November 2026

THE TRUSTEE

The publication that keeps you informed and in control.

Building Wealth That Lasts Generations



Welcome to the latest edition of

The Trustee

Welcome you to another edition of The Trustee.

As we move towards the end of the year and begin looking ahead to 2027, it is a timely reminder that successful financial outcomes rarely happen by accident. They are built through planning, informed decision-making and regular review.

While our SMSF team continues to work diligently through annual compliance obligations, tax returns and client enquiries, our focus extends well beyond meeting regulatory requirements. Increasingly, our conversations with clients are centred on helping them make smarter financial decisions, maximise opportunities and position themselves for long-term financial security.

Over recent months, we have seen growing demand for strategic advice across a range of areas including contribution planning, retirement income strategies, intergenerational wealth transfer, estate planning and the potential implications of proposed legislative changes such as Division 296 taxation. These discussions reinforce an important principle: the greatest value of an SMSF is not simply in its compliance, but in the opportunities, it creates when managed proactively.

This philosophy has also driven our Business Advisory service. Our objective is simple: to help business owners achieve financial independence sooner while remaining focused on the outcomes that matter most to them. Every business and every family have different goals, which is why our business advisers work closely with clients to develop practical business strategies tailored to their unique circumstances. We look forward to supporting more business owners on their journey.

One of the greatest compliments we receive is a referral. The majority of our new SMSF clients continue to come from recommendations by existing clients and professional networks. We are grateful for the confidence this demonstrates and appreciate every introduction made to our team.

Our recent client meetings have covered a diverse range of topics, including:

- Contribution strategies and personal tax planning
- Division 296 taxation and cost base reset opportunities
- Binding death benefit nominations and estate planning
- Pension strategies and retirement income optimisation

These conversations highlight the breadth of opportunities available when financial decisions are considered strategically rather than in isolation.

In this edition of The Trustee, our feature article explores one of the most important challenges facing many Australian families: passing not only wealth, but also financial values, to the next generation. The article draws on presentations recently delivered to members of the Australian Shareholders' Association and reflects many of the themes we are hearing from both retirees and SMSF trustees. Understanding these shared concerns helps us continually refine our thinking and deliver more meaningful advice to our clients.

Thank you for your ongoing trust and support. We hope you enjoy this edition of The Trustee and, as always, encourage you to reach out if there is a financial, business or information matter you would like to discuss.



Christopher John Homer
SENIOR SMSF CLIENT MANAGER · TAX AGENT

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Leaving More Than Money

01

Opening Question

If you don't teach your children and grandchildren about money, who will?



> The next generation will need more than money. They will need the ability to make good financial decisions.

If you truly want to help future generations succeed financially, teaching values may be more important than providing financial gifts.

Most people reading this are successful because of decisions you made over decades.

Some of you may have received financial assistance from previous generations.

However, I suspect what helped most was not the money.

- It was the values.
  - The willingness to work.
  - The discipline to save.
  - The ability to delay gratification.
  - The habit of taking responsibility.
  - The desire to keep learning.

These values became behaviours.
Those behaviours eventually became wealth.

The question is:
How do we transfer those values to future generations?

Why This Matters More Today Than Ever

According to KPMG's analysis of Australia's wealth trends:

- Australia has a shrinking middle class.
- Asset booms are increasingly rewarding existing asset owners.
- Wealth inequality continues to widen.

Future generations face very different economic realities than previous generations.

Many young Australians are confronting:

- Higher house prices
- Higher living costs
- Greater complexity
- More financial choices than ever before

In this environment, financial capability becomes critically important.

The next generation will need more than money.
They will need the ability to make good financial decisions.

Why Smart People Still Make Poor Financial Decisions

Most poor financial decisions are not caused by a lack of intelligence.
They are caused by how the human brain processes information.

We rely on mental shortcuts known as heuristics.
These shortcuts help us navigate a complex world, but they can also lead us in the wrong direction.

Anchoring and Adjustment

People tend to place too much weight on the first piece of information they receive.

For example:

- A shirt priced at $100 may seem expensive.
- A shirt marked down from $200 to $100 may suddenly seem like a bargain.
- The price has not changed.
- Only the reference point has changed.

Availability Bias

People tend to rely heavily on recent experiences.
Investors frequently assume what happened recently will continue indefinitely.
When markets rise, people expect them to rise forever.
When markets fall, people expect them to fall forever.

Representativeness

People judge situations based on existing patterns.
If something looks similar to a previous experience, we assume the outcome will be similar.
Sometimes it is.
Often, it is not.

