetings on the CHESS replacement project and T+1
- We have had 13 meetings on Delivering Better Financial Outcomes
- We have had 9 meetings on a proposal to change the education standard to broaden the new entrant pathway
- We have multiple engagements with the government and opposition — we have a consistent, ongoing conversation with all sides of politics.
- We have also appeared before Parliamentary committees on a range of issues, including the wholesale investor test.

We are out there ensuring your voice is heard.

Advocacy wins

Our work has produced positive outcomes for our members in the last financial year. A key win was the acceptance by the government of the need to reform the education standard for financial advisers in order to address the collapsed pipeline of new entrants. As reported in earlier editions, SIAA developed a proposal to make the education standard more flexible by having existing degrees in commerce, finance, accounting and economics — all subjects suited to working in capital markets — recognised as excellent entry degrees for financial advisers. Our proposal also provided for some core subjects that all new entrants would have to complete in order to have a consistent foundation across the profession. The FAAA came on board and worked with us to refine the proposal, which we then took to the other advice associations comprising the Joint Associations Working Group (JAWG), which also came on board. We then took the proposal to the government.

We were delighted to have our proposal accepted by the former Minister. We worked with Treasury as it developed a policy to reform the education standard and our Board met with the former Minister to discuss it. The former Minister then issued a statement confirming that the government will reform the education requirements for financial advisers to create a sustainable pathway for new advisers to enter the profession. Minister Daniel Mulino has confirmed this is government policy.

Another win we achieved was the recommendation in the report from the Parliamentary Joint Committee on Corporations and Financial Services inquiry into the wholesale investor and client tests earlier this year that the case had not been made for increasing the monetary test thresholds at this time.

SIAA had issued a discussion paper a couple of years ago seeking to inform the debate, given many were arguing for an increase in the asset and income test thresholds of the wholesale client/investor test yet no evidence of harm had been put forward, and no one had consulted the investors who were not the ones calling for change. Nor had there been any consideration of the negative impacts of a change. Our discussion paper canvassed all these issues.

We were therefore very pleased to see that the Senate report was closely aligned with the various issues

> “
> Our work has produced positive outcomes for our members in the last financial year. A key win was the acceptance by the government of the need to reform the education standard for financial advisers in order to address the collapsed pipeline of new entrants.

we raised in the discussion paper. The committee was not persuaded by the examples of investor harm identified by ASIC as having been caused by the current settings of the test thresholds.

On the markets front, in December 2024 CHESS batch settlement failed. We engaged with our members and took their recommendations to both ASX and ASIC in January. We were very pleased to see that our recommendation of an independent review of the CHESS code was accepted, with ASIC directing ASX to engage an expert approved by ASIC to undertake a technical review of CHESS to provide greater confidence to regulators and the public in the stability and operational resilience of the current CHESS platform.

SIAA was also the voice of our members in querying significant fees that IRESS sought to impose on market and clearing and settlement participants for its capital expenditure on Service Release 15.

These are four examples of the benefit of having a professional body that represents members, speaking as one voice for many.

SIAA will continue to represent the interests of our members on the issues of relevance to them.

COMMITTEE NEWS – JULY 2025

Upcoming meetings of the Stockbrokers and Investment Advisers Association – Committees, Working Groups and Advisory Panels:

Compliance Committee, Thursday 10 July 2025
Chair: Melissa Nolan MSIAA, Ord Minnett

DTR Working Group, Tuesday 22 July 2025
Chair: Claire Keetley, Ord Minnett

Compliance Committee, Thursday 7 August 2025
Chair: Melissa Nolan MSIAA, Ord Minnett

New Master Practitioner Member MSIAA

Philip Muhlbauer, Global Investors and Chairman, FCX Advisory Board

New Young Professional Members YPSIAA

Lee Ballos, LGT Crestone
Sam Crugnale, LGT Crestone
Elle Jones, LGT Crestone
Aysan Kole, LGT Crestone
Christian Lockwood, LGT Crestone
Genevieve Ogier, LGT Crestone
James Sholl, LGT Crestone
Jonathan Toh, LGT Crestone
Angus Wood, LGT Crestone

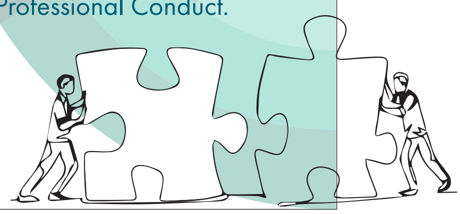
New Student Affiliate StuAfSIAA

Romer Nino, University of Western Australia

ACTING FOR YOU

SIAA exists to represent our members and work in their interests. Below are the key issues we are currently working on:

- ✓ Financial Adviser education standards
- ✓ Delivering Better Financial Outcomes reforms
- ✓ Australia's evolving capital markets
- ✓ ASIC Industry Funding Model
- ✓ ASIC consultation on publication of breach reporting and IDR data
- ✓ Market Integrity Rules
- ✓ ASX CHESS Replacement Project
- ✓ ASX Mfund wind down
- ✓ Considerations for accelerating cash equities settlement in Australia to T+1
- ✓ Cboe's proposed new listings framework
- ✓ ASX Service Release 15
- ✓ Inquiry into wholesale investor and wholesale client tests
- ✓ Share fraud risks
- ✓ Impact of the Compensation Scheme of Last Resort
- ✓ Competition in clearing and settlement
- ✓ AFCA rules, operational guidelines and determinations
- ✓ Review of eligibility requirements for registration with the TPB
- ✓ The Tax Agent Code of Professional Conduct.



ASIC launches inquiry into ASX

ASIC has announced an inquiry into ASX, focussing on governance, capability and risk management frameworks and practices across the group.

The inquiry will be led by an expert panel of Rob Whitfield (Chair), Christine Holman and Guy Debelle that will make recommendations to address any identified shortcomings or deficiencies. ASIC will publish a report of the outcome of the inquiry, which will inform the next steps it may take.

ASIC will discontinue its investigation of the 20 December 2024 CHESS batch settlement failure. Consideration of this incident will form part of the broader inquiry.

ASIC will conduct the inquiry using its existing powers under the Corporations Act and may also use the additional powers received through the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024*.

The panel is tasked with examining ASX's frameworks and practices in light of the following incidents that have occurred in recent years involving ASX:

- The 2016 hardware failure in ASX's equity trading system which delayed the opening of the ASX market and caused it to close early.
- The capacity issue with the CHESS settlement system at the onset of the COVID-19 pandemic in March 2020 that required ASIC to direct market participants to reduce trading volumes.
- The November 2020 full day outage of the ASX equity market due to a failed software upgrade.
- The decision in 2022 to pause and then cancel the upgrade of CHESS.
- The failure of ASX CHESS batch settlement to complete as scheduled on 20 December 2024.

The link to the ASIC media release is here.

ASIC clears path for faster IPOs

ASIC announced changes to the IPO process on 10 June 2025.

Entities listing on the ASX via the fast-track process now have access to a shorter IPO timetable designed to reduce deal execution risk as part of a two-year trial.

ASIC will now informally review eligible offer documents two weeks prior to public lodgement, which could reduce the IPO timetable by up to a week.

