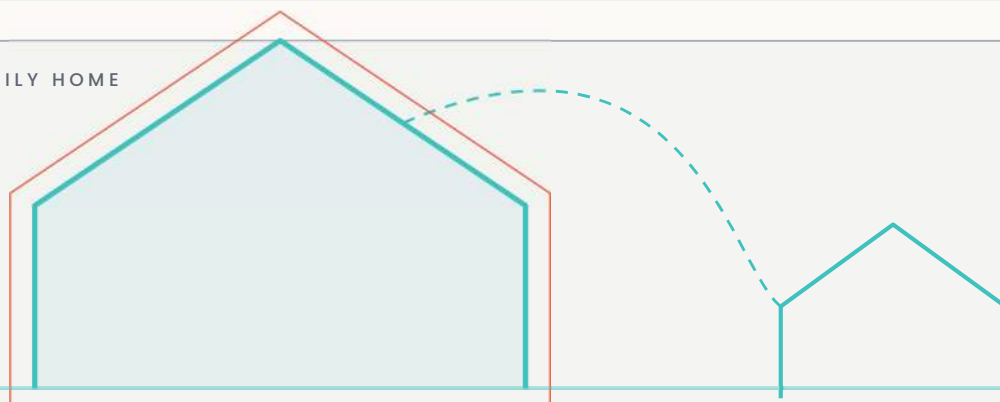


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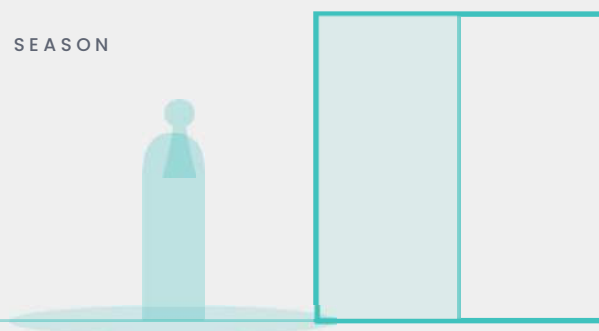
RETIREMENT

FAMILY HOME



FIRST HOME

THE SECOND SEASON



IN THIS ISSUE

The pay stops. The kids need help. Then they come home.

Three thresholds in a family's financial life – and the decisions that sit at each of them.

The pay stops. The kids need help. Then they come home.

There is a moment, usually in the first October after retirement, when the tax return stops being a formality. The pay has gone, the withholding has gone with it, and what is left is a set of decisions – about timing, about gains, about which income appears on the page and which does not – that nobody warned you would be yours to make. Our first feature this month takes that moment seriously. It walks through the three phases of retirement tax, from the last working year through the transition year to the settled years beyond, and gives particular attention to the capital gains reforms that take effect from 1 July 2027 and what they do, and do not, require of anyone holding a long-term asset.

The second feature begins with a parent, a bank statement and a Post-it note. The instinct to help a child into a home is one of the strongest a parent has, and the reflex answer is a cheque. We ask a different question first – what are you protecting? – and then look at the three ways help can be given: a gift, a documented loan, and a guarantee secured against the parent's own equity. Each does something different to the parent's retirement plan, their Age Pension position and their estate, and each has a way of going wrong that can be planned for in advance. The point is not to help less. It is to help well.

The third feature is about the child who comes home again. Not the small child, but the adult one, arriving on a Tuesday evening with a bag and a reason. It is now a common enough experience that it deserves its own vocabulary, and we offer one: the difference between support and subsidy is not whether board is paid, but whether the parents' own plan is being reshaped without anyone deciding that it should be. The article is warmer than most in this series, and deliberately so. These are family conversations first and financial ones second, and the best advice recognises the order.

