

September 2026

THE TRUSTEE

The publication that keeps you informed and in control.



SUPER HITS BACK

Why Super and SMSFs remain relevant despite the noise.

THE TRUSTEE

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WELCOME TO THE LATEST EDITION OF

The Trustee

Another “Trustee”, another chance to chat with you about Super.

We hope this publication ignites a spark. Sparks are important — they can lead you in new directions or add colour to your current journey. Nothing stays the same, and that’s what makes life interesting. If you notice a spark, we hope you follow it up with us or your Financial Adviser.

The team has been working through the 2026 financial year tax returns. Last year we fell short of our KPI targets, so a considerable effort has been made by the entire SMSF team to lift the speed of production. Tax returns have been flying out the door and refunds are being received every day. The team has also been tasked with finding additional ways to speed up our processes and keep your SMSF more up to date.

Last year, Trustees experienced increased scrutiny from an audit perspective. Our view is that more audit questions and queries lead to better SMSF compliance. If you are meeting all the auditor’s requirements, you will not fear any ATO intervention.

In many cases, questions raised by auditors — especially for unlisted investments — are extremely helpful. They highlight real concerns that could impact the financial wellbeing of your Superannuation and assist you in making decisions about future investments. Improving standards and managing risk should be the number one priority for Trustees. Remember, it is your money you are protecting, not someone else’s.

That said, we don’t expect audit questions to make life so difficult that an SMSF becomes impossible to manage. That sentiment is not lost on Supervision, and we will always fight to maintain manageable standards that improve Trustee knowledge rather than bury you in compliance. We are listening and we are acting.

Please enjoy this edition of “The Trustee.”

CHRISTOPHER HOMER
Director



FEATURE ARTICLE

SUPER BEING CHALLENGED

The Superannuation battle has now been ignited politically.

Reaction to the “cost of living” crisis and housing unaffordability has led some to question whether Superannuation has been a successful policy. Whilst we shouldn’t be surprised by outrageous statements being made to argue for the removal of compulsory Superannuation (or allow early access), as an attempt to gain attention, people should focus a critical eye to these public pronouncements.

Not only are these arguments devoid of evidence and dismissive of future financial risk, but they also highlight the decline in the calibre of public discourse coming from our elected representatives. The notion that Superannuation has failed as a policy, and that taxpayers are no better off, is factually incorrect — and it should not go unchallenged.



SUPER UNDER SCRUTINY

UNDERSTAND THE FACTS BEHIND THE SUPERANNUATION DEBATE AND WHY THE SYSTEM MATTERS FOR AUSTRALIA'S FUTURE.

READ MORE 

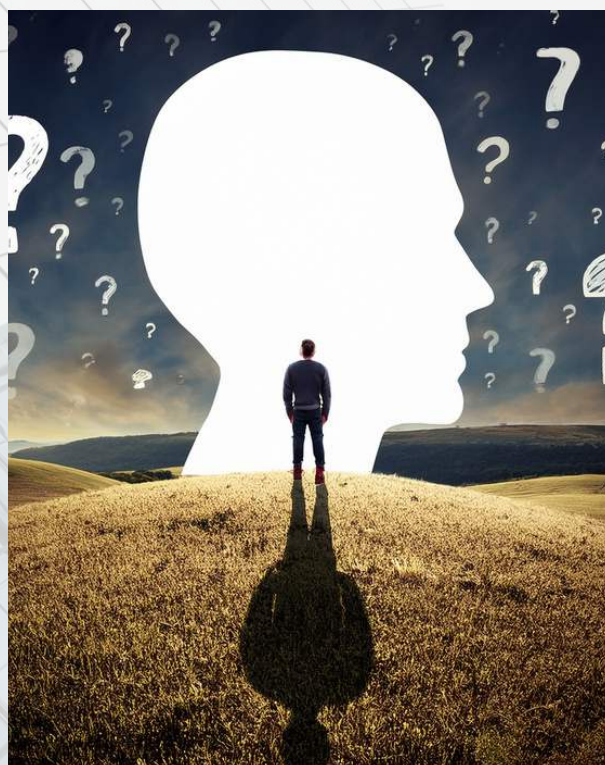




MEETING THE



Here are the facts:



- Average pension spending in other OECD countries, by contrast, is expected to increase.
- The proportion of Australians aged 65 to 69 receiving the Age Pension has declined by 34 per cent since 2012. The proportion of the population aged 65 and over receiving the Age Pension has fallen by 12 per cent over the same period.
- Over that time, the retirement-age population grew by almost 50 per cent.
- Compulsory super has generated more than \$1 trillion in household savings that would not otherwise exist, lifting national saving by around 3 per cent of GDP on Treasury's estimate and reducing Australia's reliance on foreign capital.
- Around half of the system's \$4.4 trillion is invested locally, including roughly \$118 billion in Australian infrastructure.
- Super has contributed to national productivity growth while Australians have reaped the benefits of owning a share of the economy through their investments.
- Super investment has lifted productivity by around 2 per cent, with the average full-time worker now receiving a productivity dividend of around \$2,500 in pre-tax wages every year, alongside average super returns of over 9 per cent across the last four years.
- Australia's public pension spending is 2.3 per cent of GDP, down from 2.8 per cent in 1994–95, despite the population ageing over that period.
- The OECD average is around 9 per cent, and Italy and Greece spend roughly 16 per cent.
- Treasury projects Age Pension spending will fall from 2.3 to 2.0 per cent of GDP over the next 40 years, even as the population aged 65 and over grows substantially.

Super is the Solution

Housing prices and living expenses have nothing to do with Superannuation, so why has scrutiny been directed at Super when genuine ideas are needed to solve serious structural problems?

The hope from desperate politicians is that people may be tempted by the idea of increasing their take-home pay by 12 per cent instead of contributing it to Superannuation. If people choose to take additional take home pay now instead of saving it- inflation would almost immediately wipe out any "increase" through higher costs. More cash in the economy when productivity levels are low, results in more money chasing the same supply of goods and services- leading to higher prices but no net increase in value. Improving productivity should be the goal for all political parties.



The 12% Super Question

It is not only the current facts that matter, but the future ones that must be defended.

- The Superannuation Guarantee only reached 12 per cent in July last year. Almost nobody retiring today has had a full working life at that rate. Judging the system on the balances of people who spent most of their careers at 9 per cent or less tells us very little about the system we have now.

\$30K Today → \$610K Tomorrow

- Modelling shows a 30-year-old on the median wage with \$30,000 in super today will retire with \$610,000. The full extent of the budget savings that come from this much higher level of financial independence in retirement is still ahead of us.

The argument against compulsory Superannuation is a smokescreen — a distraction from Australia's declining productivity and its reliance on immigration to continually prop up GDP due to declining birthrates. Because solving this situation is complex, the public get fed distractions. We must demand more from our elected officials, who's arguments are not backed by fact and mislead to the point of pushing us backwards to a past that never existed.

DECUMULATION – FANCY NAME FOR SPENDING YOUR SUPER

A recent newspaper article in the Australian newspaper quoted that by the year 2059, 33% of all Superannuation will be inherited (\$1 in every \$3 paid out of Superannuation). This projection is a massive increase from a completed study in 2020 where \$1 in \$5 of Superannuation payment was as an inheritance.

So, with a successful system in place and a projected surplus in the system, why are people increasingly leaving their Superannuation as an inheritance instead of using it for the purpose it was designed for?

There are several factors that have been studied here in Australia and in the US, where this is also a problem.



Longevity Risk

Will my savings last as long as I do? How long will I live?



Spending Risk

I don't know how much I will need to spend in order to meet my living expenses? I don't know what my living expenses will be in the future? My imagination runs wild.



Lack of Professional Support

What are the options that suit my goals? How do I get support that includes more complex financial support? Is that another cost that I can't afford?



Bequest Motive

"I want to leave my children money"



Compounding Effect of these factors

US Studies show that retirement spending starts off strong, decreases and then increases later in life. This effect called the “the smile”. This is consistent even in times of higher inflation.

Because the Australian Superannuation system is based upon lump sum goals instead of an income amount, this focus creates lower confidence in retirement as the above factors are difficult for people to navigate on their own.