This initiative has been developed in response to the decline in Australian IPOs and public companies, highlighted in ASIC's recent discussion paper on the evolving dynamics between public and private markets. They were also part of proposals included in ASX's submission to the consultation. SIAA's submission also supported proposals aimed at shortening the IPO timetable.

SIAA attended the ASIC Symposium on Australia's Public and Private Markets held on 10 June 2025 at which industry leaders, regulators, and academics discussed the future of the nation's markets.

The link to ASIC's IPO announcement is here.

The link to ASIC Chair Joe Longo's remarks from the ASIC Symposium on Public and Private Markets is here.

The link to the facilitated panel discussion on the state of our markets is here.

SIAA provides feedback to AFCA rules consultation

AFCA is currently consulting on changes to its rules.

One of the proposed changes is for AFCA to publish the names of those firms that fail to comply with an AFCA determination. SIAA has lodged a submission strongly supporting this proposal. The failure of a financial firm to comply with an AFCA determination is a red flag and leading indicator of claims going to the Compensation Scheme of Last Resort (CSLR) as these firms are the ones most likely to be placed into administration.

SIAA's members who provide personal advice and dealing services to retail clients are subject to the CSLR and are required to pay the CSLR levies. The CSLR is currently the subject of a cost blow-out that is significantly impacting firms subject to CSLR levies. Any unpaid determinations that are referred to the CSLR for payment are included in the levy calculation.

It is vital for SIAA's members that there is full transparency of the status and amount of unpaid AFCA determinations as well as the identity of the financial firm in default. Essentially, the more information that is made publicly available by AFCA concerning these unpaid determinations the better.

SIAA recommended that AFCA provides real-time reporting of this information as well as monthly updates and a progressive count by firm.

We will let members know when these new rules are implemented by AFCA.

The link to SIAA's submission is here.

DBFO Tranche 1 – Account numbers

ASIC has granted a limited no-action position in response to a specific issue raised by the advice industry about the inclusion of account numbers in a client's written consent for the deduction of ongoing advice fees.

> “Because an account number may not yet be available for new accounts, the written consent that is signed by the client may be technically deficient because it does not contain an 'account number'.

The issue has arisen because the provisions of the relevant legislation require the client's written consent to include the 'account number' from where the fee recipient is deducting or arranging to deduct fees. Because an account number may not yet be available for new accounts, the written consent that is signed by the client may be technically deficient because it does not contain an 'account number'.

ASIC has advised that it does not intend to take action for a breach of section 962S of the Corporations Act and section 99FA of the Superannuation Industry (Supervision) Act 1993 where:

- written consent was given by a client under section 962S of the Corporations Act for the fee recipient to deduct or arrange to deduct fees under an ongoing fee arrangement from 10 January 2025 until 5 September 2025
- an account number was not included in the consent, and
- in the case of superannuation, a trustee deducted from the relevant member's account the advice fees as set out in the consent.

ASIC has advised that relying on the no-action position does not prevent an ongoing fee arrangement terminating under section 962WA where a written consent was not compliant because it did not include the account number.

In order to rely on this no-action position, the licensee or representative must enter into a new ongoing fee arrangement with the client and seek a new written consent for the fee recipient to deduct or arrange to deduct ongoing fees, including to cover the period where any fees were deducted under a non-compliant written consent.

The revised ongoing fee arrangement must comply with all the requirements in section 962T of the Corporations Act. If this is not in place by 5 September 2025, the fee recipient must take steps to stop receiving fees.

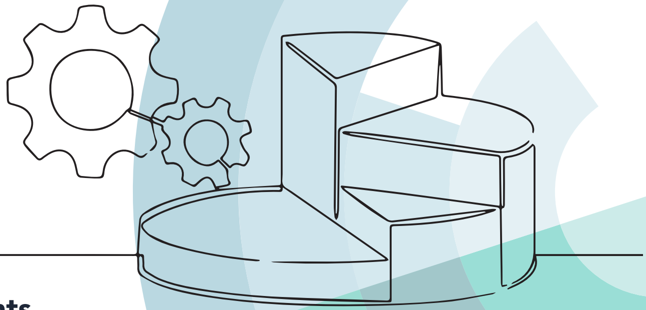
ASIC's no action letter is an example of what goes wrong when highly prescriptive matters are included in legislation. While the no action position is partial relief, a long-term legislative fix is vital.

SIAA is arguing for a permanent legislative fix for this issue.

The link to ASIC's no action letter is here.

MEMBERS CAN VIEW SUBMISSIONS **HERE**

CPD EVENTS



Stay on top of your CPD with these SIAA-accredited CPD events.
Webinars are FREE for Practitioner members and Affiliates and employees of Principal members.

Stuck in the middle with you: How to uncover alpha in confused markets

Wednesday 9 July from 1.00 to 2.00pm AEST

At the start of 2025, optimism faded as Trump's tariffs drove uncertainty. Sebastian Mullins, Schroder's Head of Fixed Income & Multi Asset, will explore key signals, scenarios, and portfolio strategies across fixed income and multi asset.

Professional Standards CPD: Technical competence 1.0
ASIC Knowledge Area: Generic knowledge 1.0

SEBASTIAN MULLINS
Schroders

Digital engagement practices

Wednesday 23 July from 1.00 to 2.00pm AEST

Lynda Dowling from Webull and SIAA's Michelle Huckel will provide an update on digital engagement practices, covering risks around influencers, copy trading, gamification, and misleading or deceptive information.

Professional Standards CPD: Client care and practice 1.0
ASIC Knowledge Area: Generic knowledge 1.0

LYNDA DOWLING
Webull Securities

MICHELLE HUCKEL
SIAA

Women advisers and networking for commercial success – MEMBERS ONLY

Wednesday 23 July from 3.00 to 5.00pm AWST

Euroz Hartleys, QV1, Level 37, 250 St Georges Terrace, Perth

Business networking can open doors for female advisers, yet many shy away from it. Experienced director, Suzanne Ardagh AM, will explore how building networks builds trust, visibility, and ultimately, career opportunities. Networking drinks will follow the presentation.

Professional Standards CPD: Client care and practice 1.0
ASIC Knowledge Area: Generic knowledge 1.0

SUSAN ARDAGH AM

The $3m super threshold: Tax calculations and investment considerations

Wednesday 13 August from 1.00 to 2.00pm AEST

The new tax on super balances over $3m changes how super is taxed, focusing on account movement is a significant change to our understanding of tax and super. Kym Bailey from JBWere will explain the calculation and its implications for asset allocation.

Professional Standards CPD: Tax (financial) advice 0.5 | Client care and practice 0.5
ASIC Knowledge Area: Generic knowledge 1.0

KYM BAILEY
JBWere

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Member FREE	Practitioner member $100
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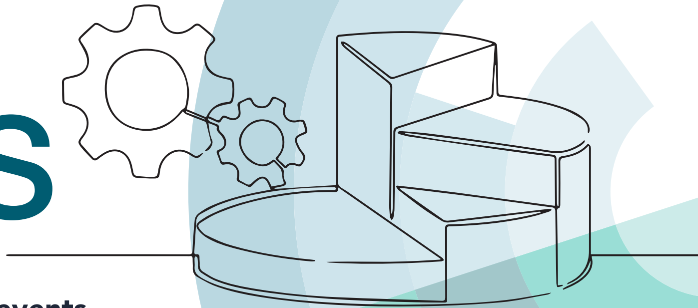

CPD EVENTS

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Webinars are FREE for Practitioner members and Affiliates and employees of Principal members.