The Five Biases That Hurt Financial Decision Making

Confirmation Bias
Seeking evidence that supports existing beliefs while ignoring contradictory information.

Overconfidence Bias
Believing our knowledge or abilities are better than they actually are.

Loss Aversion
Feeling losses more intensely than gains.

Endowment Effect
Overvaluing things simply because we own them.

Status Quo Bias
Preferring the current situation because change feels risky.



> The real question is not:
> "How much do people know?"
>
> The more important question is:
> "Why do they care?"

The Most Important Discovery

At this point most financial presentations tell you to simply become more financially educated.

Research suggests that is not enough.
The real question is not:
"How much do people know?"

The more important question is:
"Why do they care?"

Research from Frontiers in Psychology found that people who have a genuine personal interest in managing money are more likely to:

- **Save and invest**
- **Monitor their finances**
- **Feel financially capable**
- **Experience financial wellbeing**

These outcomes remained significant even after accounting for age, education, income and wealth.

The study's conclusion is powerful:

Motivation matters.

Not all motivation is equal.

Three Types of Financial Motivation

Autonomous Motivation
"I manage money because it matters to me."

Examples:
- I want financial independence.
- I value being prepared.
- I want choices in life.
- I care about my family's future.

This motivation is associated with better financial outcomes.

Controlled Motivation
"I manage money because I feel pressured."

Examples:
- I don't want people judging me.
- I feel guilty if I don't.
- I don't want criticism.

Pressure may create short-term behaviour.
It rarely creates long-term commitment.

Amotivation
"I've given up."

Examples:
- Money is too complicated.
- Investing is overwhelming.
- It doesn't matter what I do.
- I'll never get ahead anyway.

The research found this mindset to be strongly linked to poorer financial outcomes.

The Greatest Financial Threat

Many people think the biggest threat to future generations is:

- Inflation
- Taxes
- House prices
- Market volatility

The research suggests another threat.

Financial disengagement.

> **When people stop believing their actions matter, they stop taking action.**



> **When they stop taking action, financial wellbeing deteriorates.**

What Values Should We Pass On?

If motivation drives behaviour, then values become incredibly important.

- Values create motivation.
- Motivation creates behaviour.
- behaviour creates outcomes.

So what values should we teach?

Value 1: Financial Awareness

Financial awareness means understanding:

- Income
- Expenses
- Assets
- Liabilities
- Cash flow

You cannot improve what you do not measure.

Many financial problems begin with avoidance.

Awareness creates clarity.

Clarity creates control.

Value 2: Financial Acceptance

Acceptance means acknowledging reality without judgement.

Can you look at:

- Your bank account
- Your debt
- Your investment portfolio

Without becoming anxious, excited or defensive?

Acceptance does not mean approval.

Acceptance means seeing reality clearly enough to make good decisions.

Value 3: Responsibility

Successful people focus on what they can control.

They do not spend their lives blaming:

- Governments
- Markets
- Employers
- Previous generations

Responsibility creates agency.

Agency creates progress.

04

Value 4: Delayed Gratification

Almost all wealth creation requires sacrificing something today for something better tomorrow.

- Saving.
- Investing.
- Learning.
- Building a business.
- Paying off debt.

The ability to delay gratification remains one of the strongest predictors of long-term financial success.

05

Value 5: Stewardship

- Money is a resource.
- Not an identity.
- Not a scorecard.
- Not self-worth.

Teaching stewardship means teaching people to use money deliberately and responsibly.

The goal is to become a good custodian of resources.

06

Value 6: Curiosity

One of the strongest findings from the research was that people who are genuinely interested in understanding money tend to make better financial decisions.

Curiosity leads to:

- Learning
- Better questions
- Better decisions
- Better outcomes



> **The ability to delay gratification remains one of the strongest predictors of long-term financial success.**

Practical Ways to Pass on These Values

Values are rarely taught through lectures.
They are taught through participation.

You can help future generations by:

- Sharing your financial mistakes
- Explaining why you made major financial decisions.
- Demonstrating budgeting.
- Talking openly about investing.
- Discussing charitable giving.
- Showing how compound growth works.
- Explaining the sacrifices that created success.
- Involving family members in financial conversations.

Children and grandchildren learn far more from observation than instruction.

Using Behavioural Science To Help

Choice architecture and nudges can
improve financial behaviour.
Examples include:

Default Choices
e.g. Automatic savings plans.

Pre-Commitment
e.g. Committing in advance to save future pay increases.

Framing
e.g. Presenting spending decisions relative to long-term goals.

Priming
e.g. Helping people connect with their future selves.

These approaches work because they support better behaviour without removing choice.