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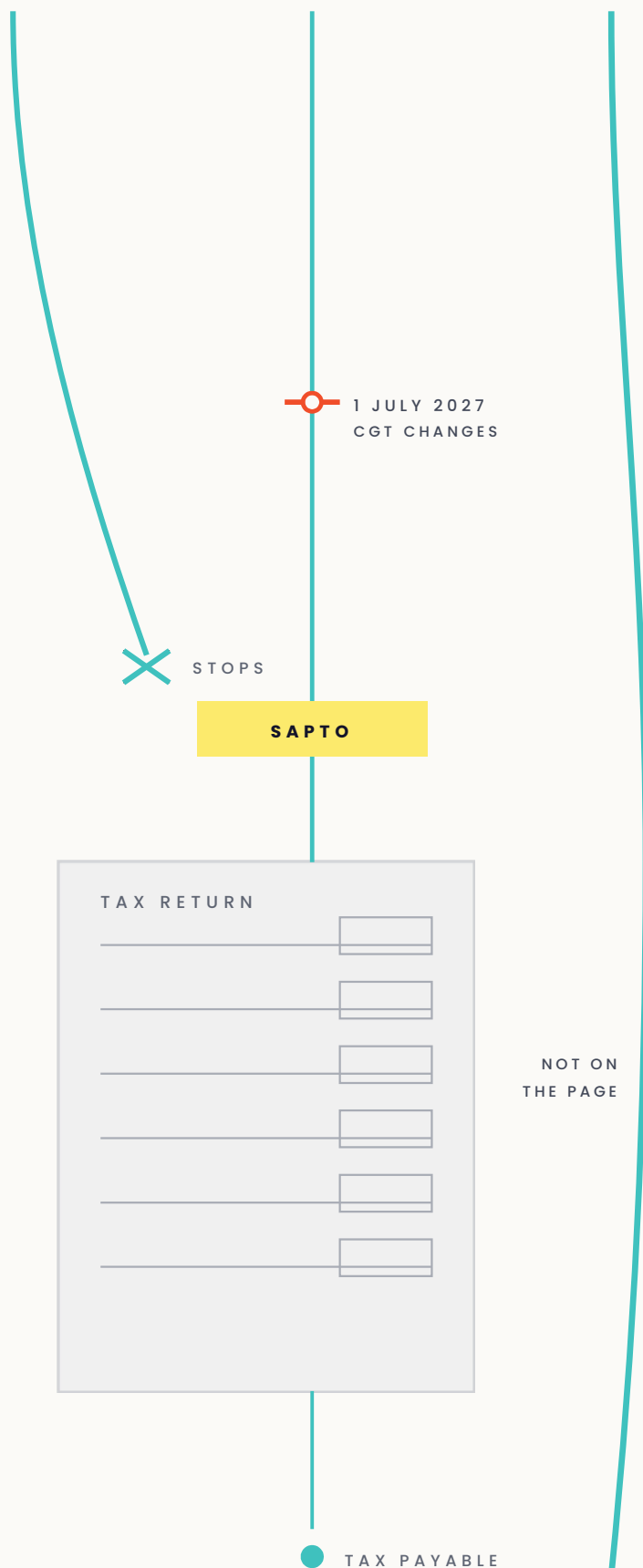
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SALARY AGE PENSION
+ INVESTMENTS SUPER PENSION

RETIREMENT TAX

When the pay stops

The tax return in retirement: what changes, what disappears from the page, and why the year you retire is the most concentrated planning window of your life.



CONTINUED FROM OPPOSITE

The scene is a familiar one every October. A newly retired couple sits down to complete their first post-retirement tax return, opens their pre-filled myTax record, and something is missing. Their main source of income for the year — the account-based pension from their super fund — is nowhere on the page. No label. No amount. The largest deposit that hits their account each fortnight has simply vanished.

It is not a mistake; it is the system working as designed. But it is the first hint of something larger: after decades of PAYG withholding doing the arithmetic in the background, tax has quietly become a decision, not a deduction.

THE MENTAL SHIFT

For most working Australians, tax happens to them. An employer withholds an estimate each payday, a few deductions are settled at lodgement, and the return is a formality.

Retirement inverts this. The employer disappears, and with it the withholding machinery. In its place is a mix of income sources — some taxable and reportable, some taxable but rarely payable, some not reportable at all — that the retiree, or their agent, has to sort into the right boxes. And with no payday to lean on, the decisions that shape the bill — when to realise a gain, when to draw a lump sum, whether to contribute before 30 June — happen earlier and further apart. The return becomes the point at which the year's tax consequences are finally brought together, rather than the reconciliation of tax already withheld through payroll.