US tech and AI

Wednesday 27 August from 1.00 to 2.00pm AEST

Thematic investing is popular but tricky. David Tuckwell, Chief Investment Officer from ETF Shares will explore risks and rewards, with AI as a case study, and consider whether sectors or the Magnificent 7 offer a more effective approach.

Professional Standards CPD: Technical competence 1.0
ASIC Knowledge Area: Generic knowledge 1.0

DAVID TUCKWELL
ETF Shares

Introduction to stockbroking workshop

Thursday 9 October from 11.00am to 1.15pm AEDT

This workshop outlines stockbrokers' vital role in retail and institutional markets, covering operations like order taking, transactions, and settlement. Gain insights into the different systems involved and allow for a discussion of the different business models in stockbroking today.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0 l Technical competence 0.5 l Professionalism and ethics 0.5
ASIC Knowledge Area: Generic knowledge 2.0

RUSSELL MCKIMM

A day in the life of a trade workshop

Tuesday 21 October from 11.00-12.30pm AEDT

Ideal for experienced and auxiliary staff in legal, IT, HR, and related roles, this workshop explores the trade lifecycle. Gain insights into client onboarding, share and derivative trade processes, settlement, sponsorship/HINS, CHESS messaging, and registries.

Professional Standards CPD: Regulatory compliance and consumer protection 0.75 l Technical competence 0.75
ASIC Knowledge Area: Generic knowledge 1.5

ROB TALEVSKI
Webull

Market manipulation and other prohibited conduct workshop

Thursday 23 October 10.00-12.30pm AEDT

Focused on prohibiting artificial price creation in financial products, this workshop benefits all seeking market understanding and obligation consequences. Tailored for financial professionals, it covers obligations, self-protection, and discerning manipulation from market forces.

Professional Standards CPD: Regulatory compliance and consumer protection 1.25 l Professionalism and ethics 1.0
ASIC Knowledge Area: Generic knowledge 2.25

PROFESSOR
MICHAEL ADAMS

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UNLOCKING POTENTIAL: A comprehensive guide to gearing for financial advisers

By Craig Saunders, Group Head of Sales, Bell Financial Group (ASX:BFG)

In financial planning, gearing offers a powerful blend of accelerated wealth creation and enhanced portfolio flexibility. For financial advisers, an understanding of geared investments, especially margin lending, is key to providing comprehensive and impactful advice. This article explores the core aspects of gearing: its compelling benefits, inherent risks, and practical applications through case studies.

The power of gearing: Accelerating wealth creation

At its core, gearing, such as through a margin loan, provides investors with access to additional investment capital beyond their existing equity. This principle can significantly accelerate portfolio returns and, by extension, the pace of wealth accumulation. The potential to amplify gains in a rising market is a primary draw.

Beyond returns, gearing offers strategic advantages:

- **Flexible funding source:** Gearing provides a readily available line of credit, empowering clients to capitalise on market timing opportunities without liquidating existing assets.
- **Enhanced diversification:** Increased investment capital allows for investment in a broader range of securities, fostering greater portfolio diversification and spreading investment risk.
- **Access to income streams:** Geared investments can lead to greater potential access to dividends, including franking credits that provide significant tax benefits, and other deferred tax advantages.
- **Unlocking portfolio value without CGT:** A margin loan can unlock liquidity within an existing investment portfolio without necessitating asset sales, thus deferring potential Capital Gains Tax (CGT) events.
- **Tax efficiency:** Interest expenses incurred on a geared investment may be tax deductible against investment income, enhancing after-tax returns. Prepaying interest can also offer cash flow certainty and potentially accelerate tax deductions.

Navigating the currents: Understanding the risks of gearing

While the potential benefits are compelling, it is paramount for advisers and clients to fully comprehend the risks. Prudent advice dictates a thorough review of the Product Disclosure Statement (PDS) and other relevant product documents, with particular attention to risk sections.

Key risks to highlight include:

- **Magnified losses:** Gearing amplifies both positive returns and losses. A small percentage drop in underlying assets can translate into a significantly larger percentage loss on the client's equity.

- **Margin calls/Instalment acceleration events:** If underlying security values fall below a threshold, a margin call triggers, requiring additional funds or asset sales to restore the loan-to-value ratio. Failure to meet a margin call can lead to forced asset sales at unfavourable prices. Similarly, for instalment gearing, certain events can accelerate repayment.
- **Interest rate volatility:** A rise in interest rates increases borrowing costs, eroding returns and placing pressure on cash flow, potentially making the geared strategy less viable.
- **Insufficient returns:** There's no guarantee that underlying security values will increase sufficiently to cover all interest payments and costs, potentially leading to a net loss even with slight portfolio gains.
- **Corporate actions:** The terms or completion date of a geared investment may be altered or brought forward by corporate actions (e.g., takeovers), which could necessitate early repayment or adjustment.
- **Legislative changes:** Changes in tax or superannuation laws could negatively impact the tax effectiveness or overall viability of a geared investment strategy.

Strategic gearing: Cash flows and tax structures

Investing via different tax structures can impact returns:

Gearing's effectiveness is influenced by the tax structure. Leverage is versatile, available across individual names, companies, and certain trust structures. The potential for interest deductibility against investment income is a key tax consideration that can significantly enhance net returns.

Figures 1 – 4 compare sample gearing scenarios across two tax structures, outside super and inside super via an SMSF. All the tables inputs

Figure 1: Gearing outside super: Ungeared vs Geared. Investing with gearing can increase returns

Investing Entity - Individual	Ungeared	Geared
Asset Purchased	VHY Vanguard Aust Shares High Yield ETF	VHY Vanguard Aust Shares High Yield ETF
Yield (est.) [1]	6.00%	6.00%
Franking (est.) [1]	65%	65%
Capital Growth (est.)	3.00%	3.00%
Income Tax Rate [2]	45%	45%
Equity Contribution (initial)	$100,000	$100,000
Loan / Debt (initial)	$0	$100,000
Initial Investment	$100,000	$200,000
Net Equity (10 Year Return) [3]	$181,724	$230,149
ROI (10 Year Return) [3]	82%	130%

1 Yield and franking assumptions are based on historical dividends, previous 4 distributions.
2 Assumed marginal tax rate and excludes the Medicare Levy.
3 Estimated return & tax is not a recommendation or advice & investors should seek their own tax advice. Past performance is not indicative of future performance. Interest rate of 9.35% assumed for the period and dividends are assumed to reduce the outstanding debt. See calculator for detailed cash flows.