> **The most enduring legacy is helping future generations understand how wealth was created in the first place.**

A Family Financial Legacy Framework

The assets you leave behind matter.
The values you leave behind matter more.

A family's long-term financial success is often built on:



Most heritances focus on wealth.

The most enduring legacy is helping future generations understand how wealth was created in the first place.

Conclusion

Every generation transfers something.

- Some transfer money.
- Some transfer property.
- Some transfer businesses.

But the most valuable transfer is often invisible.
It is the transfer of values.

- Money can be inherited and lost.
- Property can be sold.
- A business can fail.

But values that create financial capability can continue for generations.

Research tells us that people make better financial decisions when they have an internal desire to manage money well rather than acting through fear or pressure.

As parents and grandparents, our role is not simply to leave wealth behind. Our role is to create future adults who understand money, engage with money, and feel capable of managing money.

Because the greatest financial legacy is not what you leave to people.

It is what you leave within them.

SMSF Industry Insights

02

The following numbers were reported by Class Super – SMSF accounting software. The numbers only reflect what occurs on their software but will be representative of the industry.



Between FY23 and FY26 FY23–FY26

$14.4 billion rolled into SMSFs.

57.2% came from industry funds.
Approximate average member rollover value: $267,000.

$5.7 billion rolled out of SMSFs.

66.7% went to retail funds.

Borrowing and property

- Residential property, excluding business real property, accounted for 92.7% of LRBA holdings among SMSFs with a borrowing arrangement.
- LRBAs were more prevalent in newly established SMSFs.
- 8,700 new residential LRBAs were recorded in FY2024 (ATO data).
- 6.6% of newly established SMSFs held residential property in FY25.



Newly established SMSFs: FY23 to FY25

Asset allocation	FY23	→	FY25 FY25
Cash and term deposits	33.1%		16.06%
Direct property	28.2%		35.4%
Australian equities	11.5%		26%



Benefits of a corporate trustee and the steps involved in converting.

Is Your SMSF Trustee Structure Right?

03

Trustee Structure Conversion to Corporate Trustee

According to the ATO, 28% of all SMSFs still use individual trustees rather than a company or corporate trustee.

While this number is getting smaller, it is still a significant number.

> **28%** of all SMSFs still use individual trustees rather than a company or corporate trustee

So why is a corporate structure better for SMSFs?

Key advantages of a corporate trustee

- **1. Easier when members join, leave, die, or change**
  - The company remains the legal owner of the SMSF assets.
  - If membership changes, you generally only need to update the company's directors.
  - With individual trustees, many assets may need to be retitled into the names of the new trustees, creating additional administration and costs.
- **2. Better succession and estate planning**
  - A company continues to exist even if a member dies.
  - This can make control of the SMSF more straightforward during estate administration.
- **3. Potentially lower penalty exposure**
  - Certain ATO administrative penalties are applied per trustee.
  - With individual trustees, each trustee can be penalised separately.
  - With a corporate trustee, there is generally only one trustee entity, which can reduce the total penalty amount.
- **4. Easier separation of fund assets**
  - SMSF assets are held in the company's name as trustee for the fund.
  - This can make it simpler to demonstrate that personal assets and SMSF assets are kept separate, which is an important compliance requirement.

Corporate Trustee: Advantages & Steps

- **5. Better for single-member funds**
  - A single-member SMSF can have one director of the corporate trustee company.
  - With individual trustees, a second individual trustee is generally required.
- **6. Often preferred by lenders**
  - If the SMSF intends to borrow under a Limited Recourse Borrowing Arrangement (LRBA), lenders commonly prefer a corporate trustee structure.



How to complete an SMSF corporate trustee conversion

1. **Step 1: Complete the Application Form**
   Complete the online SMSF Corporate Trustee Conversion application form: supervision.com.au/corporatetrusteeconversion/
2. **Step 2: Receive Your Invoice**
   Once your application has been received, Supervision will issue an invoice for the establishment of the company that will act as trustee of your SMSF.
3. **Step 3: Company Establishment**
   Upon payment of the invoice, Supervision will arrange the registration of the new company based on the details provided in your application.
4. **Step 4: Sign the Documentation**
   Supervision will prepare all required legal and compliance documents for the conversion. You will then attend a meeting to review and sign the documents, completing the Corporate Trustee Conversion process.
5. **Step 5: Establish a New Trust Deed**
   A new SMSF Trust Deed will be prepared and executed to reflect the appointment of the new Corporate Trustee.