Observations of Pension Clients

- They tend to prioritise headline \$ value rather than the amount of income that is generated.
 - Leading to fixation about not going backwards in dollar value terms
 - Reduces overall sell down mentality
 - Increases attachment to certain assets
- They tend to draw the minimum out each year fit their lifestyle arrangements rather than creating income to fit their income requirements.
- They tend to drop professional advice, because they feel they “have achieved the \$ number”. They don’t think they need help in actually spending their savings as intended.
 - They miss out on innovative solutions to manage longevity and lifestyle requirements, leading to reduced spending and higher anxiety.
- They “don’t waste money”.
- Being frugal is virtuous and a desirable way to control their lives.
- Bequest Motive is strong.
 - Little understanding of effective strategies to maximise financial impact.
 - Worried about in-laws and diluting money.



Solutions

Liability Driven Investment Strategy

This theory is switching measuring performance metrics, from total wealth (\$2,000,000) to consumption units (\$100,000). In other words, investment based on consumption/income requirements rather than wealth \$'s.

How is this performed?

READ MORE 

When accumulating

Evaluation of your decisions on expected outcomes

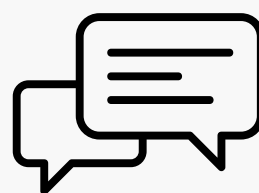
- When are you going to retire?
- What level of consumption will be needed in retirement?
- Future calculations based on retirement income requirements, not lump sum value
- Shifting behaviour to match income goals once income levels are calculated

When Decumulating

- Liquid Asset base, where asset sales are anticipated and factored in as part of your ongoing income requirements.
- Continual engagement in professional management to balance longevity risk and lifestyle requirements.
 - Selection of assets and lifetime products that continue to provide cash income to meet lifestyle requirements to provide Longevity Insurance
 - Spending money is not the same as wasting money.
- “Intelligent gifting” can create long lasting impacts for the beneficiaries
- These benefits can be quantified even if the benefit is not immediate.
- Purchasing experiences – family holidays, gatherings, lifestyle goals.
- Bequest earlier in long term investment arrangements to assist family members during your lifetime and providing maximum value to your beneficiaries
 - Insurance/Investment Bonds
 - Superannuation Top Ups & Contribution Plans to maximise tax savings
- Live life and enjoy the things that you either always wanted to enjoy or have become accustomed to enjoying.

Questions to start a conversation

- Do you have the capacity to decumulate?
- If so, how are you going to decumulate?
 - What types of strategies could you conceive of?
 - What other strategies are available?
 - Who may benefit from your decumulation?
- When are you going to have a conversation about decumulation with the beneficiaries?
- What strategy is right for them?
- Which professionals are needed to start the decumulation process?



WWW.SUPERVISION.COM.AU

Understand the three main ways to pay for aged care accommodation—RAD, DAP, or a combination—and what each option could mean for you.



AGED CARE ACCOMMODATION

KNOW YOUR

OPTIONS BEFORE YOU PAY

1. Refundable accommodation deposit (RAD)

What a RAD is

A RAD is an upfront lump sum that a resident may pay to cover their accommodation costs. It is refundable when they leave care.

A resident's RAD cannot be more than their agreed room price.

A RAD is treated as a realisable asset and is included in a resident's means assessment.



2. Daily accommodation payment (DAP)

What a DAP is

A DAP is a non-refundable daily payment that a resident may pay to cover their accommodation costs.

Calculating a resident's DAP

To start, a provider needs to work out the maximum DAP based on the agreed price of the room. This is the highest amount a resident would pay each day before any changes are made due to indexation or other adjustments.

To calculate the maximum DAP for a resident:

- note the **maximum permissible interest rate** (MPIR) 8.43% that was current on the day the resident agreed to the room price
- use this formula:

$$\text{DAP} = (\text{Agreed room price} \times \text{MPIR [8.43\%]}) \div 365$$

Note: This is the base calculation, before applying RAD and RAC retention deductions or DAP indexation.

The MPIR used in the calculation stays the same while the resident remains in the same room. If the resident voluntarily moves rooms, a new room price and the current MPIR will apply.

Understanding your Options

3. Combination option

When a resident chooses to pay part of the room cost upfront as a RAD, the rest of the cost is paid as a DAP.

To work out the DAP component, use this formula:

DAP component = (Agreed room price as a full RAD – RAD paid) × MPIR ÷ 365

Note: This is the base calculation, before applying RAD and RAC retention deductions or DAP indexation.

Example – Calculating a resident's DAP component

Note: the amounts and rates used in this example are for illustration only.