Figure 2: Gearing Inside Super – Ungeared vs Geared. Investing in a low tax environment like Super can increase returns

Investing Entity - SMSF	Ungeared	Geared
Asset Purchased	VHY Vanguard Aust Shares High Yield ETF	VHY Vanguard Aust Shares High Yield ETF
Yield (est.) [1]	6.00%	6.00%
Franking (est.) [1]	65%	65%
Capital Growth (est.)	3.00%	3.00%
SMSF Tax Rate [2]	15%	15%
Equity Contribution (initial)	$100,000	$100,000
Loan / Debt (initial)	$0	$100,000
Initial Investment	$100,000	$200,000
Net Equity (10 Year Return) [3]	$205,980	$253,600
ROI (10 Year Return) [3]	106%	154%

1 Yield and franking assumptions are based on historical dividends, previous 4 distributions
2 Assumed SMSF tax rate.
3 Estimated return & tax is not a recommendation or advice & investors should seek their own tax advice. Past performance is not indicative of future performance. Interest rate of 9.35% assumed for the period and dividends are assumed to reduce the outstanding debt. See next section for detailed cash flows.

Figure 3: Gearing for SMSFs – Individual vs SMSF

Investing Entity	Individual	SMSF
Asset Purchased	VHY Vanguard Aust Shares High Yield ETF	VHY Vanguard Aust Shares High Yield ETF
Yield (est.) [1]	6.00%	6.00%
Franking (est.) [1]	65%	65%
Capital Growth (est.)	3.00% p.a.	3.00% p.a.
Income Tax Rate	45% [2]	15%
Equity Contribution (initial)	$100,000	$100,000
Loan / Debt (initial)	$100,000	$100,000
Initial Investment	$200,000	$200,000
Net Equity (10 Year Return) [3]	$230,149	$253,600
ROE (10 Year Return) [3]	130%	154%

1 Yield and franking assumptions are based on historical dividends, previous 4 distributions.
2 Assumed marginal/SMSF tax rates and excludes the Medicare Levy.
3 Estimated return & tax is not a recommendation or advice & investors should seek their own tax advice. Past performance is not indicative of future performance. Interest rate of 9.35% assumed for the period and dividends are assumed to reduce the outstanding debt. See next section for detailed cash flows.

Figure 4:

Investing Entity	Individual	SMSF
Income Tax Rate	45% [2]	15%
Franking	Yes	Yes
Excess Franking Refund	No	Yes
Capital Gains Tax (CGT)	45%	15%
CGT Discounted Rate	22.5%	10%
Pension Tax rates	Marginal Rate	0%

1 Interest may be tax deductible up to a benchmark set by the ATO (Reserve Bank of Australia's Indicator Lending Rate for Standard Variable Housing Loans – Investor plus 100 basis points).
2 Assumed marginal tax rate. This is indicative tax position, not advice, and investors should seek their own tax advice.

are the same, except for the tax rates. You can see the difference in potential outcomes that different tax rates can deliver.

Gearing in action: Bell Potter capital case study

Let's examine how gearing translates into practical client scenarios, drawing insights from Bell Potter Capital's applications of margin lending (Tandem Capital coming soon).

Wealth accumulation: Magnifying investment capacity

Using a margin loan to expand investment capacity is a wealth creation tool, suited for informed, experienced investors with a higher risk tolerance.

Consider a scenario: An investor commits $100,000 equity, initially geared at 50% with a margin loan. Investments are held for one financial year, simulating 4.90% asset growth, with the loan at a fixed interest rate of 7.50%.

In this hypothetical, the geared share portfolio demonstrated a higher relative return. Gearing magnified positive investment returns, and the higher initial investment led to increased dividend income. While the geared portfolio incurred higher costs (brokerage and interest), the net tax benefit from interest deductibility and larger franking credits offset these. The geared facility was cash flow neutral, with dividends covering accrued interest. This illustrates how gearing can provide a significant uplift.

A flexible line of credit: Gearing as a source of liquidity

Beyond wealth accumulation, a margin loan can provide a flexible credit source, offering liquidity for various client needs.

Clients who might find a margin loan beneficial as a liquidity source include those who wish to:

- **Retain appreciated investments:** A margin loan allows clients to leverage the value of significantly appreciated investments, providing immediate liquidity without triggering a CGT event by deferring the sale.
- **Seize market opportunities:** As a flexible line of credit, a margin loan enables clients to quickly fund additional investments when attractive market opportunities arise.
- **Support business/Investment activities:** An existing share portfolio can underpin a line of credit for diverse business or investment needs, such as bridging finance for property settlement, working capital for equipment or stock purchases, or maintaining liquidity for rural businesses or medical practitioners.

Freeing up liquidity: A real-world example

To illustrate the immediate benefit of a margin loan as a source of liquidity, consider a client who invested in Commonwealth Bank of Australia (CBA) shares in March 2020 and has since experienced significant share price appreciation. Their CBA holding now carries a material paper profit of $502,500.

If this client were to sell these shares to access liquidity, two key implications would arise:

- The sale would immediately trigger a Capital Gains Tax (CGT) event on the accumulated gain.
- The sale would decrease the client's ongoing investment income by an estimated ~$22,750 per annum.

By utilising a margin loan against this appreciated portfolio, the client can access necessary funds without liquidating the asset. This defers the CGT event and preserves the valuable income stream from the CBA shares, providing financial flexibility without immediate tax and income implications.

Facilitating intergenerational wealth transfer

A key focus of the advice industry is preparing clients for wealth transition across generations. Margin lending can play a role, supporting advisers in business retention, assisting families with structured wealth transfer, and

Figure 4:

Investment Return (1 Year)	No Gearing	Geared
Investment after 1 year[1]	107,800	215,600
Brokerage	-1,000	-2,000
Loan amount	0	-100,000
Interest paid[2]	0	-7,500
Distributions received[3]	3,800	7,600
Net tax refund / (payment)[4]	-814	1,746
Net Equity after 1 year	109,786	115,446
Return on contribution	9.79%	15.45%

1 Margin Loan initial investment amount is $200,000. Growth assumptions are based on the historical average return of the S&P/ASX200 across the last 10 financial years (~4.90%).
2 Fixed loan interest rate that is prepaid annually in advance. Net return has been adjusted for interest expense.
3 Assumption is based on the historical yield of the S&P/ASX200. Insert yield
4 Taxation assumptions include interest is tax deductible, and a 45% margin tax rate (excluding the Medicare Levy)

Figure 5:

Code	Name	Units	Purchase Price	Cost Base	Current Price 14/02/25	Market Value	Gain
CBA	Commonwealth Bank of Australia	5,000	63.95	319,750	165.00	825,000	502,250

[1] Taxation assumptions include interest is tax deductible, and a 45% margin tax rate (excluding the Medicare Levy)
[2] Estimated dividend amount is based on the FY23/24 CBA dividends paid (total $4.55).

enhancing the financial literacy of the next generation.

Margin lending offers clients the flexibility to establish tax-effective investment structures for their children, allowing each to build a portfolio suited to their individual risk appetite and financial goals.

This strategy typically targets:

- Clients in wealth accumulation or income generation phases.
- Existing clients with portfolios of ASX equities, international equities, or unlisted managed funds.
- Clients with children (the "next generation") over 18, preferably in their own wealth accumulation phase, who would benefit from managing their own investment portfolio.
- Parents with an appetite to provide a guarantee on their children's margin lending facility, effectively acting as a "bank of Mum and Dad" with a structured framework.

