SIAA monthly

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SIAA Board and executive visit Parliament to discuss a range of proposed legislative and regulatory reforms

Flexibility, liquidity and diversification— the case for equities as a geared investment for SMSFs

Find your edge with Cboe's OCS

What's new in the LIC and LIT sector?

Client portals support the growing needs of HNW clients

SUPER SNIPPETS: The pension waiting game

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The level of inflation at the end of 2024 means we will be experiencing another round of indexation being applied to the general transfer balance cap. As such, from 1 July 2025 it will be increasing from $1.9 million to $2 million.

Stockbrokers and Investment Advisers Association

Serving the interests of investors

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MESSAGE FROM THE CEO

Judith Fox, CEO

SIAA's Board travelled to Canberra in February during one of the parliamentary sitting weeks to meet with the Minister for Financial Services, the Hon Stephen Jones MP; the Shadow Minister the Hon Luke Howarth MP; Treasury and senators.

Our meetings canvassed a number of issues, including the education standard for financial advisers; the progress of the second tranche of Delivering Better Financial Outcomes; the impact of AFCA determinations on the CSLR; the Senate inquiry into the wholesale investor test; and CHESS replacement. I am delighted to advise that our visit was followed by very positive outcomes on two key issues of relevance to our members.

Education standard for financial advisers

SIAA's proposal to amend the education standard for financial advisers to make it more flexible, for which we sought and received support from the other advice associations representing the financial advice ecosystem, has been accepted. The Minister issued a media release the week after our visit confirming that the government will reform the education requirements for professional financial advisers to create a sustainable pathway for new advisers to enter the profession.

Under the government's changes, the proposed education standard will centre around a new requirement to hold a bachelor's degree or higher in any discipline. Prospective advisers will need to meet minimum study requirements in four relevant financial concepts such as finance, economics or accounting. They will also need to complete four core financial advice subjects covering ethics, legal and regulatory obligations, consumer behaviour and the financial advice process. This provides relevant core knowledge for an adviser, streamlines entry into the industry and retains the important role of tertiary education.

Having highly suitable degrees in finance, commerce, business and economics from Australia's top universities dismissed under the current framework has seen those wishing to work in investment advice turn away from their chosen profession. The result has been a replacement rate of one per cent, with approximately only 150 new entrants across the entire financial advice ecosystem year on year. This is not even sufficient to match the numbers retiring from the profession. As a result, the number of financial advisers continues to decline at a time when more and more Australians need access to professional advice.

The government's proposal ensures the sustainability of the profession. It recognises that a degree is just the first step in becoming a fully qualified financial adviser. New entrants must complete the Professional Year, with its 100 hours of training and supervision by an experienced adviser, as well as pass the professional standards exam before they can take on qualified adviser responsibilities. They also then have 40 hours per year of continuing professional development.

The Coalition also supports this reform, for which we have advocated over some years. While no legislation to enact the policy reform is feasible before the federal election, SIAA will be working hard to ensure that the policy progresses to legislation as soon as possible after the election. We look forward to a regulatory framework that sees our sector once again able to attract the best and brightest from the top universities.

Wholesale investor test

In another positive outcome following our visit to Canberra, the following week the Parliamentary Joint Committee on Corporations Law and Financial Services released its report into the wholesale investor/client thresholds.

> The government's proposal ensures the sustainability of the profession. It recognises that a degree is just the first step in becoming a fully qualified financial adviser.

The report was closely aligned with the various issues we raised in the discussion paper that SIAA released in 2022, which was very heartening. The committee found that the case had not been made for increasing the test thresholds at this time, but recommended that consideration should be given to a mechanism for periodically reviewing the operation of the wholesale investor and client tests, including the settings of the relevant thresholds. Importantly, this mechanism should include a mandatory requirement for industry engagement and consultation.

The committee also recommended that subject to a period of stakeholder consultation, the government amend the Corporations Act to remove the subjective elements of the sophisticated investor test and introduce objective criteria relating to the knowledge and experience of the investor.

Details of the committee's findings are in this month's Policy & Regulatory Issues column on page 6.

The impact of AFCA determinations on the CSLR

We raised with both the government and the opposition our concerns with AFCA's determinations that SMSFs under $10m are retail, which sets a legal precedent. SMSFs are usually well below the $10m professional threshold due to contribution rules, so we are of the view that this decision could impact close to 100% of 'wholesale' SMSFs.

When it comes to structural advice (that is, super as a product, switching, etc) our members typically treat these clients as retail and they will receive a Statement of Advice etc. However, when dealing with the investments within super, these clients are typically treated as wholesale if they meet the wholesale investor test in accordance with ASIC's statement on this issue it released in 2014. We made the point that legislative change is urgently required. The flow-on effects of these determinations will destroy the CSLR, which is already shown to be unsustainable.

SIAA will be lodging a submission to the Treasury post-implementation review of the Compensation Scheme of Last Resort which the government announced recently. We will raise a number of issues relating to the impact of AFCA determinations on the sustainability of the CSLR, including this issue.

COMMITTEE NEWS – MARCH 2025

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

Diversity, Equity and Inclusion Committee, Monday 3 March 2025
Chair: Michelle Inns MSIAA, LGT Crestone

Derivatives Committee, Tuesday 4 March 2025
Chair: Te Okeroa MSIAA, AUSIEX

Investment Advisers Committee, Thursday 6 March 2025
Chair: Frank Hegerty, MeSIAA Ord Minnett

DTR Working Group, Tuesday 11 March 2025
Chair: Claire Keetley, Ord Minnett

Operations & Technology Committee, Tuesday 11 March 2025
Chair: Peter Robinson MeSIAA, AUSIEX

Compliance Committee, Thursday 13 March 2025
Chair: Melissa Nolan MSIAA, Ord Minnett

New Young Professional Member YPSIAA

Luke Connor, Leeuwin Wealth
Neve Gribble, Leeuwin Wealth
Liam Stocklinger, Leeuwin Wealth
Aaron Young, Leeuwin Wealth

New Student Affiliate StuAfSIAA

Joshua Merritt, University of Wollongong
Reuben O'Brien, Deakin University

SIAA welcomes government's reform of the Financial Adviser Education Standard

On 10 February 2025, the government announced that it will reform the financial adviser education standard to create a more flexible new entrant pathway.

The government will remove the requirement for individuals to complete an approved qualification offered by only a limited number of higher education providers.

Under the government's changes, the proposed education standard will centre around a new requirement to hold a bachelor's degree or higher in any discipline. Prospective advisers will need to meet four minimum study requirements in relevant financial concepts such as finance, economics or accounting. Completion of these subjects will ensure an understanding of relevant financial concepts.