Let's say the:

agreed room price is \$450,000

RAD paid is \$250,000

MPIR is 8.38%

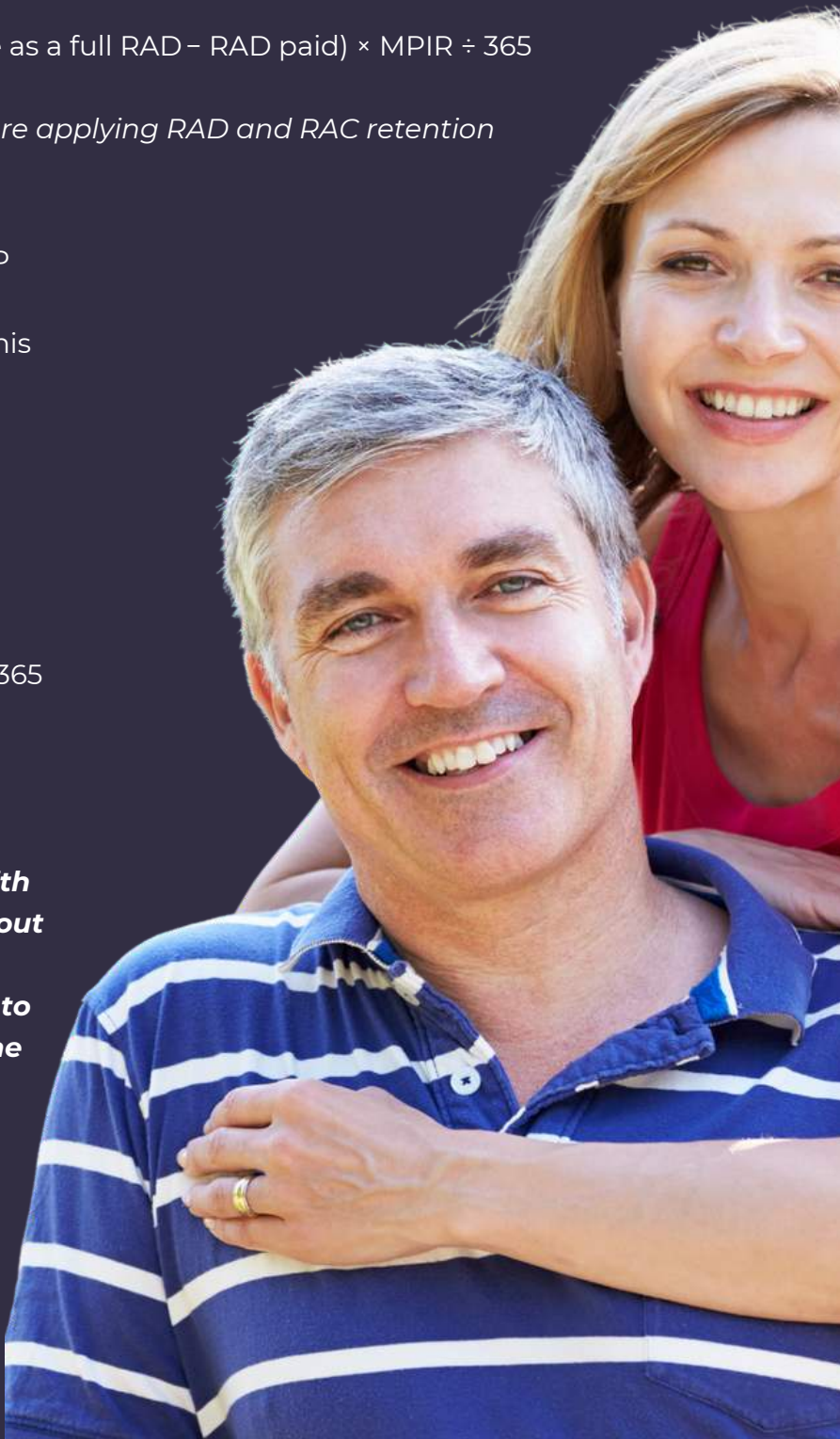
DAP = (\$450,000 - \$250,000) × 8.38% ÷ 365

DAP = \$45.92 per day =

\$16,760.80/Annum

If you would like some assistance with your aged care needs, please reach out to your financial adviser. If they are not able to help you, we will be able to assist, all you have to do is call for the details.