THE THREE PHASES

Retirement tax is not one thing. Three phases are worth separating: the year before you retire, the year you retire, and the settled years that follow. Most of the errors readers describe to their advisers can be traced to a decision that belonged in one phase but was made in another.

APPROACHING RETIREMENT

The year before you stop work is often the last in which you have both meaningful earned income and full flexibility over its timing. Two decisions dominate.

Tax has quietly become a decision, not a deduction.

The first is catch-up concessional contributions. For 2026–27 the general concessional cap is \$32,500, and where your total super balance at 30 June 2026 was

below \$500,000 you can add unused cap amounts from up to five previous financial years. In a year where your income is still high but you can foresee the drop, this shifts some income from your marginal personal rate into the concessional super environment, where contributions are generally taxed at 15 per cent — subject to rules including Division 293, which imposes an additional 15 per cent for higher-income taxpayers.

The second is timing. Where a transaction or payment can legitimately be timed into the following income year — when salary income has fallen — the resulting taxable income may attract a lower marginal rate. Employment termination payments have their own concessional treatment, with the ETP cap for 2026–27 set at \$270,000. Genuine redundancy payments have a separate tax-free limit, calculated for 2026–27 as \$13,598 plus \$6,801 for each completed year of service; amounts above that may then be treated under the ETP rules.

TRANSITIONING

The year you retire has the most moving parts and the smallest window to arrange them. Part-year wages, unused leave paid out, possibly an ETP, the first draws from a super pension, a full year of franking credits — and, hovering over all of it, the low-income window that opens when the salary stops.

The most consequential opportunity in this phase is the interaction of a large capital gain with a suddenly lower marginal rate. A retiree who has held an investment property or a parcel of shares for more than 12 months qualifies for the 50 per cent capital gains tax discount, so only half the net gain is added to taxable income. Realise it in a year where salary income has ended and the arithmetic is transformed.

Two things complicate this. The first is stacking: the half-gain still counts as assessable income, and a large gain can push the retiree back through the brackets they left behind, including the loss of SAPTO. The second is that the ground is shifting under the discount itself.

The Treasury Laws Amendment (Tax Reform No. 1) Act 2026, now law, changes the treatment of gains that accrue from 1 July 2027. From that date, the 50 per cent discount is replaced by cost-base indexation, and a 30 per cent minimum tax rate applies to real capital gains for individuals, trusts and partnerships. Recipients of certain government income-support payments, including the Age Pension, are exempt from the 30 per cent minimum in the year they realise a gain.

CONTINUED

Importantly, the reform does not force a rush to sell before 30 June 2027. Assets held at that date are subject to a transitional mechanism that preserves the 50 per cent discount on the gain accrued up to 1 July 2027 — deferred until the asset is actually sold — and applies the new rules only to growth after that date. Even so, 2026–27 is a genuine planning year for anyone with substantial unrealised gains: how the gain will be apportioned between the two regimes, and whether Age Pension eligibility affects the arithmetic, are worth understanding before deciding when to sell.

Deductible personal super contributions can dampen the tax impact of a large gain in the same year. A personal deductible contribution made from age 67 generally requires the work test, or the work-test exemption, to be satisfied.

SETTLED

Once the transition year is done, the picture usually simplifies. For a retired couple drawing an account-based pension, receiving a part Age Pension and holding a modest share portfolio outside super, the return often runs to a handful of labels.

The reform does not force a rush to sell before 30 June 2027.

From age 60, income from an account-based pension paid by a taxed super fund is tax-free and is not reported in the return at all. Lump sums from that source are generally tax-free too. Franking credits on Australian shares, by contrast, are highly visible — they must be reported as income, but the credit offsets the tax on that income and, since 2000, any excess is refunded as cash. For a retired couple whose marginal rate on other income is low or nil, this often means a

franking-credit refund arriving as an ATO payment rather than a reduction of a bill. The ATO now automatically refunds franking credits to many eligible individuals using share-registry data.