Further, they will be required to complete four prescribed accredited financial advice subjects covering ethics, legal and regulatory obligations, consumer behaviour and the financial advice process. This provides the core knowledge and foundation concepts to navigate complex financial scenarios and deliver value to consumers.

It will also streamline entry into the industry, bring down the costs on prospective advisers and make it easier for people to change careers into financial advice later in life. For most students studying a Commerce, Economics or Finance degree – or people moving across from other financial services careers – the cost and time to meet the requirements under the new standard will be halved.

The aim is for the new standard to upskill the next generation of financial advisers quicker as employers can tailor the combination of structured learning and on-the-job training for each individual. This will attract new talented professionals with diverse backgrounds to explore financial advice as a career.

In announcing the changes, Minister Stephen Jones stressed that the current education pathway is not sustainable. School leavers are not attracted to the specialised area of study, and it is a significant investment for career changers. Fewer Higher Education Providers are offering courses due to the lack of entrants.

Advisers will still need to complete a professional year, pass the financial adviser exam and undertake ongoing continuing professional education.

Transitional impacts

Existing advisers are still required to meet the 1 January 2026 deadline of having an approved bachelor's degree or above or equivalent.

Implementation

The government will continue to work closely with industry and education providers to ensure the new pathway works efficiently and effectively.

Stage 2 registration

Finally, the government will no longer proceed with Stage 2 of the registration process for financial advisers established by the Better Advice Act. This stage would have required individual advisers to register annually with the Australian Securities and Investments Commission from 1 July 2026.

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Parliamentary committee reports on its inquiry into the wholesale client and investor tests

As reported a few weeks ago, the Parliamentary Joint Committee on Corporations and Financial Services inquiry into the wholesale investor and client tests tabled its report to Parliament.

The committee made some important findings regarding those arguing for an increase in the asset and income test thresholds of the wholesale client/investor test.

The report stated that the committee was not persuaded by the examples of investor harm identified by ASIC and other submitters as having been caused by the current settings of the test thresholds.

It highlighted that the evidence to the inquiry suggested some significant negative impacts that could arise from increasing the test thresholds, and that a high level of caution in relation to increasing the test thresholds is desirable. It found that reducing the pool of available wholesale investors and clients would also impact negatively on foreign investment, angel and venture capital investment and on other specific groups such as women and young investors.

The significant potential negative impacts of raising the test thresholds were demonstrated by the example of a similar proposal in the UK, which was implemented and, subsequently, quickly reversed in 2023.

ASIC's submission to the inquiry called for the product value test to be increased from $500,000 to $922,000 and for the individual wealth tests to be increased – with the assets test to be increased from $2.5 million to $4.61 million and the income test to be increased from $250,000 to $461,000.

In response to ASIC's submission, the inquiry found that ASIC had not, despite recommending that the test thresholds be increased, conducted any external consultation to consider stakeholders' views on the potential harms and benefits to industry of increasing the test thresholds. The committee stated that it considers that, as the chief regulatory body for Australia's financial system, it is incumbent on ASIC to ensure that its significant policy recommendations are underpinned by appropriate research, including meaningful consultation with industry stakeholders.

In response to ASIC's submission, the inquiry found that ASIC had not, despite recommending that the test thresholds be increased, conducted any external consultation to consider stakeholders' views on the potential harms and benefits to industry of increasing the test thresholds.

In conclusion, the committee found that the case had not been made for increasing the test thresholds at this time, but recommended that consideration should be given to a mechanism for periodically reviewing the operation of the wholesale investor and client tests, including the settings of the relevant thresholds. Further, it recommended that any such mechanism should include a mandatory requirement for industry engagement and consultation.

There was also a discussion around the subjective elements of the sophisticated investor test. The Committee recommended that subject to a period of stakeholder consultation, the government amend the Corporations Act to remove the subjective elements of the sophisticated investor test and introduce objective criteria relating to the knowledge and experience of the investor.

The committee was chaired by Senator Deborah O'Neil of the Australian Labor Party and was unanimous in its recommendations.

SIAA has argued strongly in favour of retaining the existing wholesale investor and client test thresholds.

The link to SIAA's opening statement to the committee inquiry is here.

ASIC makes clearing and settlement rules

ASIC has used new powers to promote competitive outcomes in clearing and settlement by making clearing and settlement rules requiring ASX to provide its services on a transparent and fair basis.

ASIC was provided with this rule making power in respect of ASX's cash equity clearing and settlement facilities under the competition in clearing and settlement reforms that passed the Parliament in September 2023. This marks the first time ASIC has exercised its new powers under these reforms.

The aim of the rules is to implement the Council of Financial Regulators *Regulatory expectations for conduct in operating cash equity clearing and settlement services in Australia* as enforceable obligations. In particular, the rules are intended to ensure that ASX remains responsive to users' evolving needs and provides access to its monopoly cash equity clearing and settlement services on a transparent and non-discriminatory basis with terms and conditions (including pricing) that are fair and reasonable.

ASIC consulted on the proposed rules last year and SIAA provided feedback highlighting that it was important that the rules provide for outcomes that are consistent with those that might be expected in a competitive environment.

In accordance with these new rules, ASX will have to take all reasonable steps to:

- ensure that the pricing of its services is transparent, fair and reasonable.
- provide access to its covered services (including data) on commercial, transparent and non-discriminatory terms.
- ensure that its core technology systems are designed and developed in a way that facilitates third-party access.

To facilitate a competitive outcome ASX will be required to publish:

- a comparison of fees against international providers within 12 months after the rules commence.
- information and tools to assist clearing and settlement participants to anticipate the price they will have to pay for the clearing and settlement services, which enables them to assess:
  - the expected cost impact of any pricing changes
  - the expected cost impact associated with new products and initiatives
  - the impact of discounts, rebates and revenue-sharing arrangements on different user cohorts.
- a model for the internal allocation of costs.
- a methodology for determining the prices of its clearing and settlement services that demonstrates that the expected revenue from providing the services reflects the efficient costs of providing them, including a return on investment commensurate with the commercial risks involved.

The new rules were made on 24 February 2025 and will come into effect in three months.

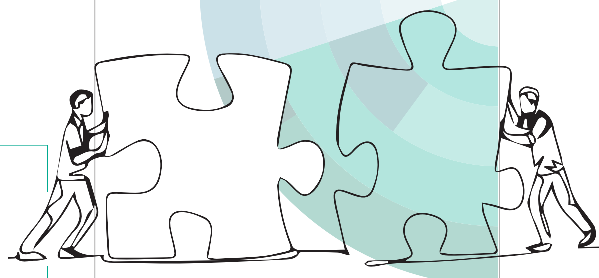
A link to the new rules is here.