How it works:

- A separate margin loan facility is established for each child, who becomes the primary borrower.
- The parent(s) can set up a guarantor account linked to each child's margin loan facility, providing security to support the loan.
- The borrower (the child) retains primary responsibility for the facility, including servicing interest payments and managing margin calls.
- Margin calls are calculated at the facility level, assessing the child's loan independently.
- Crucially, the guarantor's securities form part of the overall secured portfolio for the child's loan, providing the necessary collateral.

This structured approach allows parents to facilitate their children's financial growth and education in a controlled manner, fostering financial responsibility while leveraging the benefits of a geared investment.

Conclusion

Gearing can be a transformative tcomponent of a client's financial strategy. It offers a powerful means to accelerate wealth accumulation, enhance portfolio diversification, and provide crucial liquidity for both immediate needs and long-term intergenerational wealth planning. However, robust risk management and comprehensive client education are paramount. By thoroughly assessing client suitability, explaining potential pitfalls, and continuously monitoring market conditions, financial advisers can responsibly guide their clients towards unlocking the full potential of geared investments.

For more information, visit www.tandemsecurities.com.au or contact Marty Johnston, Head of Partnerships at info@tandemsecurities.com.au

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Seeking quality fixed income via a cost efficient solution in times of uncertainty

By Myles Bradshaw, Head of Global Aggregate Strategies, Global Fixed Income, Currency and Commodities (GFICC) group, J.P.Morgan Asset Management

- Uncertain markets present an opportunity for investors to consider investing in high-quality fixed income, with a particular emphasis on credit quality.
- Yields are still attractive across fixed income sectors. As global growth slows, adding fixed income to a diversified portfolio provides some hedging
- JPMorgan Global Bond Active ETF (JPGB) seeks to provide consistent performance with benchmark-like volatility

Bond yields are attractive, but investors may consider maintaining a quality bias

Markets have zigged and zagged through 2025, with volatility rising in the second quarter. The current economic landscape is marked by heightened uncertainty, stemming from trade policy, geopolitical tensions, weakening global growth and a cooling labour market among others.

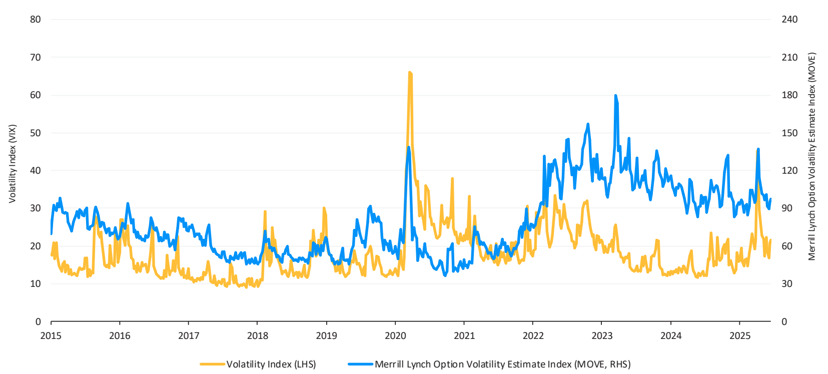
Gauges of stock and bond market volatility – the Volatility Index (VIX) and Merrill Lynch Option Volatility Estimate Index (MOVE) – continue to remain elevated as investors navigate the geopolitical and economic environment[1].

While periods of elevated volatility are not uncommon, it does present a greater challenge when trying to hedge against market risks. Against this backdrop, fixed income may play a crucial role in generating income and mitigating downside risks in portfolios. Valuations are still appealing, with real yields hovering near multi-year highs[2].

The labour market is the most important piece of data when it comes to economic health and U.S. Federal Reserve forward guidance. While sentiment-based indicators remain depressed, we have yet to see them translate substantially into the hard data. If the mix of high tariff rates and low business confidence persists into the summer, economic outcomes may worsen in the coming months. In such a scenario, the Fed will need to balance its dual objectives, which are at increasing risk of coming into conflict in a high tariff environment where inflation rises, but so does unemployment.

While the US economy looks resilient, concerns about the size and sustainability of the nation's fiscal deficit could attract more noise in the second half of the year. Amid uncertainty, high-quality fixed income, emphasising credit quality and duration, may be needed to manage downside risks. That said, Investors may wish to remain active and maintain a quality bias.

Figure 1: Equity and bond market volatility remain elevated



Source: J.P. Morgan Asset Management, Bloomberg. Data as of 17.06.2025. The VIX-CBOE Volatility Index measures market expectations of near-term volatility conveyed by S&P 500 Index (SPX) option prices. The MOVE index measures the volatility in US Treasury yields across different maturities.

The case for active in fixed income

Given the current market environment, passive index investing may not always be the most effective approach to engage bond opportunities. Active markets call for active strategies, especially for fixed income.

- The fixed income market's vastness and complexity may require attention to interest rate sensitivity, credit risk, liquidity, and issuer concentration. Active managers have the ability to navigate these challenges better than passive strategies.
- Active management has the potential to uncover alpha opportunities missed by passive strategies. For example, the Bloomberg US Aggregate Index, often viewed as a representation of the US bond market, excludes about 47% of the US$53 trillion US public bond market[3]. High-yield corporates and non-agency mortgage-backed securities are overlooked by passive indices, while asset-backed and agency securities have limited exposure, and much of the securitized market is excluded[3].
- Active fixed income mangers have historically outperformed passive strategies. Net of fees, the average annualised returns of active core and core plus managers have exceeded the Bloomberg US Aggregate Index over the trailing 3-, 5-, and 10-year periods[4].

Tap into an actively managed high-quality bond portfolio with an ETF wrapper

Indeed, active management has the potential to play an important role in harnessing fixed income opportunities, depending on individual objectives or risk tolerance, in an uncertain environment. Without the constraints of replicating an index, the ETF structure offers active managers the flexibility to tailor and optimise investments. Staying active and flexible are crucial to manage credit and duration[5] risks that could emerge on a back of a highly fluid and uncertain macro backdrop. As economic growth decelerates, quality fixed income assets with higher credit ratings could prove useful for portfolios. Investing in a global portfolio of high-rated bonds may present diversification opportunities and help mitigate portfolio volatility.

Features of the JPMorgan Global Bond Active ETF (JPGB)

Quality bond investing

Focusing on IG fixed income securities, the strategy seeks to exhibit lower volatility relative to single-sector fixed income or equity portfolios.

Globally diversified

With exposure to a broad range of IG fixed income securities, the portfolio is diversified across sectors and markets. This helps the strategy achieve strong risk-adjusted returns.

Active management with multiple levers

The strategy adopts a flexible approach to harness opportunities across different sources of alpha within the IG universe, spanning countries, sectors, issuers, duration and currencies.

Source: J.P. Morgan Asset Management.

The JPMorgan Global Bond Active ETF (Cboe: JPGB) is one such strategy that employs a quality-biased approach to construct a high-quality portfolio. The strategy primarily seeks exposure to (at least 80%[6]) investment-grade (IG) bonds across the globe and actively shifts its allocation towards areas with stronger fundamental outlook. In addition, the strategy actively seeks to manage duration[4] and currency risks through a disciplined yet dynamic risk management approach[7].

