



HEADING FORWARD
FINANCIAL PLANNING

Prepare for Life

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FOR THE NEXT GENERATION

For many, the goal of investing is about creating wealth for a comfortable financial future, as well as a legacy that supports your children and grandchildren for decades to come.

But one of the greatest risks to that legacy can be the challenge of dealing with sudden wealth. When adult children inherit large sums or significant assets without preparation, sometimes the result is family tension, poor decisions or erosion of wealth.

While precise figures vary, industry research and experience suggests many families struggle to preserve wealth beyond the second and third generations, largely due to behavioural and governance challenges rather than investment performance.

Building financial literacy

Financial capability is developed over years of exposure, education, and experience.

The Australian Securities and Investments Commission (ASIC) MoneySmart program emphasises that financial literacy is a core life skill, not simply a technical ability.

While an inheritance may be some years off, parents who are expecting to pass on some form of an inheritance, may consider involving their children in financial discussions where appropriate. This might include reviewing investment portfolios together, explaining the complexities of how superannuation works or discussing the rationale behind major financial decisions. Understanding how risk is associated with investing, and ongoing tax obligations is also essential to create the whole picture.

Practical experience is just as important as theory. Allowing adult children to manage a portion of investments, under guidance, can build confidence and accountability. This phased approach reduces the risk of overwhelm later, when financial responsibility increases significantly.

Gifting or loaning?

Another important consideration when supporting the next generation is whether to provide financial assistance as a gift or a loan. The decision has both ethical and practical implications.

Gifts can provide immediate support without the burden of repayment, allowing children to purchase a home, invest or establish a business. But unequal gifting among siblings may create perceptions of favouritism, even if the intention is fair. Clear communication and documentation of the reasoning behind decisions is essential.

Loaning, on the other hand, can maintain a sense of responsibility and fairness.

Loans structured with clear terms can encourage financial discipline and avoid creating dependency. Families often formalise the arrangements with written agreements that set expectations for repayments and interest. There are also taxation and legal considerations.

The Australian Taxation Office and Centrelink may assess certain arrangements differently depending on whether funds are genuinely gifted or loaned. Professional advice ensures that intentions are reflected correctly. Ultimately, the choice between gifting and loaning may come down to the financial maturity of the recipient and your estate plan.

Preparing the next generation beyond money

Financial preparation alone is not enough. Inheriting wealth also involves emotional and behavioural readiness.

Open conversations about wealth, values and expectations are important. This includes explaining the purpose of wealth, whether it is to provide security, support philanthropy or create opportunities for future generations.

Governance structures, such as family meetings, investment committees or advisory boards can also help heirs understand their roles and responsibilities and encourage collaboration.

Philanthropy is another powerful tool for preparing heirs. Involving children in charitable giving decisions can instil a sense of social responsibility. It reinforces the idea that wealth is not solely for personal use, but also a resource to benefit the broader community.

Managing the transition

Gradual transition strategies can ease the adjustment for both parents and children.

This might involve progressively transferring control of assets. For example, adult children may first participate in decision-making, then take on increasing responsibility for managing investments over time. Trust structures are often used for staged distributions, allowing flexibility and protection, however, in its 2026 Budget, the government proposed significant changes to the way trust structures will be taxed from 1 July 2028.

Regular reviews are equally important. As family circumstances change, so too should the plan. Marriage, divorce, business ventures or health issues can all affect how wealth should be managed and transferred.

A legacy of capability

Successful intergenerational wealth transfer is not measured by the size of the inheritance but by the preparedness of those who receive it. Financial literacy, decision-making and open communication are the foundations of lasting wealth. By investing time in educating and including the next generation, families can reduce the risks associated with sudden wealth and create a legacy that endures.

If you'd like to discuss how to prepare your family for a successful wealth transition, we're here to help.

Retirement income options when markets are volatile

The income assumptions many have carried into retirement are being tested in the current economic climate.

Markets have lurched from one direction to another; interest rates have lifted faster than expected, with the possibility of more increases in the months ahead, and there's no end in sight to the global uncertainty.

While the market shocks are interspersed with periods of relative calm, The Reserve Bank of Australia (RBA) warns that the disruption could pose challenges to our financial stability.¹

Nonetheless, the RBA says Australia is "well placed" to handle the uncertain times.

For those heading into retirement and focused on income security rather than speculation, having a clear view of the different retirement income options can help.



Account-based pensions

One of the most common retirement income options is an account-based pension, often started using superannuation savings. Your money stays invested, and you draw a regular income from the account, choosing the payment amount (subject to minimum annual drawdowns based on age, set by law) and the investment mix.ⁱⁱ

The appeal here is flexibility. You can adjust payments and investment options, and the remaining balances can be left to beneficiaries in your will.

On the other hand, account-based pensions are directly exposed to market movements. So, when markets fall, your account balance may be affected. That could reduce your future income particularly if you continue withdrawals during a market downturn.

The risk is most significant in the early years of retirement. Losses combined with regular withdrawals can permanently reduce how long savings last, a challenge known as sequencing risk. Understandably, many retirees respond by spending less than they could afford, even when markets recover, simply to avoid the fear of running out of money later in life.ⁱⁱⁱ

Lifetime Income Streams

Annuities offer a different approach. In return for a lump sum investment, they generally pay a guaranteed income either for a fixed period or for the rest of your life, with payments backed by the issuer's balance sheet. Because the payments are not linked to daily market values, depending on the type of product, they can deliver a strong sense of certainty, particularly when it comes to covering essential living costs.^{iv}

Some annuities provide fixed payments, some increase with inflation and others offer income linked partly to investment markets while still guaranteeing payments for life. These alternative styles of annuities aim to balance stability with the potential for higher long term income.