MEMBERS CAN VIEW SUBMISSIONS **HERE**

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
- ✓ 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 Services 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 decisions
- ✓ Review of eligibility requirements for registration with the TPB
- ✓ The Tax Agent Code of Professional Conduct.



How AI is transforming asset servicing

By Katie O'Connor, Director Corporate Actions, S&P Global Markets

The corporate actions landscape is experiencing a surge of complex events and is challenging traditional processing techniques. Operations teams continue to struggle with managing intricate workflows and a flood of unpredictable information, exacerbated by convoluted processes and fragmented data sources.

In today's rapidly evolving financial landscape, the integration of artificial intelligence (AI) is revolutionising how organisations operate, analyse data, and make decisions. One area where AI is making significant strides is in corporate action processing—a critical component of post-trade operations. The adoption of AI in post-trade processing represents a significant opportunity for improvement.

In the first of a four-part series we will explore the transformative impact of AI on post-trade corporate actions. We will delve into various use cases, showcasing how our full end-to-end workflow solutions can relieve operations teams from day-to-day management, allowing them to focus on core business activities. Each blog will highlight different aspects of AI in post-

> Financial institutions depend on numerous sources, each offering distinct interpretations of issuer announcements. This results in inconsistencies in critical details such as dates, rates, prices, taxation, options, and payouts.

trade processing, from data conflict resolution to workflow orchestration, and provide actionable insights to help you navigate this complex landscape.

Series 1: Understanding corporate actions and data conflicts

Corporate actions are events initiated by a company that affect its securities. These actions can have significant implications for investors and require precise handling to ensure that all stakeholders receive the correct information. However, the complexity of corporate actions often leads to data conflicts—discrepancies between various data sources regarding the details of the action.

Financial institutions depend on numerous sources, each offering distinct interpretations of issuer announcements. This results in inconsistencies in critical details such as dates, rates, prices, taxation, options, and payouts. The impact of untimely notifications significantly compounds these discrepancies, particularly in corporate action processing. Delayed or inaccurate information can create data conflicts within processing applications, leading to disruptions in operations and reporting. This challenge is especially pronounced for large global players that manage hundreds of data sources and confront millions of data conflicts each year, highlighting the necessity for timely and precise notifications to ensure efficient corporate action processing.

Traditionally, resolving data conflicts necessitates careful manual intervention by operations teams. However, during peak seasons—such as quarterly or annual earnings reports or significant corporate restructuring events—the sheer volume of incoming data can overwhelm even the most seasoned professionals. The complex nature of these events often leads to delays, as human error can inadvertently occur during the resolution process.

Based on our data validation experience, it is estimated that around 70% of data conflict resolutions require operations users to consult unstructured data sources, such as websites or publications. This reliance on external sources not only proves to be time-consuming but also increases the likelihood of errors, further complicating the resolution of data conflicts.

The role of AI in resolving data conflicts

AI technologies, particularly machine learning and natural language processing, offer innovative solutions to tackle the challenges associated with corporate actions data conflicts. The recommendation engine operates by analysing a vast array of historical data related to previously resolved conflicts. The system learns from past discrepancies and resolutions by employing sophisticated algorithms, particularly gradient boosting techniques, allowing it to generate informed recommendations for current data conflicts. This approach significantly enhances the efficiency of the resolution process, as it evaluates various data elements—such as dates, rates, and payouts—against established patterns derived from historical data.

When a data conflict arises, the recommendation engine assesses the inconsistencies by comparing the conflicting information to the patterns it has learned. It then produces tailored recommendations for operations users, suggesting the most likely correct values based on past resolutions. This data-driven approach reduces the reliance on manual intervention, which can be error-prone and time-consuming. Instead of sifting through unstructured data sources, such as websites and publications, operations teams can leverage the engine's insights to make informed decisions more swiftly.

Moreover, the recommendation engine not only aids in resolving current conflicts but also continuously improves its accuracy over time. As operations users apply or reject the recommendations, the system gathers feedback, allowing it to refine its algorithms and enhance its predictive capabilities. This iterative learning process ensures that the engine becomes increasingly adept at identifying and resolving data conflicts, ultimately leading to better accuracy in corporate actions data.

The impact of this technology is particularly pronounced during peak seasons, such as quarterly earnings reports or significant corporate restructuring periods, when the volume of incoming data can overwhelm even the most experienced teams. By automating aspects of the conflict resolution process, S&P Global Market Intelligence's recommendation engine not only improves operational efficiency but also helps mitigate the risks associated with human error.

S&P Global Market Intelligence's data conflict resolution recommendation engine represents a significant advancement in the management of corporate actions data. By harnessing AI and historical data analysis, the engine provides timely and accurate recommendations, ultimately enhancing the reliability of financial information for clients around the globe. This innovative approach not only streamlines operations but also reinforces S&P

Global Market Intelligence's commitment to delivering high-quality data solutions in an increasingly complex financial landscape.

How S&P Global Market Intelligence can help. At S&P Global Market Intelligence, we are at the forefront of this transformative wave, leveraging AI technologies to enhance our services and deliver unparalleled insights to our clients.

We are revolutionising this landscape by staying at the forefront of technological innovation. Using an iterative, data-driven approach and real-world feedback, our advanced AI tools refine data analysis, extract deeper insights, and drive informed decisions, allowing for more efficient, transparent, and seamless execution of corporate actions.

As we continue to innovate and adapt to the changing needs of the market, we remain dedicated to providing cutting-edge solutions that empower businesses and investors alike, ensuring they stay ahead in an increasingly data-driven world.

Learn more about our Corporate Actions https://www.spglobal.com/market-intelligence/en/solutions/corporate-actions. Future series will be published in the August, October and December *SIAA Monthly*.