Fee & What's Included

6 **Step 6: Update Asset Ownership**
Supervision will provide you with a schedule of all SMSF assets requiring a change of trustee name and provide guidance on the process for updating ownership records with the relevant institutions.

7 **Step 7: Continue Operating Your SMSF**
Once all assets have been transferred into the name of the Corporate Trustee, the conversion process is complete and your SMSF will continue operating under the new Corporate Trustee structure.

Corporate Trustee Conversion Fee

$1,500

Establishment, documentation, trust deed, execution meeting and asset transfer guidance.

This fee includes

- Establishment of the Corporate Trustee company
- Preparation of all legal and compliance documentation
- New SMSF Trust Deed
- Conversion documentation and execution meeting
- Asset transfer schedule
- Guidance on updating asset ownership records

Call us today on 08 9367 9655 to learn more and find out how to get started.



Planning for the Unexpected

04

An SMSF death and incapacity checklist to help protect your fund and prepare your loved ones.

In many meetings, people are asking Supervision if we have an SMSF checklist which will prepare their nearest and dearest for death, mental or physical capacity issues for the Trustees. We don't have a pack to provide; this article is to provide some interim guidance for our clients whilst we create one.

We recommend the following things to create your own pack.

SMSF Death & Incapacity Checklist

1 Key Professional Contacts

Provide names, businesses, phone numbers and email addresses for:

- SMSF Accountant (Supervision Group)
- Team Members: Christopher Homer, Shishpal Rana, Pina Reid
- Phone Number: 08 9367 9655
- Address: Level 2, 76 Mill Point Road South Perth WA; PO Box 879 South Perth WA 6151
- Personal Accountant/Tax Agent
- Financial Adviser
- Solicitor
- Insurance Adviser (if applicable)

> This should be the first page of the pack. The next of kin should know who to call immediately.

2 Estate Planning Documents

- Will — copy of current Will, location of original Will, name and contact details of executor(s)
- Enduring Power of Attorney — copy of the document, details of attorney
- Enduring Guardianship / Medical Directive — if applicable

3 Superannuation Documents

- Binding Death Benefit Nomination (BDBN) — copy of current nomination, expiry date (if applicable), confirmation of intended beneficiaries
- Reversionary Pension Documents — if a pension exists, details of reversionary beneficiary
- Member Balance Information — current accumulation and/or pension accounts

Planning for the Unexpected

4 SMSF Control Provisions

This is often the most important section. Who takes control of the SMSF?

- Document: remaining trustee/director arrangements, successor director appointment (if a corporate trustee), any provisions in the Trust Deed regarding death or incapacity
- Include: name of person intended to step in, contact details, copy of relevant appointment documents

> Many SMSF disputes arise because beneficiaries receive the money but do not control the fund. Control should be clearly documented.

5 SMSF Governing Documents

Supervision will have an electronic copy.

- Include copies of: current SMSF Trust Deed, any Deed Updates or Variations, Corporate Trustee Constitution (if applicable), ASIC company details (if corporate trustee)
- Record: trustee company ACN, ASIC Corporate Key location

6 Insurance Information

If held through the SMSF:

- Life Insurance
- TPD Insurance
- Income Protection (if applicable)

7 Fund Assets Register

A simple schedule listing:

- Bank Accounts — institution, account name, account number (or last 4 digits)
- Investments — shares, managed funds, term deposits, property, other investments

> Do not necessarily include passwords but note where records can be found.



Planning for the Unexpected



8 Online Access Information

Rather than recording passwords, note:

- Password manager location
- Trusted person who can assist
- Where important digital records are stored

9 What Happens on Death?

Include a simple instruction sheet. Immediate actions:

- Notify family members and executor.
- Contact SMSF adviser/administrator.
- Obtain certified Death Certificate.
- Provide Death Certificate to SMSF administrator.
- Review Trust Deed and BDBN.
- Appoint replacement trustee/director if required.
- Determine death benefit payment options.
- Attend to insurance claims.

10 Important Documents Location Register

Record where originals are held:

Document	Location
Will	
Trust Deed	
BDBN	
Power of Attorney	
Insurance Policies	
Company Documents	
ASIC Corporate Key	
Death Benefit Papers	

It is important to note that Supervision will assist any of your closest and dearest if you are unable or not here to deal with your SMSF's requirements.



05

SMSF Numbers Every Trustee Should Know

The superannuation system is full of opportunities, but it is also full of limits, caps and thresholds. Knowing a few key numbers can make a significant difference to your retirement outcomes. Here are some of the most important SMSF numbers for the 2026-27 financial year.