The Age Pension sits in an unusual middle position: it is taxable and must be declared, but for many recipients the seniors and pensioners tax offset (SAPTO), the low income tax offset and the ordinary tax-free threshold mean little or no income tax is ultimately payable. For 2026–27, SAPTO delivers a maximum offset of \$2,230 for a single senior with rebate income up to \$36,034, phasing out to nil by \$53,874; each member of an eligible couple can access \$1,602. Seniors also qualify for a higher Medicare levy low-income threshold — \$44,268 for a single senior in the most recently published figures; the 2026–27 uplift was not yet published at the time of writing.

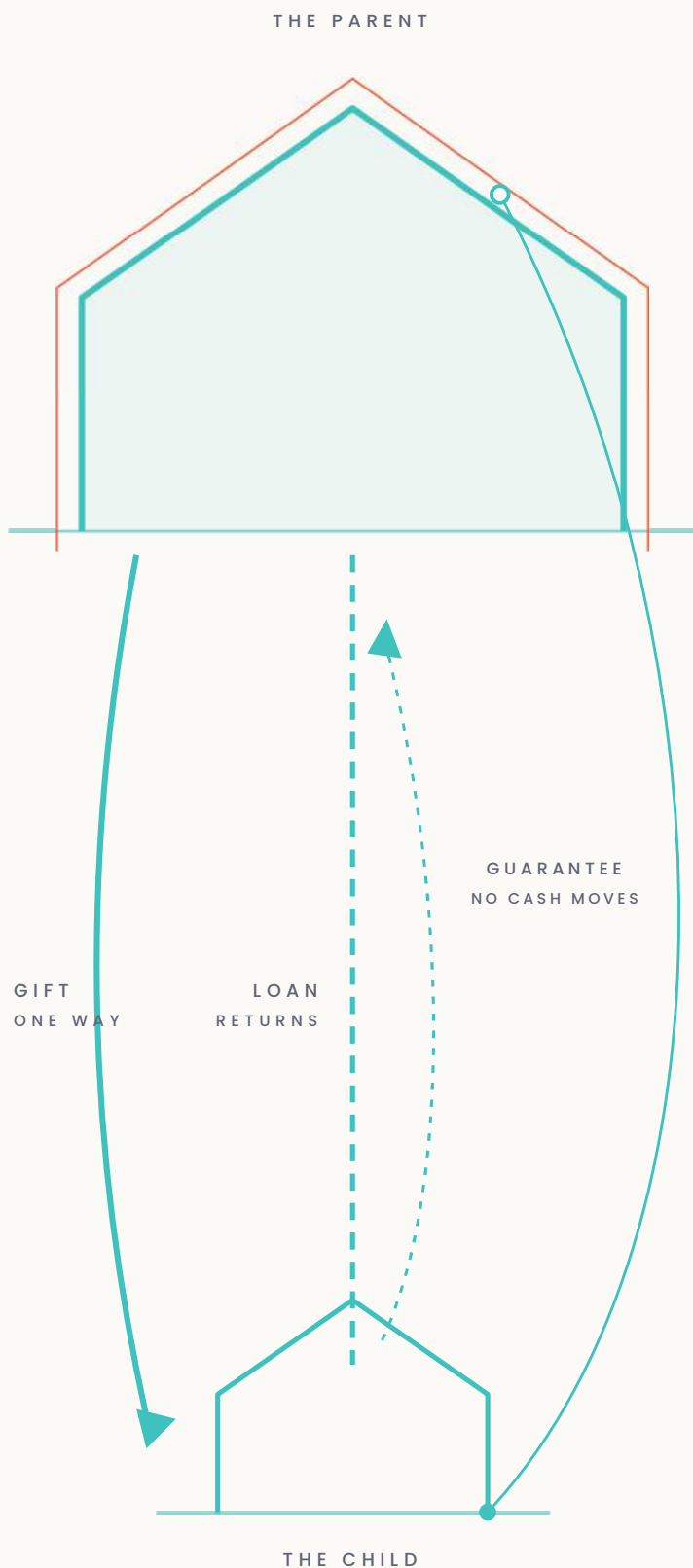
WHAT PEOPLE GET WRONG

Three errors recur. The first, seen mostly in the settled phase, is assuming super pension income is taxable — readers make cash-flow decisions on the basis of a tax bill they will not have. The second is the mirror: not lodging at all in the belief that no tax means no lodgement, which leaves franking-credit refunds and withheld tax on the table. The third, seen mostly in the transition year, is treating the retirement year as tax-neutral because the pay has stopped. It has not — it is one of the most concentrated tax-planning windows in a lifetime, and the opportunities in it expire quietly at midnight on 30 June.

The self-lodgement deadline for the 2025–26 return is 31 October 2026 — Monday 2 November, as the 31st is a Saturday. Engaging a registered tax agent before that date gives most individuals access to an extended lodgement date.

WORTH THINKING ABOUT*Questions to raise at your next review*

- In which of the three phases am I sitting, and what does that mean for the decisions available before 30 June 2027?
- If I am carrying substantial unrealised gains, how would they be apportioned between the current 50 per cent discount and the post-1 July 2027 indexation regime, and does my Age Pension status change the answer?
- Have I confirmed whether my account-based pension income needs to appear on my return at all — and whether I need to lodge?



FAMILY AND PROPERTY

When a guarantee beats a *gift*

Helping the kids into a home: three ways to give, what each does to your own plan, and why the reflex answer is often not the best one.

CONTINUED FROM OPPOSITE

A parent sits at an adviser's desk with a bank statement in front of her. Her daughter and son-in-law have found the flat they want. The shortfall is \$180,000. Her account has it. She has already written the figure on a Post-it note and is one signature away from making a transfer.

The adviser asks a question that reframes the whole conversation: what are you actually trying to protect?