BOOK A MEETING





\$45K

Income Threshold

LISTO (Low Income Superannuation Tax Offset) Changes 2027 FY

For many Australians on lower salary and wages, they cannot gain many of the tax advantages by making voluntary concessional contributions. As a rule, the more you earn, the more tax you save by contributing to Super.



\$15K

Potential Retirement Benefit

To combat this inequity the Government has a system called LISTO (Low Income Superannuation Tax Offset) which is a rebate or a government contribution to offset the impact of Superannuation tax of 15% on all Superannuation contributions.

From 1 July 2027 the government is boosting LISTO by increasing the income threshold and payment cap.

On 13 October 2025, the Australian Government announced from 1 July 2027 the Low-Income Superannuation Tax Offset (LISTO) income threshold will increase from \$37,000 to \$45,000 to match the top of the second income tax bracket. The maximum payment will also increase to \$810 to account for recent increases in the Superannuation Guarantee rate.

This is a good initiative that many people on lower incomes many are not aware of. LISTO payments are made once your personal tax returns are completed and your Superannuation accounts report your contributions.

The average increase in the LISTO payment will be \$410 for affected workers with a potential benefit at retirement of around \$15,000 (in today's dollars) depending on an individual's income over their career.

Person earning \$44,500

Under current settings, Iris earns \$44,500 in 2027-28 and receives \$5,340 in superannuation contributions. Iris is subject to \$801 tax on these contributions (15 per cent). As Iris earns over the current threshold, they are not eligible for LISTO. Their net contribution will be \$4,539. They will be subject to a higher rate of tax on their superannuation contributions (at 15 per cent) than their marginal tax rate (14 per cent in 2027-28).

Because of these changes, Iris will now receive a LISTO payment of \$801, fully refunding the tax paid. Their net contribution will be \$5,340.



Let's Talk About UNLISTED ASSETS & AUDIT



I would like to explain a few key concepts relating to audit compliance when you hold unlisted assets. Audit focuses on the following areas when it comes to unlisted assets.

1. Confirmation of Holding (as at 30 June)

Question: How can the auditor be sure that you have not sold an unlisted asset and transferred the money into your personal bank account during the year?

Answer: You provide an updated holding statement, letter, or email confirming that your SMSF continues to hold the investment as at 30 June each year.

2. valuation of Holding (as at 30 June)

Question: How can the auditor be sure that the value of your unlisted asset is represented faithfully to the members of the SMSF?

Answer: The trustee provides evidence to the auditor demonstrating that the value recorded in the SMSF's financial statements is supported by appropriate documentation.

Evidence can and should include:

- Value of the assets in the entity (can you prove the value of the trust or entity's underlying assets?) – An independent expert valuation of assets held in the company or unit trust – A property valuation where property is the only asset of the company or unit trust
- If an independent expert valuation is not available, provide: – Evidence of how the market valuation was substantiated by the directors or trustees (SMSF), including objective and supportable data relied upon – The valuation method used and any assumptions made
- Consideration paid on acquisition of the unlisted securities or units (have there been recent sales of units or shares in the unlisted entity at market value?) – The date and price of the most recent sale or purchase of a share or unit between unrelated parties

Note: Company or unit trust financial statements that are signed and audited, where the assets are valued at cost, are unlikely to be sufficient evidence on their own.

3. Inclusion in the SMSF Investment Strategy

Question: Has the trustee of the SMSF documented this investment in the written investment strategy and explained how it aligns with the goals and risk profile of the members?

Answer: The trustee has met with the members and discussed the investment in the context of the SMSF's investment strategy, including how it meets the needs of the members. The investment strategy has either been updated or confirmed to include the unlisted asset, and the trustees are satisfied that it remains appropriate as an investment considering the members' requirements.

Without the above, auditors will remain concerned about the members' money and the level of risk being taken without a full understanding of the investment.



Stay ahead with expert tips, compliance updates, and investment insights tailored specifically for SMSF trustees. With each edition, you'll gain practical guidance to help you make informed decisions and meet your trustee obligations with confidence.

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JUST THE FACTS WITH SHISH

Hi Everyone,



As part of my role, I regularly review SMSF financial statements, tax returns and compliance matters, while keeping across the broader trends shaping Australia's superannuation system. APRA's latest March 2026 data provides an interesting snapshot of the size and growth of superannuation, including the continued growth of SMSFs.