Combining income streams

Rather than choosing between flexibility and certainty, retirees may benefit from using more than one income stream. This approach combines a guaranteed income source with a more flexible one, and often referred to as income-layering.

For example, a lifetime annuity might be used to cover the basics such as housing, food and utilities, while an account based pension funds discretionary spending, travel or unexpected expenses. Research suggests this could lead to more stable income and greater confidence to spend, even when investment markets are volatile.^v

By making sure that your essential expenses are met regardless of market conditions, you may be less likely to panic or reduce spending during downturns.

The Age Pension

The Age Pension is an important part of the retirement income picture for many. It provides a government backed, inflation linked income that is not affected by market performance. For eligible retirees, it can act as a valuable safety net later in life, particularly if personal savings decline.

Some lifetime income products receive concessional treatment under the Age Pension assets and income tests, which can improve eligibility or payment levels. Understanding how different income streams interact with Centrelink rules can materially affect Age Pension and overall retirement income.^{vi}

Retirement income is about what fits, not forecasts

There is no single best retirement income option. Each comes with trade offs between flexibility, risk, growth potential and control. What matters most is how well an income strategy matches your spending needs, risk tolerance and desire for certainty.

The right structure, could help to reduce stress and support more confident spending in retirement. Uncertainty doesn't have to mean insecurity.

Talk with us about structuring a retirement income approach that fits your priorities and your circumstances.

i <https://www.rba.gov.au/publications/fsr/2026/mar/the-global-macro-financial-environment.html>

ii <https://www.ato.gov.au/tax-and-super-professionals/for-superannuation-professionals/apra-regulated-funds/paying-benefits/income-streams>

iii <https://www.superguide.com.au/in-retirement/super-funds-income-for-life>

iv, vi <https://www.servicesaustralia.gov.au/income-streams>

v <https://www.superannuation.asn.au/account-based-pensions-and-annuities-investment-choices/>



The art of leaning into WINTER



As the days grow shorter and the mornings a little crisper, winter is quietly making its entrance. In some places it brings frosty weather and extra layers, while in others it is a gentle shift with cooler evenings and a respite from the heat. Either way, the change in season often brings a noticeable difference in mood, energy, and overall health.

If you are already feeling a bit flat, tired, or more prone to the sniffles, you are not imagining it. The combination of less daylight, cooler weather, and more time indoors can have a real impact so let's look at some ways to make winter a little more bearable.

Responding to the change

Our bodies are more in tune with the seasons than we often realise. Shorter days affect our internal clock and can lead to lower energy or a dip in mood. Around one in three people report feeling more down or low during winter, and many notice reduced energy and enjoyment in daily life.ⁱ

Lifestyle changes add to the effect. Nearly half of people say they become less social as winter begins, quietly deepening the sense of disconnection.ⁱⁱ Even cravings shift, with many leaning toward comfort foods like carbs and sweets. These habits are common and natural, reflecting how our bodies respond to the changing season.

Keeping healthy and dodging the lurgies

Starting winter with a few simple habits can help you feel your best.

Colds and viruses are more prevalent in cooler months so stay on top of hygiene by washing your hands regularly, covering coughs, and taking care when unwell.

Eat nourishing, warming food. Soups, stews, roasted vegetables, and slow-cooked meals are ideal. While many people say they reach for comfort foods more often in winter, balancing them with fresh produce supports both mood and immunity.

Keep moving even when it is tempting to slow down. Regular movement helps counter winter sluggishness and supports overall physical and mental health.

Prioritise rest. The longer nights invite more sleep, but maintaining a steady routine with good-quality rest helps keep energy levels and immunity up.

Lifting your mood

If your energy dips or your mood feels a little off, gentle adjustments can help.

Catch the daylight whenever you can. Even a short walk outdoors during daylight hours helps regulate your mood and energy.

Stay connected. Social energy naturally dips for many, with over forty per cent of people saying they pull back from social interactions in winter.ⁱⁱⁱ However, making the effort to check in with friends or family can brighten your day and even small gestures matter.

Leaning into winter

If you really want to lean into the cooler weather, you can seek out experiences that celebrate the season. Winter festivals turn the long nights into something to celebrate. Events such as Vivid Sydney fill the evenings with vibrant light, music, and art, while the

more edgy Dark Mofo in Tasmania is an arts and culture festival that celebrates darkness.

Seasonal food celebrations add another layer of enjoyment. Yulefest in the Blue Mountains brings 'Christmas in July' to life with roaring fires and hearty feasts. Truffle season in Margaret River invites indulgence with truffle-based cuisine paired with exquisite local wines. If you want to keep it close to home, check out what's on in your neighbourhood. You might find a winter market to explore or eat at a restaurant that's featuring fantastic seasonal produce.

The winter solstice, marking the shortest day of the year, also serves as a gentle reminder that longer, brighter days are on the way. Pausing to reflect or creating a small tradition, like lighting a candle or sharing a meal or some mulled wine, can bring a sense of warmth and celebration to chilly days.

You don't have to go to too much effort. There is something special about enjoying simple comforts, whether it is snuggling on the couch with a cosy blanket, relaxing in front of a crackling fire, or putting your feet up with a warm drink.

Winter has its own quiet charm if you let it. By employing a little self-care and being open to the quieter pleasures of the season, it can be a time to savour.

ⁱ <https://www.mhfa.org.au/understanding-seasonal-affective-disorder-sad>

^{ii,iii} <https://mccrindle.com.au/article/winter-blues-having-real-impact-in-australia/>

We hope you enjoyed our latest edition of Prepare for Life.

Please contact our office if you would like to discuss anything in this edition.

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