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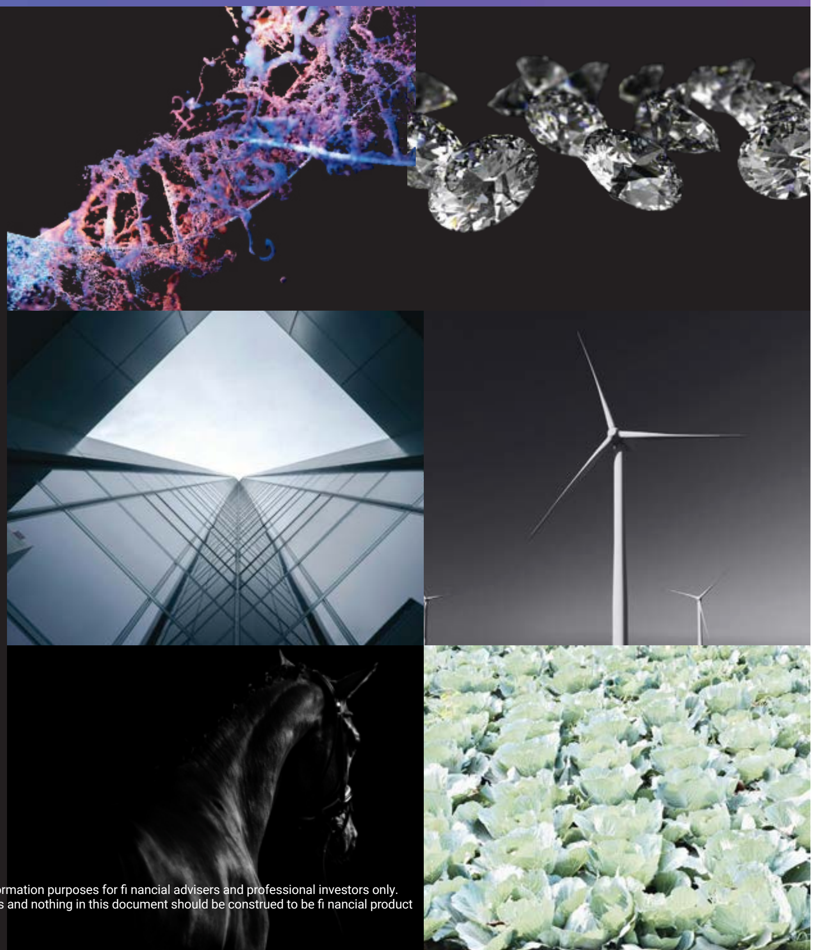

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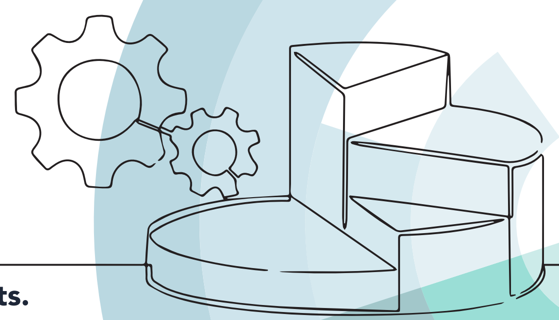

Stay on top of your CPD with these SIAA-accredited CPD events.
Webinars are FREE for Practitioner and Affiliate members and employees of Principal Members.

Introduction to stockbroking workshop

Tuesday 4 March 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, Technical competence 0.5, Professionalism and ethics 0.5
ASIC Knowledge Area: Generic knowledge 2.0

RUSSELL MCKIMM

A day in the life of a trade workshop

Tuesday 11 March from 11.00am to 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 hour, Generic knowledge 0.75
ASIC Knowledge Area: Generic knowledge 1.5

ROB TALEVSKI
Webull

Revolutionising managed accounts: Insights from industry leaders

Wednesday 12 March from 1.00pm to 2.00pm AEDT

With the growing managed account market, technology is playing a pivotal role in enabling advisers to expand offerings efficiently. Expert panellists will explore the advantages of managed accounts for investors and wealth advisers.

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

TOBY POTTER
Philo Capital Advisers

ANDY ROBERTSON
Chelmer

LEANNE BRADLEY,
Suite2Go

Market manipulation and other prohibited conduct workshop

Thursday 20 March from 10.00am to 12.30pm AEDT
(*please note change of date from 6 March*)

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, Professionalism and ethics 1.0
ASIC Knowledge Area: Generic knowledge 2.25

PROFESSOR
MICHAEL ADAMS

Ethical decision-making – Principles, framework and bias mitigation

Wednesday 26 March from 1.00pm to 2.00pm AEDT

Ethical decisions are rarely black and white. Nidal Danoun will explore key ethics principles, decision-making frameworks, and the impact of biases, offering practical strategies to navigate challenges and enhance ethical decision-making in professional practice.

Professional Standards CPD: Professionalism and ethics 1.0
ASIC Knowledge Area: Generic knowledge 1.0

NIDAL DANOUN

How the CSLR affects the industry

Wednesday 9 April from 1.00pm to 2.00pm AEDT

The Compensation Scheme of Last Resort (CSLR) is a key concern for advisers facing a huge compensation bill. SIAA's Michelle Huckel will explain its origins, the impact of firm collapses, and potential solutions for the industry.

Professional Standards CPD: Professionalism and ethics 1.0
ASIC Knowledge Area: Generic knowledge 1.0

MICHELLE HUCKEL
SIAA

AML/CTF Reforms – What it means for you

Wednesday 30 April from 1.00pm to 2.00pm AEST

Recent changes to the AML/CTF Act will impact stockbrokers. This webinar will cover the scope of the reforms, implementation timelines, touch on dealing with digital currencies, adopting a risk-based approach, and practical steps to prepare.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0
ASIC Knowledge Area: Generic knowledge 1.0

PAUL DERHAM
Holley Nethercote

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FLEXIBILITY, LIQUIDITY AND DIVERSIFICATION—

the case for equities as a geared investment for SMSFs

By Chris Fox, General Manager, Bell Potter Capital

SMSF members with higher risk appetites wanting to leverage an investment within their fund have traditionally borrowed to buy commercial or residential property. Indeed, most might assume this is their only option for gearing within superannuation.

However, SMSF rules also allow borrowing to invest in equities and other listed securities. In this article:

- we'll look at the merits of doing so,
- the different approaches available, and
- the rules which facilitate borrowing in superannuation.

Why gearing?

Gearing as a strategy relies on the investor having an expectation that the total return on their investment over their time horizon will exceed the cost of gearing.

Gearing magnifies the positive and negative impacts of price changes on an investor's initial equity. This risk of negative impacts can be managed by strategies like diversification and conservative leverage. The portfolio should be managed over time rather than simply setting and forgetting.

In the hypothetical scenario in the table we modelled a detailed cash flow analysis of an investment with a balance between income and capital growth; geared at 50%.