At J.P. Morgan Asset Management, we strive to construct stronger bond portfolios with robust risk management[7]. We manage over US$3.7 trillion in assets, with around US$882 billion in fixed income[8]. Our fixed income solutions span the risk spectrum and are underpinned by the deep resources and rigorous research of a truly global platform. Our actively managed ETFs can also tap into the full resources of our global network, allowing investors to access outcome-oriented fixed income solutions through long-established investment strategies.

For more information visit: am.jpmorgan.com/au/en/asset-management/adv/funds/in-focus/fixed-income/.

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1 Source: J.P. Morgan Asset Management, Bloomberg. Data as of 17.06.2025. The VIX-CBOE Volatility Index measures market expectations of near-term volatility conveyed by S&P 500 Index (SPX) option prices. The MOVE index measures the volatility in US Treasury yields across different maturities.

2 Source: Bloomberg, J.P.Morgan Asset Management as of 31.05.2025.

3 Source: Bloomberg, Securities Industry and Financial Markets Association, Bank of America. Figures reflect the most recently available data as of 31.03. 2024. Some figures may be lagged. Core and core plus fixed income strategies do not typically include tax-free municipal securities. IG Corporates refers to investment-grade corporate debt.

4 Core-plus bond vehicles invest primarily in investment-grade US fixed-income issues including government, corporate, and securitised debt. However, they generally have greater flexibility than core offerings to hold non-core sectors such as corporate high yield, bank loan, emerging markets debt, and non-US currency exposures. Source: Simfund, J.P. Morgan Asset Management analysis; Data as of 31.07.2024. Analysis includes mutual funds in the Morningstar intermediate core and intermediate core plus categories with a primary prospectus benchmark of the Bloomberg US Aggregate Bond Index. Only includes primary share classes as defined by Morningstar. Past performance is not indicative of future returns.

5 Duration is a measure of the sensitivity of the price (the value of the principal) of a fixed income investment to a change in interest rates and is expressed as number of years.

6 Please refer to the fund's offering documents for further details on its objectives. The manager seeks to achieve its stated objectives and there is no guarantee they will be met.

7 The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

8 Source: J.P. Morgan Asset Management. Data as of 31.03.2025.

Strengthening Australia's public markets into 2030 and beyond: A call for further competitive reform

By Benjamin Phillips, Head of Product Development, Cboe Australia

Australia's public markets have long been regarded as the gold standard for transparent capital raising and efficient price discovery. Underpinned by a robust regulatory framework and supported by world-class financial infrastructure, these markets have served investors and issuers alike with integrity and resilience. Yet, as global capital flows become increasingly mobile and innovation accelerates across financial markets, Australia must evolve to remain competitive.

Cboe Australia, leveraging the global experience of its parent company Cboe Global Markets, which operates 27 markets worldwide, has submitted a case to the Australian Securities and Investments Commission (ASIC) for regulatory reforms that would enhance competition, resilience, and innovation in Australia's public markets for the benefit of Australia's investors and its community. These reforms are not only timely but essential to ensure that Australia continues to attract and retain global capital.

The case for reform

Cboe's submission to ASIC's discussion paper on the dynamics between public and private markets outlines four key recommendations.

1. **Broaden the Clearing and Settlements (CS) Services Rules** to include clearing and settlement services for exchange-traded equity derivatives.
2. **Enhance governance of ASX's clearing and settlement facilities** to ensure greater transparency and stakeholder representation.
3. **Review the vertical integration of the ASX Group**, which currently dominates Australia's financial market infrastructure.
4. **Ensure market-neutral regulatory guidance**, removing barriers that disproportionately affect new entrants.

Each of these recommendations is aimed at fostering a more competitive and resilient market environment – one that is better equipped to serve investors, support innovation, and withstand operational shocks.

Why public markets matter

Public markets are foundational to efficient capital formation. They offer transparency, liquidity, and investor protection that private markets often cannot match. While private markets play a complementary role, particularly for early-stage companies, public markets remain the primary avenue for capital formation, broad investor participation and long-term wealth creation.

Cboe's global experience highlights three critical features of strong public markets.

I. **Robust exchange competition**: In jurisdictions like the US, Canada, and the EU, competition among exchanges drives innovation, lowers costs, and improves service quality. In contrast, Australia's market structure, particularly in listings and derivatives, remains heavily concentrated.

II. **Vibrant derivatives markets**: Liquid and accessible derivatives markets are essential for institutional investors to manage risk effectively. Australia's derivatives markets, however, are often criticised for being expensive and illiquid, limiting their utility and deterring broader market participation.

III. **Resilient clearing and settlement infrastructure**: Stable CS facilities are the backbone of any trading market. CS facility failures expose systemic risk and undermine investor confidence, which can reduce participation.

Addressing structural challenges

A central theme in Cboe's submission is the need to address the structural dominance of the ASX Group. Its vertically integrated model – combining trading, clearing, and settlement – creates both anti-competitive and operational risks. Unlike the US, where mutualised entities like the Depository Trust & Clearing Corporation (DTCC) and Options Clearing Corporation (OCC) operate critical infrastructure independently, Australia's model concentrates power and limits innovation.

Cboe has called for a review by the Council of Financial Regulators (CFR) to assess whether this structure remains fit for purpose. A structurally separate, industry-owned CS facility could align commercial incentives with the broader market's needs, fostering a more dynamic and resilient ecosystem.

A path forward

ASIC's recent implementation of the CS Services Rules 2025 is a commendable step toward addressing monopoly risks in clearing and settlement. However, more work remains. The recommendations outlined in our submission provide a roadmap for reform – one that balances innovation with stability, and competition with investor protection. While it is too soon to assess the direction of the ASIC Inquiry announced on 16 June, Cboe is optimistic that some of these issues may be considered.

Embedding regulatory neutrality

Another barrier to competition lies in the regulatory framework itself. Many ASIC instruments are drafted in ways that favour incumbents, requiring new entrants to seek bespoke relief even after obtaining a license. This not only increases the regulatory burden but also delays innovation.

> "While private markets play a complementary role, particularly for early-stage companies, public markets remain the primary avenue for capital formation, broad investor participation and long-term wealth creation.

Cboe recommends that ASIC revise its instruments to be market-neutral – applying equally to all licensees regardless of their identity. This would streamline compliance, reduce administrative overhead, and support a more level playing field.

Bridging public and private markets

While the focus of Cboe's submission is on strengthening public markets, it also acknowledges the growing role of private markets. Exchange-traded funds (ETFs), for example, offer a bridge between the two, providing investors with access to private market-like exposures within a transparent and liquid structure. Continued growth and innovation in ETFs can help democratise access to alternative assets while maintaining the benefits of public market oversight.

By embracing these reforms, Australia can re-establish itself as a global leader in capital markets. It can offer investors and issuers a market environment that is not only efficient and transparent but also resilient and forward-looking.

As the global financial landscape continues to evolve, so too must Australia's public markets. The time to act is now.

Read Cboe's full submission for a detailed exploration of the recommendations here.

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When APRA phases out investments in Australian bank hybrids (Additional Tier 1), more than A$42 billion in investments will be affected. Retail investors hold an estimated 20-30% of this amount. Given these changes, now is an opportune time to consider a new income solution for your clients.