Not "how much can you give?" — most parents can answer that in seconds. But protect. Her retirement plan through the next thirty years. Her part-rate Age Pension. Her ability to help her son, in a different way, when his time comes. Fairness inside a family that has been careful about fairness. And, quietly, herself — because the flat will be in her daughter's and son-in-law's names, and neither of them are on the deposit.

The Post-it note goes back in the drawer. Not because the help stops, but because there are three ways to give it and the reflex answer is often not the best one.

WHY THE REFLEX IS USUALLY A GIFT

The gift is the default because it is emotionally simple. It matches a lifetime of small transfers, needs no lawyer and no follow-up, and makes the child's mortgage application easiest, because lenders love a non-refundable "gifted" deposit.

The problem is that "simple" and "best" are rarely the same word in financial planning. The reflex answer treats the parent's balance sheet as a source of liquidity and stops there. It doesn't ask what the money does after it leaves.

The reflex answer treats the parent's balance sheet as a source of liquidity and stops there.

OPTION ONE: THE GIFT

A gift transfers ownership immediately and irrevocably. For a parent well clear of any means-tested benefit and comfortable with the child using the money at their own discretion, a gift can be the right answer. There is no tax on the gift itself in Australia.

Two consequences deserve more weight than they usually get. The first is Centrelink. If the parent receives, or is likely within five years to apply for, the Age Pension or another means-tested payment, Services Australia's gifting rules apply. A person or couple can gift up to \$10,000 in a financial year and no more than \$30,000 across any rolling five-year period without effect. Anything above those limits is treated as a

"deprived asset" — still counted in the assets test and deemed under the income test for five years from the date of the gift. Gift the \$180,000 in one go and \$170,000 sits on the parent's Centrelink record as if she still owned it, reducing her fortnightly payment for five years.

The second is family law. If the child's relationship later breaks down, the treatment of money advanced by parents depends heavily on whether it was genuinely intended and treated as a loan, or was in substance financial assistance never expected to be repaid. Courts start from a long-standing presumption that a transfer from parent to child is a gift, but that can be displaced by evidence — a contemporaneous written loan agreement, actual repayment arrangements, and conduct that consistently treats the advance as a debt. An undocumented advance is much harder to protect, and parents whose money helped buy the flat can find themselves joined to Family Court proceedings and still come out with nothing.