Example 1: Comparing a geared vs ungeared investment

Investing Entity	Ungeared	Geared
Asset Purchased	ZYX (Example Security)	ZYX (Example Security)
Yield (est.) [1]	5.40%	5.40%
Franking (est.) [1]	65%	65%
Capital Growth (est.) [1]	3.00%	3.00%
Income Tax Rate [2]	15%	15%
Equity Contribution (initial)	$500,000	$500,000
Loan / Debt (initial)	$0	$500,000
Initial Investment	$500,000	$1,000,000
Net Equity (10 Year Return) [3]	$975,629	$1,227,914
ROE (10 Year Return) [3]	95%	145%

1. Yield (ordinary dividends) and franking (related franking credits) are assumptions for this example only. Growth of the asset is an assumption and has been assumed constant for this example. Past performance is not indicative of future performance.
2. Assumed marginal tax rate and excludes the Medicare Levy.
3. Estimated return includes potential taxation benefits. Interest rate of 7.30% p.a. assumed constant for the period. Interest may be tax deductible subject to an investors particular circumstance. Dividends are assumed to reduce the outstanding debt. This is not a recommendation or advice & investors should seek their own tax advice.

Source: Bell Potter Capital

The result was a 10-year return on equity (ROE) of 145% for the geared investment compared with just 95% for the ungeared equivalent.

Equities or property?

Gearing to buy property is popular with many SMSFs and the main contributor to the $59 billion in LRBA loans to SMSFs, as at late 2023^. However, property can have its downsides. Australia's high real estate prices often mean a big gearing commitment, especially since the fund's existing assets can't be used as collateral and may see an SMSF end up with nearly all its collective value tied up in a single property. Legislative uncertainty and political risk around the future of property gearing only adds to the mix.

By contrast, gearing to buy equities provides flexibility, liquidity and diversification—and enables an SMSF to start small with gearing and be highly conservative in its borrowing.

Unlike property, where you cannot just 'sell a bathroom', share investors can sell part of their portfolio. For example, if a share price rises the investor can sell some shares to lock in profit and reduce gearing. Again unlike property, shares can be sold and settled very quickly.

> ...gearing to buy equities provides flexibility, liquidity and diversification—and enables an SMSF to start small with gearing and be highly conservative in its borrowing.

Methods of gearing equities in super

Despite the appeal of borrowing to invest in equities for some SMSFs, very few lending options are available in Australia. At Bell Potter Capital (BPC), we offer two products to support the differing needs of brokers, advisers and their SMSF clients, both of which were designed with the relevant regulation in mind.

Firstly, we will look generally at gearing in super and then focus on the two Bell Potter Capital products. The principles underlying the products are generally applicable to other SMSF gearing solutions.

There are several ways to gear investments in superannuation. These include the use of derivatives and managed funds with embedded gearing. In this article we focus on methods where the investor directly owns the investment and borrows to fund part of the purchase price.

There are two methods commonly used:

1. Establish a Limited Recourse Borrowing Arrangements (LRBA), which complies with SMSF laws. Bell Potter Capital's Super Lending product is designed to use this approach.
2. Instalment receipts or warrants use a different mechanism (incurring a debt). Bell Potter Capital's Equity Lever product operates in this way by offering custom instalment receipts which are unlisted.

These approaches give the investor control over the arrangement and beneficial ownership of the investment.

Both approaches share some common features and can be used to achieve similar investment outcomes. Each method requires the purchase of a single asset. In the cases of listed equities this is essentially a parcel of shares bought at one time (a contract note). In both cases the arrangements are limited recourse, and the assets are held by a security trustee. We will explore this further by looking at examples of Bell Potter Capital's products.

Both approaches also benefit from a relatively simple product establishment, unlike property where investors need to establish specific legal arrangements and bear the cost of that.

Bell Potter Super Lending

Bell Potter Super Lending is a limited recourse margin loan we designed specifically to comply with the SIS Act. It can consist of multiple loans, each secured separately, and can be used to partly fund selected S&P/ASX100 securities, international securities and ETFs. Because of the limited recourse nature LVRs are generally limited to 50%.

Brokers can place buy or sell orders in the usual way with shares held in the name of the security trustee in a separate HIN for each SMSF, with each parcel of shares then identified against the individual loan which funded its purchase.

The rules for investment loans within super differ from non-super margin lending. SMSF loans are classed as Limited Recourse Borrowing Arrangements (LRBA), under which money can only be borrowed to buy a single asset (e.g. a property) or a collection of identical assets (e.g. a parcel of shares in one company bought at the same time).

When a new loan is established, the investor must provide their cash component (generally 50% or greater). The investment is then purchased on market with the lender providing the balance of funds at settlement. Other assets of the SMSF cannot be used as collateral. Cash advances against an asset are not permitted under SMSF laws.

If shares prices fall, one of more of the loans may suffer a margin call. The investor can choose whether or not to meet the margin call. If the investor does not meet the margin call, the lender can sell the underlying asset to recover the loan and return any excess to the investor. If there is a deficit the lender cannot pursue the underlying client for this amount.

Bell Equity Lever

Our second option, Bell Equity Lever, works a bit differently, albeit to achieve the same long-term result. It provides

leverage by investing in custom Instalment Receipts. The leverage is internalised in the Instalment Receipt. This makes it simple for financial advisers to submit buy or sell requests to BPC via our website, and we then execute the trades. With Equity Lever, Bell Potter Capital purchases the underlying asset on market and attaches the debt which creates the instalment receipt.

The assets are held by a security trustee, with the underlying client retaining beneficial ownership.

Unlike Super Lending, Equity Lever is a consolidated facility where the degree of leverage is calculated across the full portfolio of instalment receipts. Like a margin call, an 'instalment acceleration event' is triggered if the maximum LVR is exceeded.

When making a purchase of new instalments, any surplus capacity in the facility can be utilised to assist funding a new purchase. This is more akin to a traditional margin loan.

Advantages of gearing in SMSF

For risk-tolerant SMSF members, gearing an investment (whether property or equities) can further fuel returns because of the advantageous tax rates within super, from lower income tax and CGT rates to zero tax rates on income and CGT when in pension phase. And as with non-super investment loans, interest payments may be tax deductible.*

So what do these preferential tax rates mean for an SMSF? Again assuming a 50% gearing rate, annualised return and identical assumptions as Example 1 (on page 11), Example 2 below compares the outcomes for an individual investor and an SMSF.

This time, the result is a 10-year ROE of 145% for the SMSF versus 102% for a top rate taxpayer outside super.

Managing investment risk

Whether inside super or not, gearing is riskier than ordinary investing since it can increase the magnitude of capital losses, added to the risk of interest rate hikes or changes to tax legislation.

Most Australians and their advisers (not to mention ASIC and other regulators) would rightly regard superannuation as almost sacrosanct—the financial reward for a lifetime's work and the key to a comfortable retirement. However, gearing risk can be managed within an SMSF with prudent stock selection and conservative gearing.

The nature of loans in super also mitigates portfolio risk because the lender's rights in case of default are limited to the secured asset(s). In other words, the SMSF's other assets held external to the facility are never in jeopardy.