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DERIVATIVES ACCREDITATION

Increasing your worth as an adviser

Provided by ASX

The aging of baby boomers, growth of SMSFs and recent market fluctuations have created a tremendous need for financial advice. At the same time however, there is considerable competition to deliver it. Brokerage firms, independent advisers, banks, and even accounting firms are all fighting for a share of the wealth management business.

Meanwhile clients have become more demanding. They have access to more information and are better informed than ever before. As a result there is pressure on pricing and the need to have a more customized offering.

Options can help advisers meet these challenges in several ways:

An options strategy provides real customisation

While many products and services are positioned as customised, sophisticated clients recognise that most of the time they are simply being offered a choice of alternatives. But an options strategy is built on a client's existing portfolio. As a unique plan for that investor alone, it provides the customisation that many wealthy clients seek.

An options strategy moves the discussion from price to value

The most successful financial advisers compete on value. While an adviser's service and knowledge of their client provides value, it typically takes time for an adviser to demonstrate this to a client. In the client acquisition stage, when an adviser may be offering the same asset allocation, managed funds or SMAs as others, demonstrating value can be more difficult. A proposal from an adviser that includes an options strategy, while the others do not, immediately positions that adviser as offering greater value.

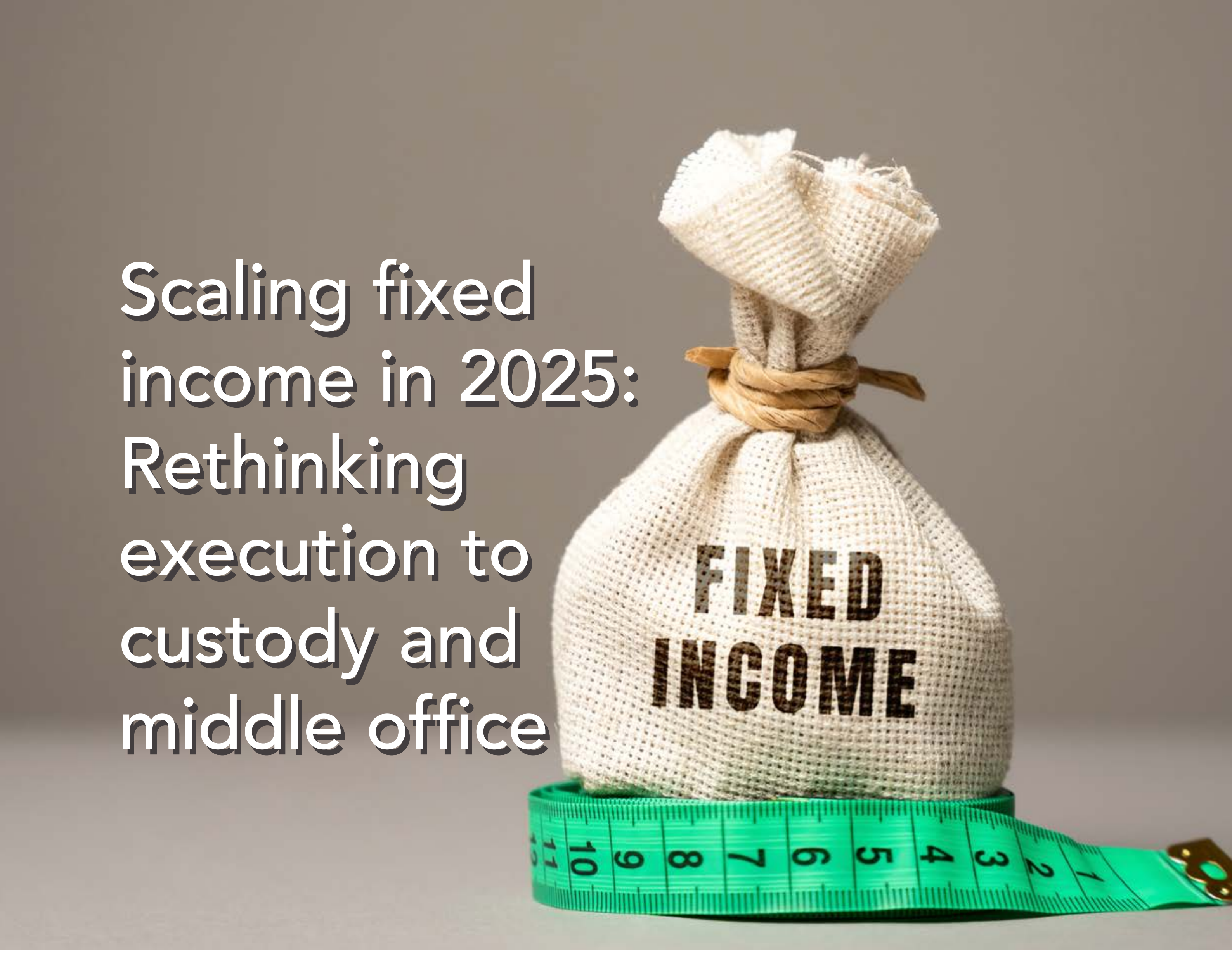
An options strategy builds revenues

Every year the number of clients seeking to reduce their asset management fees increases. Information on fees has become more available, as wealthy clients band together to become more knowledgeable consumers of financial advice. They question what their advisers are doing to earn on-going fees and recognise that some services, such as rebalancing are automated. Implementing options strategies eliminates this discussion and may enable advisers to charge higher fees. For those portfolios managed on a commission basis, options can be a source of additional revenue.

DERIVATIVES ACCREDITATION SCHOLARSHIP

To help advisers meet accreditation requirements for advising clients on options ASX, together with the Stockbrokers and Investment Advisers Association (SIAA), are offering ADA 1 and ADA 2 Scholarships. Scholarships are designed to help advisers expand their knowledge and understanding of derivative products. Each Scholarship is valued up to $400 and covers the full cost of the ADA 1 or ADA 2 enrolment.

TO APPLY FOR A SCHOLARSHIP please visit **www.stockbrokers.org.au/wp-content/uploads/ADA1-ADA2-ASX-Scholarships-2025.pdf**



Scaling fixed income in 2025: Rethinking execution to custody and middle office

By Emily Boden, Perpetual

Australia's fixed income market is entering a new phase—offering investors greater diversification, broader credit exposure, and more flexible maturity profiles than ever before. For the private wealth sector, this presents a powerful opportunity to tailor portfolios in ways that listed products often can't match.

Yet while the investment logic is strong, the infrastructure supporting it is often fragmented. Many firms still manage execution, settlement, custody, and reporting across disparate systems, creating inefficiencies, reconciliation issues, and operational risk. Minimum parcel sizes in over-the-counter (OTC) markets (traditionally $500,000) have also limited accessibility for many clients.

Today, scaling fixed income is no longer just about finding the right securities—it's about enabling the operational foundation that allows advisers and wealth managers to act with speed, confidence, and efficiency.

An integrated approach to a fragmented market

Global custodial leaders are converging toward unicentric digital platforms—consolidating execution, settlement, custody and reporting into a single environment. This reflects both the market's accelerating shift toward T+1 settlement and growing demand for seamless, tech-enabled infrastructure. Perpetual Corporate Trust has embraced this direction with a purpose-built solution for the private wealth sector, enabling direct access to both domestic and global fixed income markets.