$32,500
Concessional Contribution Cap

The maximum amount that can generally be contributed to super from pre-tax money each financial year. It includes: Employer Super Guarantee contributions, salary sacrifice contributions, and personal contributions claimed as a tax deduction.

If you have a super balance below $500,000, you may also be able to use unused concessional contribution caps from previous years.

$130,000
Non-Concessional Contribution Cap

The amount you can contribute from after-tax money each year without triggering excess contribution rules.

For many Australians, this is one of the most effective ways to move personal wealth into the tax-effective superannuation environment.

$390,000
Bring Forward Opportunity

Depending on your total super balance, you may be able to bring forward up to three years of non-concessional contributions and contribute $390,000 in a single year.

For couples, this can potentially allow up to $780,000 to be moved into super in a relatively short period.

$500,000
Carry Forward Threshold

Individuals with a total super balance below $500,000 may be eligible to carry forward unused concessional contribution caps from previous years.

This rule can be particularly valuable for business owners, investors and anyone who has had irregular income.

$2.1 Million
Transfer Balance Cap

The maximum amount that can generally be transferred into a tax-free retirement phase pension.

Amounts above this threshold can usually remain in accumulation phase, but earnings on those balances may continue to be taxed within the fund.

12%
Super Guarantee Contribution Rate

From 1 July 2026, employers are generally required to contribute 12% of an employee's ordinary time earnings to superannuation.



EDITORIAL

AI May Have the Answers, But Good Advice Changes the Questions

06 By Supervision

An “advice” business is any business that provides recommendations to people to choose one course of action over another. A business that helps clients make decisions is an advice business.

Most businesses in Australia are advice businesses because the real value is not information. It is helping people decide what to do with it.

There is a lot of discussion about how artificial intelligence will take away the jobs of accountants, financial advisers, lawyers and consultants.

I'm not so sure.

AI is becoming remarkably good at answering questions. It can summarise legislation, analyse data, identify trends and explain complex concepts in seconds.

But there is a fundamental problem.

> **The quality of an answer depends on the quality of the question. And the quality of a decision depends on the quality of the options being considered.**

AI May Have the Answers, But Good Advice Changes the Questions

Research into decision-making has consistently found that high-quality decisions are not simply the result of having more information. They result from properly framing the problem, considering meaningful alternatives, understanding uncertainty and remaining willing to change course when new information emerges.

Daniel Kahneman's work on judgment and decision-making demonstrates that humans often rely on quick intuitive thinking and can overlook alternatives or become trapped by the first solution that comes to mind.

Equally, the work of Carl Spetzler, Paul Schoemaker and Tom Keelin identifies “creative alternatives” as one of the essential ingredients of a quality decision. Their research suggests that one of the biggest causes of poor decisions is not choosing the wrong option. It is failing to identify enough good options in the first place.

This is where professional advice becomes interesting.

Clients rarely arrive seeking answers. Instead, they arrive with a proposed answer already in mind.

- *“Should I buy an investment property?”*
- *“Should I start a pension?”*
- *“Should I make a contribution?”*
- *“Should I sell my business?”*



The experienced adviser often responds with a different question.

- *“What outcome are you trying to achieve?”*
- *“What alternatives have you considered?”*
- *“What happens if we do nothing?”*
- *“Is there another path that achieves the same outcome with less risk?”*

The adviser is not simply evaluating options. They are expanding them.

In many cases the greatest value of advice is not helping a client choose between Option A and Option B. It is helping them discover Option C.

Editorial — conclusion

AI May Have the Answers, But Good Advice Changes the Questions

This is where I believe human advisers will continue to play an important role.

AI can process information faster than any human being. It can generate possibilities that would otherwise be overlooked. It will undoubtedly become one of the most powerful tools ever developed.

But responsibility, judgment and context still matter.

The best decisions are rarely driven by information alone. They are shaped by goals, values, risk tolerance, personal circumstances and experience. Those factors are difficult to reduce to an algorithm.

> **Perhaps the future isn't a competition between humans and artificial intelligence.**
>
> **Perhaps the future belongs to people who combine both.**

AI will help us generate better information and more alternatives. Good advisers will help people understand what those alternatives mean and choose the path that is right for them.

After all, advice has never really been about having all the answers. It's about helping people make better decisions.

AI increases the number of available options.
Advisers help people navigate those options.

> **Speak to your financial adviser today to make sure you are headed on the right track.**
>
> If you don't have one, please contact Supervision today for an adviser that can help you make great decisions.

“The adviser is not simply evaluating options.”

Good advice changes the quality of the questions, the judgement behind the decision, and the confidence to act.

AI May Have the Answers, But Good Advice Changes the Question



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