Waverley Wealth News - Winter 2026

As we step into the first month of winter and approach the end of the financial year, attention is turning to the resilience of the economy and households.

May delivered mixed signals for the Australian economy as inflation eased slightly to 4.2% in April from 4.6% in March, although underlying inflation edged higher from 3.3% to 3.4%. The softer-than-expected inflation data reduced expectations of further rate hikes in the near term.

Australian share markets were volatile. The ASX 200 moved within a relatively narrow range through the month, slipping slightly overall despite periods of strength linked to resources and AI-related stocks.

Globally, markets continued to be shaped by Middle East tensions and ongoing inflation concerns. US markets made some big gains with the S&P 500 hitting an all-time high in the final days of May.

Oil prices eased from April highs but remained elevated and volatile with renewed US air attacks in Iran risking high prices still.

Consumer sentiment improved modestly although households remain deeply pessimistic because of high interest rates and cost-of-living pressures. This pessimism is extending to the property market which is showing signs of a broad-based softening.

We hope you find the attached articles both interesting and useful. If you would like to discuss any of the topics covered, please don't hesitate to contact me.
Stay warm & safe, and I look forward to our next catch up.
Kind regards,
Scott.

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Tax time is just around the corner, so now is the time to get ahead and find out what strategies may be available to you before 30 June.

Time for a portfolio review

A good first step is to review your investment strategy. With recent market volatility, things may have shifted and your risk tolerance may have changed considerably.

It's also worthwhile checking your capital gains or losses before 30 June, as this allows you to take action where appropriate.

For example, you may consider realising capital losses to offset gains from assets such as shares, property or crypto.

Super contribution strategies

You should also check your super contributions as early as possible. If you have not reached the Super Guarantee (SG) contributions cap of $30,000, or $120,000 for non-concessional contributions, you may be eligible to make additional contributions to your super.

If you plan to contribute before 30 June, check when your employer will make their contributions. The introduction of Payday Super means some employers are contributing earlier, which may affect your contribution caps.

You will also need to find out the cut-off date from your super fund, which is generally 25-26 June.

Speak to us about the various ways you could boost your super before the EOFY.

For SMSF members, make sure that:

- All contributions are received by the fund's bank account by 30 June
- Minimum pension payments are made
- Asset valuations are up to date
- Fund records are current

Division 296 super tax

It's also important to note that Division 296 tax comes into effect on 1 July 2026 and applies to investment earnings earned during 2026–27 and the following financial years.

For those whose total super balance exceeds $3 million on 30 June 2027 there will be a 15 per cent additional tax on the proportion of earnings corresponding to the Total Super Balance (TSB) between $3 million and $10 million and an additional 25 per cent tax on the proportion of earnings corresponding to TSBs above $10 million.

Tax timing strategies

If you have regular deductible expenses, such as investment loan interest or annual costs, it may be useful for some to prepay them before 30 June to claim a deduction for this financial year.

You may also consider the timing of income expected before 30 June. Deferring income until after the end of the financial year may help reduce your tax liability.

Tax rates are also changing for lower income earners. From 1 July 2026, the rate for income between $18,201 and $45,000 will reduce from 16 per cent to 15 per cent, with a further reduction to 14 per cent the following year.

Tax returns done right

While planning ahead for the EOFY is key, it's also important to take the time to understand what the ATO is focusing on when it comes to preparing your tax return post June 30.

This year, the ATO will be focusing on work-related deductions and income that's not declared on tax returns.

If you are claiming work-related expenses, ensure they meet the ATO's three golden rules:

1. The expense must be directly related to earning your income
2. You must not have been reimbursed
3. You must have records to support your claim, such as receipts or a logbook.

If you work from home for all or part of the week, you can use either the actual cost method or the fixed rate method.

Don't overlook income

The ATO is also paying close attention to undeclared income. This includes:

- Cash payments
- Interest income
- Rental income
- Earnings from crypto assets.

For those with a side hustle, check whether it may be considered a business. All business income, regardless of amount, is assessable and must be declared.

If you intend to claim deductions for business expenses related to your side hustle, ensure they are directly connected to earning that income and are supported by receipts.

If you'd like to talk to us about ways to boost your super before EOFY or questions about your investment strategies, call today to ensure everything is in place before 30 June.

Source: https://www.ato.gov.au

Investing 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, research and industry experience consistently show that 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, should begin 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.

Gifting 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 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.

Preparation 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.

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.

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/