Legislative and regulatory risks

Considerations around compliance with the Superannuation Industry Supervision Act (SIS Act) and the ATO's strict rules governing SMSF borrowing may act as further deterrents for some clients.

However, borrowing to leverage equities needn't mean an additional administrative burden. For example, applying for an SMSF gearing facility doesn't require the SMSF to change their annual audit and tax processes. Most SMSF auditors are familiar with gearing requirements for SMSFs and will simply add this to their audit process.

The lender establishes the bare trust for the client when the loan is set up and this is part of our standard product documentation.

In some cases, SMSF Trust Deeds may need to be varied to permit borrowing.

LIKE TO KNOW MORE?

Full details of our SMSF equity lending products are available via info@bellpottersecurities.com.au, by contacting Marty Johnston, Head of Partnerships, on 0417 288 960, and in the Super Lending and Equity Lever PDSs.

Example 2: Ten year return on equity for an individual investor vs an SMSF

Investing Entity	Individual	SMSF
Asset Purchased	ZYX (Example Security)	ZYX (Example Security)
Yield (est.) [1]	5.40%	5.40%
Franking (est.) [1]	65%	65%
Capital Growth (est.)[1]	3.00% p.a.	3.00% p.a.
Income Tax Rate[2]	45%	15%
Equity Contribution (initial)	$500,000	$500,000
Loan / Debt (initial)	$500,000	$500,000
Initial Investment	$1,000,000	$1,000,000
Net Equity (10 Year Return) [3]	$1,011,148	$1,227,914
ROE (10 Year Return) [3]	102%	145%

1 Yield and franking assumptions are assumptions for this example only. Growth of the asset is an assumption and has been held constant for this example.
2 Assumed marginal 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 7.30% assumed for the period and dividends are assumed to reduce the outstanding debt.

Source: Bell Potter Capital

Important disclaimer:

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*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).

^ Surging SMSFs, *The Adviser*, 13 December 2023

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Find your edge with Cboe's OCS

By Benjamin Phillips, Head of Product Development, Cboe Australia

The challenge of change

The fast-moving nature of the Australian markets presents numerous challenges for Cboe Australia's Trading Participants in their pursuit to deliver their customers high quality services within an environment placing high demands on resourcing from a regulatory and technology perspective. This is compounded or contributed to by a macro environment where market infrastructures are central to this technology change and the associated overheads of managing this across both local and global environment puts significant demands on resources.

Throughout our own upgrade in 2023, TSE Arrowhead in 2024 and now ASX's SR15 in 2025 we've heard from Participants that they find themselves investing more and more in exchange development but finding that it is leaving less capacity for them to explore leveraging these new technologies and solutions for business growth. Frequently they find themselves using new systems to deliver old solutions. While these upgrades are important and are drivers of innovation themselves longer-term, they reduce Trading Participants flexibility and nimbleness short-term, stifling their ability to capitalise on the dynamic market environment.

Cboe Australia was presented with these challenges and feedback by Trading Participants and vendors while we pursued our class-leading technology upgrade, Cboe Titanium (formerly 'Cboe Tech') in March 2023. However, now we are through this generational change we can deliver for Trading Participants and Australia's investors by accessing and sharing the plethora of features honed across Cboe equities, derivatives, and FX markets globally. Cboe Titanium provides participants with a range of order capabilities that were previously unseen in the Australian market, offering a robust and versatile toolset for enhancing trading strategies.

Introducing Cboe's Order Conversion Service

Leveraging this opportunity, Cboe Australia is excited to launch the Order Conversion Service (OCS), a cutting-edge optional service that leverages existing Port Attribute functionality to convert incoming orders using predetermined specifications found within our Technical Specification. This service allows participants to request Cboe systems to activate pre-defined instructions for certain orders under specific conditions, enhancing their trading experience. Participants are therefore provided with a versatile toolset for enhanced order handling with minimal to no development on their side because OCS is deployed using

Port Attributes which the participant simply requests to 'switch on'.

What is a Port Attribute?

Port attributes are Cboe-defined mechanisms that participants can request per order entry port, enabling Cboe systems to perform specified actions on their behalf.

For example, the 'cancel on disconnect' Port Attribute instructs Cboe systems to cancel a participant's orders if the connection to a FIX or BOE port is lost, ensuring greater control and reliability. Another familiar Port Attribute example is 'broker preferencing' where participants request that Cboe follows the 'price, visibility, broker, time' trading priority on their behalf.

Cboe envisions OCS as an expanding library of order handling options to meet Participant needs as they arise, with rapid time-to-market. Participants can seamlessly incorporate pre-defined OCS instructions by confirming with the Cboe Australia Trade Desk, which will apply these settings upon request from an authorised representative:

- Order Conversion Service options can be applied per FIX order entry port
- Selected Order Conversion Service options can also be tailored to a specific list of symbols per FIX order entry port, supporting strategic rollout plans

The OCS product overview appendices, available from cboe.com.au, offer comprehensive details on the various use cases provided by the OCS, and Cboe is committed to expanding these use cases over time.

By leveraging OCS, Participants can elevate their trading strategies with confidence and precision, thanks to Cboe's innovative and Participant-focused solutions.

Benefits of the Order Conversion Service

The OCS library offers mechanisms that participants could otherwise develop independently using existing interfaces. However, the OCS provides several exciting advantages:

- Fast tracking access to extensive features of Cboe Titanium
- In most cases, zero technical development required by participants (in some cases there maybe optional, minimal changes)
- Improved execution outcome potential
- Tailor customer-facing solutions
- Comprehensive Access for Everyone

With OCS, you'll be harnessing a powerful toolset that drives efficiency, enhances performance, and keeps you at the forefront of innovation in the ever-evolving trading landscape.

Cboe's First OCS Offering: Timed Expiring Orders

The first OCS solution is a Timed Expiring Order (TEO) Mechanism (OCS001).

Participants who use Immediate or Cancel (IOC) orders, can choose to utilise the TEO mechanism from the OCS library which converts the incoming Pegged IOC order to a Pegged (i.e. hidden) GTD (Good Till Date with ExpireTime) for a sub-second duration, defined as a Timed Expiring Order (TEO). This expands participant's price improvement opportunities without any development work.

It is important to note that a TEO is not a new order type as Participants can emulate this mechanism with existing interfaces, by entering a Pegged GTD with ExpireTime order, which will be automatically cancelled by Cboe systems at the ExpireTime. OCS, however, facilitates this method with no development effort for existing users of pegged IOC orders, with faster time-to-market.