Our fully integrated platform eliminates fragmentation by uniting execution, middle office, custody, and reporting into one cohesive workflow. Designed specifically for wholesale wealth managers and advisers, it reduces friction, automates key processes, and enhances visibility across every stage of the trade lifecycle. Importantly, the platform operates at the underlying client level, ensuring security, personalisation and compliance.

A major advantage of this infrastructure is that it lowers the entry point for OTC fixed income participation. Investors can now access the market at parcel sizes as low as $10,000, making fixed income strategies more flexible and accessible across a broader range of wholesale clients.

The platform enables end-to-end automation, starting from order booking and execution through to settlement and reporting. Trade activity and orders can be monitored in real time, with seamless integration into Bloomberg's ALLQ and VCON for deal creation, and export functionality to Bloomberg TSOX. A smart matching engine reconciles orders and trades efficiently to optimise execution outcomes, while the platform supports multi-currency transactions across AUD, USD, EUR, GBP, JPY, SGD and NZD.

Once trades are executed, settlement flows automatically to Perpetual's operations team, with full support for both Austraclear and Euroclear. Post-settlement, securities are held in custody by Perpetual, with corporate actions processed automatically and income or maturity proceeds disbursed to nominated accounts of underlying clients. Daily reconciliation of assets and cash is performed.

Compliance and governance are core to the platform's design. It is fully compliant with ASIC RG 133 (Funds Management and Custodial Services) requirements. Our platform is subject to external audits (performed by KPMG in accordance with GS 007 and ASAE 3402 auditing standards). The Platform is supported by a robust Enterprise GRC program. The solution is backed by licensed custodian and trustee entities that maintain sufficient capital adequacy capable of supporting complex trust structures and satisfying RG166 requirements.

To support downstream operations, the platform also includes a comprehensive suite of reporting services. These cover portfolio valuations, income tracking, and corporate actions reporting, and export file formats compatible with a wide range of client systems.

By consolidating the entire fixed income workflow—from execution and matching, to settlement, custody and reporting—Perpetual Corporate Trust enables advisers, wealth firms and portfolio managers to operate with greater efficiency, agility and scale. Beyond reducing operational risk and overhead, this infrastructure empowers firms to offer differentiated, direct investment solutions in the evolving OTC bond market—without the historical barriers of high entry thresholds and administrative burden.

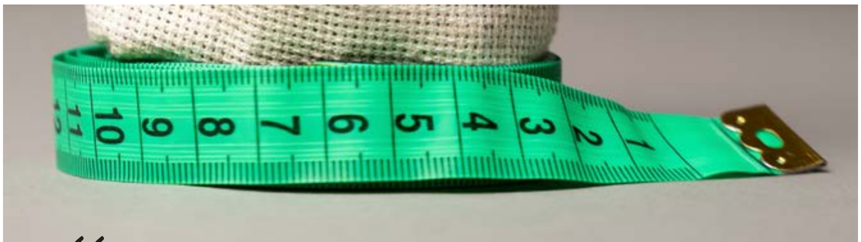
Looking ahead

As fixed income markets globalise and investor demands become more bespoke, operational strength is becoming a key differentiator. The ability to deliver faster, safer, and more transparent direct investment solutions—backed by integrated technology and institutional-grade governance—will define future market leaders.

Perpetual Corporate Trust is proud to support clients like NAB Private Wealth and Income Asset Management in scaling their fixed income capabilities. With nearly $250 billion in funds under administration in custody and over two decades of experience, we offer a platform that's ready for what's next.

For those looking to participate more actively in the OTC market, now is the time to ask: Is your infrastructure helping or hindering your ability to deliver optimal client investment solutions for direct fixed income?

For more information on Perpetual's Fixed Income Intelligence solution please contact our Head of Institutional Sales and Relationship Management, Perpetual Digital, Emily Boden at emily.boden@perpetual.com.au



> "To support downstream operations, the platform also includes a comprehensive suite of reporting services. These cover portfolio valuations, income tracking, and corporate actions reporting, and export file formats compatible with a wide range of client systems.

Super industry should brace for impact

By Darin Tyson-Chan, Editor, selfmanagedsuper

Previously I have mostly refrained from discussing the proposed new 15 per cent impost on total super balances over $3 million, also known as the Division 296 tax, because of its original narrow interpretation. But as debate rages about the measure, and has done ever since the federal election held on 3 May, the wider implications for the superannuation sector as a whole are emerging.

Treasurer Jim Chalmers announced the introduction of the new impost as part of the 2023/24 federal budget. Back then the government said this tax would only be a slight change to the superannuation system and affect only 80,000 Australians, most of them being members of self-managed super funds (SMSF). And the message remains the same to this day, seeing no amendments have been made to the Treasury Laws Amendment (Better Targeted Superannuation Concessions) Bill 2023, which will legislate the new tax when passed by both houses of parliament.

As has been widely acknowledged, apart from criticism it represents poor policy, the two most egregious elements of the measure as it stands are the taxing of unrealised capital gains contained in the calculation of an individual's Division 296 tax liability and the fact the bill does not allow for the application of any indexation to the $3 million threshold. For superannuation purposes, the latter point is particularly alarming.

Starting with the $3 million threshold itself, the government maintains it has not changed its positon on this point, regardless of the Greens' desire to lower it to $2 million – a party Labor will need the support of to have the bill passed in the Senate. However, how much credence can we give to this statement? It is pretty much exactly the same line Prime Minister Anthony Albanese trotted out about the Stage 3 tax cuts before the 2022 election, but we all know the final iteration of this measure was changed.

Something more substantive as far as the shifting of the threshold goes is the evolution of the tax on concessional contributions by high-income earners or the Division 293 tax. Originally this impost was applied when an individual's combined income and concessional superannuation contributions exceeded $300,000. This tax now comes in when the sum of these components is above $250,000.

So we can't bank on the Division 296 tax threshold remaining at $3 million and, of course, if it is lowered, it will affect far more than just 80,000 superannuants.

With regard to indexation, the Treasurer has acknowledged this element has not been included in the original bill, but has stated it is something to be considered, and potentially changed, at another time by a future government. But if the new tax ends up being implemented, we have to ask would it really happen.

While many thresholds in the superannuation system are indexed, the general transfer balance cap being a case in point as it will increase from $1.9 million to $2 million on 1 July, others have remained at their original level since inception.

One example that springs to mind is the downsizer contribution provision that was introduced in July 2018 and has only ever applied to individuals with a total super balance of less than $500,000. Another is the disregarded small fund asset threshold related to the exempt current pension income rules, which has remained at $1.6 million since inception.

What this all boils down to is the Division 296 tax will have implications for many more than 80,000 Australians. Without an indexation lever, the impost will effectively introduce bracket creep to the superannuation environment.

To this end, the Financial Services Council has already forecast over 500,000 individuals currently in the workforce will be caught by the measure by the time they retire.

So it is clear the effect of the Division 296 tax will go far beyond the SMSF sector if the measure goes through as it stands. Perhaps all we can do, unfortunately, is brace for impact.

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