At Supervision, we keep a close eye on these trends to help our clients make informed decisions about their superannuation, compliance and long-term retirement strategies. Here's a quick look at some of the key statistics.

Superannuation: The Numbers Behind Australia's Retirement System

Super Assets (\$Billion)

Fund Type		Assets (\$B)	
APRA Regulated Funds			\$3,141.1
	Corporate	\$36.6	
	Industry Funds	\$1,630.6	
	Public Sector	\$604.3	
	Retail Funds	\$868.2	
	Small APRA	\$1.4	
Other Types			\$239.2
SMSF's			\$1,057.6

SMSF Sector

Metric	Value
Number of SMSF's	672,805
Net Increase Since Dec 2025	11,029
Average Growth Per Month	3,676
Average Cost – (Class Data)	.77% of FUM

Industry Funds (\$ Million)

Metric	Value (\$M)
Contributions (12 Months to Mar 2026)	\$120,727
Administration & Investment Expenses	\$7,144
Average Cost (Morning Star)	.78% of FUM

EDITORIAL

LONG-TERM ANALYSIS OF AUSTRALIAN ASSET CLASSES

150 YEARS OF INVESTMENT DATA: WHAT THE NUMBERS REALLY TELL US

In today's world, it is becoming increasingly difficult to grasp what the objective facts really are. Digitalisation has allowed people with limited means and qualifications to offer opinions and spread information further and faster than at any time in history. The ability to share information is often hailed as a win for the powerless, giving individuals a voice in every corner of the world.



After the initial euphoria, however, some of the shine has begun to wear off.

Platforms like YouTube — which I enjoy for its convenience — have become hotbeds of misinformation and fantasy. It is entertaining and captures attention, but you need to be very careful about the person who has bought a microphone, camera and lighting from JB Hi-Fi and is now providing financial advice or investment tips. Clips spruiking products or spreading misinformation are not the basis for sound wealth-building decisions. Education can be entertaining, but entertainment should not be mistaken for education.

What is more difficult to consume, but far more worthwhile, is real research commissioned by real universities with no vested interest in the outcome. Since the last Trustee, I have been reading research completed by Tonkin, Bilson, Brailsford and Gallagher entitled “Long Term Comparative Analysis of the Relative Performance of Australian Asset Classes”. This study analysed 150 years of real Australian investment data and provides insight into what long-term performance has actually been over that timeframe.

We know that recency bias clouds our judgement, so a study of this timeframe helps restore perspective and gives us the information required for better decision-making.

The study compared the long-term performance of Australian equity, property, fixed interest and money market assets over 150 years. I highly recommend reading the full paper, but here is a summary of its findings:



- Real Mean Returns per annum:
 - Equity: 8.38%
 - Property: 6.22%
 - Bonds: 2.17%
 - Bills (Money Market): 1.87%
- Both property and equities are effective hedges against periods of higher inflation.
- During periods of lower inflation, all asset classes experience significantly higher average returns:
 - Equity: 11.49%
 - Property: 6.53%
 - Bonds: 4.41%
 - Bills: 4.11%
- When inflation is high or expected to be high, property performs slightly better than equities.
- Dividend income represents 40% of the real return of equities, whereas rental income represents only 10% of the total return of property.
- The income components of equity and property provide no hedge against inflation.
- Conservative (Right-leaning) governments have historically delivered higher returns for riskier asset classes — equities and property — although this does not account for whether the business cycle was expansionary or contractionary at the time.
- When comparing generations, Baby Boomers received higher returns than Generations X and Y, largely due to periods of higher inflation. Once inflation is removed, real returns are much closer. Generation X narrowly exceeded Baby Boomers in real property returns.



- Baby Boomers benefited from wealth transferred from previous generations.
- Once risk-adjusted performance is calculated, the general trend is that each generation has earned lower risk-adjusted returns than the generation before them, possibly due to higher real financing costs over time.



For many, the above is not new information, but it is important to have the real numbers in front of you. I am always happy to take your calls to discuss this research or any other topic that interests you.



Have a question about your superannuation, investments, tax or financial future? Our team is here to help.

BOOK A MEETING

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We'd love to connect!

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