Participants have various configuration options available for converting Pegged IOC to TEO (Pegged GTD), per order entry port:

- An inclusion list of symbols to facilitate measured pilot and rollout stages
- (Pegged IOC orders entered for symbols outside the TEO Symbol inclusion list will be entered into the system as normal)
- A sub-second Duration that the TEO's remaining quantity will rest before Cboe systems cancel the order
- An option to price the TEO at the Farpoint price or to leave pricing at the original pegged instruction
- Per symbol in the inclusion list, a unique duration per symbol can be configured if preferred.

Expansion of the Order Conversion Service

The OCS library will be here for the trading community. We encourage participants to discuss further ideas and requests to facilitate order handling requirements with us. Cboe is able to readily facilitate new suggestions into further OCS library entries with rapid time to market and minimal or no development effort required by participants.

Further Details on the Order Conversion Service

Please refer to the Order Conversion Service document for further details and include Trade Desk with queries.

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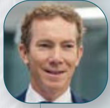

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What's new in the LIC and LIT sector?

By Ian Irvine, CEO Listed (Listed Investment Companies and Trusts Association Ltd) and Angus Gluskie Managing Director Whitefield Capital Management Pty Ltd

Listed Investment Companies (LICs) have been available to Australian investors and their advisers for over 100 years. Whitefield Industrials (ASX: WHF) is the longest operating LIC and is now in its 102nd year. Listed Investment Trusts (LITs), while not listed for quite as long, have seen significant growth in recent years, particularly in the listed credit space, where the value of assets held at December 2017; $650M has grown to approximately $6B at December 2024.

Pleasingly, the past 12 months to December 2024 saw three new listings. Two new LITs listed in July and August – Pengana Global Credit Trust (ASX: PCX) and Metrics Real Estate Multi-Strategy (ASX: MRE) while LIC Whitefield Income (ASX: WHI) listed in December. In addition to these initial capital raisings, the sector has seen secondary capital raised by way of DRPs, SPPs or UPPs, entitlements and rights offers exceed $2B. Several new listings may come to market in early 2025. These issues reflect the demand from investors at this time.

During 2018, the LIC and LIT sectors formed its own association to represent the interests of the sector, its members and over 850,000 Australians who invest using LICs and LITs. Recently, the Association, embarked on changes to the way in which we refer to our sector. While there are slight technical differences between listed investment companies and trusts – to keep things simple we now refer to them collectively as ASX listed investment vehicles (or LIVs).

Furthering our objective of simplification, in future, we will refer to the association, The Listed Investment Companies and Trusts Association Ltd as 'Listed'.

LIVs continue to serve the important purpose of providing Australian investors with convenient access to a range of differentiated, professionally managed investment strategies through a closed-end vehicle structure. The closed end nature of the LIV structure allows the manager to take a long-term approach to investment without the dilution of return that can occur from investor inflows and without the need to liquidate assets to fund investor redemptions. At the same time the ASX listed LIV structure provides the investor with the ability to buy or sell shares through ASX.

To assist investors and advisers deepen their understanding of LIVs, the Listed Association has developed a new website that contains valuable educational information, details of the advocacy work undertaken on behalf of the sector and its investors along with a centralised list of all LIVs (Find a LIV) showing 20-minute delayed price and announcements for each LIV. Listed members also have links to their own web sites and to their ASX listing pages. The website address is www.listedassociation.com.au

The experience is easy to follow and designed to assist investors and advisers make informed investment decisions about the closed-end LIV features which are not available in other investment structures and how these may suit particular investors' needs.

Angus Gluskie, Managing Director of Whitefield, believes that while there have been many changes in financial markets over the past century, the closed-end structure of a LIV has provided and will continue to provide important benefits for investors.

As Angus has stated "longevity of investment can be one of the most powerful contributors of long term wealth creation for an investor." He highlights that investments that can last for over 100 years create large compound return benefits for investors without the costs of investment change. The costs of investment change include taxation, transactional charges and the many risks of finding and timing new investments. (A transaction cost of even 1% or 2% multiplied ten or twenty times over 100 years can erode much of your investment value).

Notwithstanding the evident benefits from longevity, he notes that Whitefield Industrials has also had a preparedness to trim its capital in structured blocks when this has appeared economically prudent. The company bought back much of its fixed preference capital in the 1930's in a period when financial conditions and government restrictions limited the range of desirable investment opportunities and most recently has converted or bought back its outstanding resettable preference shares.

On the newest LIV in the sector, Angus says "we created Whitefield Income to provide investors with a highly differentiated method of generating return from Australian equities". Whitefield Income runs a dividend focused equity income strategy that systematically invests in S&P/ASX300 stocks over the most favourable periods of their profit generation and dividend distribution cycles. After its first full quarter of operation, Whitefield Income will distribute the majority of its income as monthly franked dividends back to investors.

"We are big believers in the merit of being able to generate investment returns from system and structure – not just from stock picking. Whitefield Income's strategy is all about rigorous, systematic investment – an approach that is designed to maximise consistency."

The stability of the capital base that comes from a listed investment company structure and a company's ability to retain income and smooth dividends are also particularly important elements for Whitefield Income. As Angus explained "our objective is to provide investors with regularity of income and strength of total return. It would not make sense for our shareholders' distributable income to be diluted by large unexpected investor inflows – something that could occur in an open-end fund".

The LIV industry is proud of its history. Today, in 2025, we remain passionate about providing investors with the benefits of long term investing through an investment structure that is designed to last.

For more information visit
www.whitefield.com.au
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Client portals support the growing needs of HNW clients

By Anne Hamieh, Head of Broking and
Private Wealth Distribution, HUB24

Digital transformation is changing the digital habits and expectations of HNW clients, and private wealth advisers are having to adapt to not only meet these evolving client needs but protect their clients against possible risks such as cyber attacks.[1]

The expectation for digital solutions to provide customised client experiences and seamless engagement, are being shaped by brands in other service categories such as Uber and Spotify, and these are impacting wealth management.

With increased digital transformation and the broader adoption of online accounts and digital devices, the likelihood of cyber attacks increases as new technologies bring new risks.

Client portals are emerging as the solution to not only enhance engagement with HNW clients and collaboration between wealth professionals, but also in driving secure digital interactions with clients and their data.

Technology research and solutions consultancy Finura Group works with the advice industry to solve efficiency challenges through technology solutions. According to Co-founder and Managing Director Peter Worn, client portals address some of the key challenges faced by advisers.

"What we're seeing in wealth management is a powerful convergence of trust and technology. Client portals aren't just digital tools—they're platforms where professional expertise meets enterprise-grade security."

The rise of cybercrime

In the 2023–2024 financial year, the Australian Cyber Security Centre received more than 36,700 calls to its Cyber Security Hotline, an increase of 12% from the previous year.[2]

According to the Australian Signal's Directorate Annual Cyber Threat Report 2023–2024, the top three cybercrime types for business involved compromising emails, business emails and online banking.[2]

Business Email Compromise (BEC) where criminals impersonate business representatives by using compromised email accounts or a domain name that looks like a real business, generated $84 million in losses.[2]

Cybersecurity is a key challenge for all businesses dealing with data, but especially in financial services due to the volume of personal information required, as well as the reliance on email to share the information between advisers and their clients.

Cyberattacks are also particularly prevalent in the private wealth industry. The Deloitte Family Office Cyber Security Report 2024 found 43% of family offices globally experienced a cyberattack over the previous 12–24 months (57% in North America, 41% in Europe and 24% in Asia Pacific).[3]

HNW clients are already onboard with portals

Almost 75% of HNW clients are using an online portal for their investments, either directly or through their investment adviser.[4]

Further, HNW clients recognise their value, with online portals among the top five drivers of why they would recommend their current private wealth adviser.

The top five features used by HNW clients via an online investment portal include buying, selling shares or other investments (57%), real time pricing of investments (53%), performance reporting of investments (53%), access to external research and to view all their investments (43%) and total household balance sheet (37%).[4]

Other benefits they value include e-signing documents, access to education materials, change/updating circumstances, transaction capabilities and tracking progress against financial goals.

Client portals offer similar capabilities and for this reason, are building momentum in the broader advice market to help support digital engagement in a safe and secure way.

Email a major challenge in digital transformation

Finura Group has explored the preparedness of financial professionals to cyber threats. As at 31 December 2024, it found 69% of advisers still send documents such as Statements of Advice (SOAs) by email.

Emails can include documents such as bank statements, energy bills, as well as scanned copies of driver's licenses, passports, credit cards, and investment records. Emails that contain these files are often not deleted by the sender or the recipient, leaving inboxes full of all types of personal and sensitive information.

Yet email remains the most preferred way for HNW clients to engage with private wealth advisers (74%), followed by phone (70%), in-person meetings (39%) and client portals at 21%.[4]

The preference for email engagement poses a significant data and security risk to HNW clients. The need for enhanced cyber security, coupled with the desire to improve and deepen engagement with clients, provides advisers with a unique opportunity to leverage the capabilities of client portals.

According to Worn, advisers are best placed to provide them with a solution.

"As financial data becomes increasingly central to family legacies, advisers must empower their clients with both personalised service and sophisticated digital protection," said Worn. "This intersection represents the next horizon of financial services."

Benefits of client portals extend beyond security

The benefits of client portals include a holistic view of wealth and the elimination of double handling of data and information. Both of these benefits are driving efficiencies in advice processes and importantly, the provision of a secure environment to interact with client data.

Client portals effectively replace emails for the secure exchange of personal information and data and provide a simple touchpoint for clients and their advisers to communicate.

Meanwhile, online capabilities such as e-signatures, digital forms and an interactive workspace deliver secure engagement which can be used to collaborate with other financial professionals such as accountants and lawyers.

According to myprosperity General Manager Tracy Williams, advisers are seeking an engagement and cyber solution that is a one-stop shop.

"Myprosperity is increasingly seeing advisers recognise the range of benefits client portals can provide their clients as well as their ability to strengthen their value proposition. It comes at an important time in the advice industry's evolution where trust, security and service, are top of mind for clients."

Conclusion

Cybercrime is on the rise and is leaving HNW clients significantly exposed given the large amount of personal information they store and send online.

Client portals are fast becoming the solution to this challenge, driving secure digital interactions with clients and their data whilst enhancing the way private wealth advisers engage with their clients.

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1 Directing the Matrix: Meeting the advice needs of high net worth clients
2 Australian Signals Directorate Annual Cyber Threat Report 2023-2024
3 The Family Office Cybersecurity Report 2024 – Deloitte Private
4 Investment Trends High Net Worth Report 2024

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The pension waiting game

By Darin Tyson-Chan, Editor, selfmanagedsuper

The level of inflation at the end of 2024 means we will be experiencing another round of indexation being applied to the general transfer balance cap. As such, from 1 July 2025 it will be increasing from $1.9 million to $2 million.

Whenever this event happens the inevitable question for individuals in pension phase is how to take advantage of the rise in the threshold. Naturally, the important thing to remember is the increase is made available to individuals proportionately. It means how much of the transfer balance cap an individual has used in the past will determine the extent to which the additional $100,000 will apply to them. If they've used all of it up previously, then the $2 million threshold will have no relevance for them.

Conversely, if a superannuant is yet to commence an income stream, they will be able to take advantage of the full $2 million cap in the new financial year. A strategic decision is particularly interesting for a person in this situation. On the surface you might believe waiting until 1 July 2025 before starting their initial pension would be the optimal course of action because you'll benefit from an income stream of greater value. But as with a lot of superannuation conundrums, the answer is it depends.

At a recent industry conference, Heffron managing director Meg Heffron put forward an illustration of the elements a superannuation member needs to consider when making this decision. She used an example where an individual had a total super balance of $2.1 million with taxable income of $105,000 for the 2025 financial year.

If this person starts a pension right now using the full transfer balance cap, it would be to the value of $1.9 million. In this scenario, they will have the pension in place for four months so for mathematical simplicity that would be roughly 30 per cent of the year. The person would be able to claim exempt current pension income (ECPI) for that period of time. So the tax saving can be calculated as follows given the income in question would have been taxed at 15 per cent in the absence of a pension:

15% x 30% x 105,000 = $4725

Of course, the other consideration is what the benefit would be if this person delayed the commencement of their pension until 1 July 2025.

If this was the decision made, the pension value would be $2 million, including the $100,000 of indexation, and it would be in place for the entire 2026 income year. An additional yearly tax saving each year would then be calculated as follows:

15% x 5% x 100,000 = $750

Needless to say if the commencement of the pension was delayed until 1 July 2025, the ECPI for 2024/25 would be foregone. So when putting the options against each other, it would take just over six years before the superannuant here is in the same position in the context of the tax saving ($750 x 6.3 = $4725).

The question then must be raised whether the individual is willing to wait just over six years to receive the same dollar value benefit they could get right now.

This is a really basic example, but it does highlight the fact the decision to commence a pension goes deeper than thinking a person can easily benefit from the additional $100,000 of transfer balance cap indexation.

Like all superannuation strategies, assessment must be performed on a multidimensional basis and what may appear obvious on face value may not produce the best result possible.

So no doubt the next round of indexation is a benefit for people who haven't previously exhausted their transfer balance cap, but how they go about reaping this reward must be given careful consideration.

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