OPTION TWO: THE FAMILY LOAN

A genuine family loan can address both concerns, but documentation and conduct matter.

For Centrelink, a genuine loan is not a gift. The money is still the parent's asset — the loan sits on the parent's records as a financial asset and is deemed to earn income under the income test, whether or not any interest is actually paid. For some parents that is worse than deprivation; for many it is better, because after five years the deprivation clock on a gift stops while the loan remains a real asset that could, in theory, be called upon.

For the family courts, a genuine loan is much more likely to be recognised as a liability of the couple rather than part of the property pool, though the court retains discretion and documentation alone does not force a dollar-for-dollar deduction. The stronger the evidence of a real debt — including consistent treatment of the advance as a loan when dealing with third parties such as banks — the stronger the parent's position is likely to be. A one-page IOU signed after separation will not work.

The trap comes later. If the parent later forgives the loan, Centrelink treats the outstanding balance as a gift made on the day of forgiveness, and the deprivation rules apply from that date. A loan forgiven in the parent's will is different — the deprivation rules no longer matter after death — though the estate's treatment of the outstanding debt then becomes a matter for the executor and the other beneficiaries.

CONTINUED

OPTION THREE: THE GUARANTEE

The parent's third option is not to hand over any money at all.

A family security guarantee — usually offered by most major lenders as a limited guarantee — lets a parent use equity in their own home as additional security for part of the child's loan, without any cash changing hands. The lender takes two securities: the property the child is buying, plus a limited charge over the parent's home for a specific dollar amount. That amount is typically the shortfall between the child's deposit and the 20 per cent loan-to-value ratio (LVR) mark, above which Lenders Mortgage Insurance applies. LMI on a high-LVR loan can run to five figures and is paid by the borrower for the benefit of the lender.

Being a guarantor doesn't itself trigger the Centrelink gifting rules — nothing has been given away — and the family home remains exempt under the Age Pension assets test. The guarantee reduces the parent's own borrowing capacity while it is in place, because the guaranteed amount is a contingent liability. If the child defaults and the sale of their property doesn't cover the debt, the lender can call on the guarantee — ultimately against the parent's home, up to the guaranteed amount. This has to be said out loud before any documents are signed.

Guarantees are meant to be temporary. Depending on the lender's terms, the parent may be able to apply for release once the child's equity and loan position satisfy the lender's requirements — commonly after the LVR has fallen sufficiently through repayments, property growth or both. Release is not automatic, so the exit conditions should be understood before the guarantee is signed.

None of this makes the guarantee a universal winner. It needs a parent with sufficient home equity and no plans to sell or borrow against it during the guarantee period, independent legal advice, and

genuine comfort with a worst case that means losing part of their home. For some parents — particularly those who want to preserve their capital and avoid triggering the gifting rules — a limited guarantee can achieve something a large cash gift cannot. But the price of that flexibility is a contingent liability secured against the parent's own wealth.

Release is not automatic, so the exit conditions should be understood before the guarantee is signed.

THE TOOLS THAT MAKE ANY OF THIS SURVIVE CONTACT WITH REALITY

Each option has a failure mode, and each has a protective tool.

For the gift, one possible tool is a Binding Financial Agreement between the child and their partner. Properly prepared, it can specify how the parental contribution is to be treated if the relationship breaks down. Each party needs independent legal advice, and the agreement must satisfy the Family Law Act's requirements to be binding — it is not bulletproof, but it replaces an assumption with a documented intention.

For the loan, the tool is a real loan agreement drawn by a lawyer, followed by conduct that matches it. The money spent on documentation is the best investment a parent will make in the whole exercise.

For the guarantee, the tool is the family conversation — what happens if the child defaults, what the parent's exposure actually is, and what the exit path looks like — held before the paperwork is signed rather than after the default letter arrives.

And across all three, the tool is often the will. Explicit provisions for outstanding family loans, and equalisation clauses that adjust bequests to other children by the value of help already given, keep the fairness question from becoming a sibling dispute after the parent is no longer there to explain what they intended.

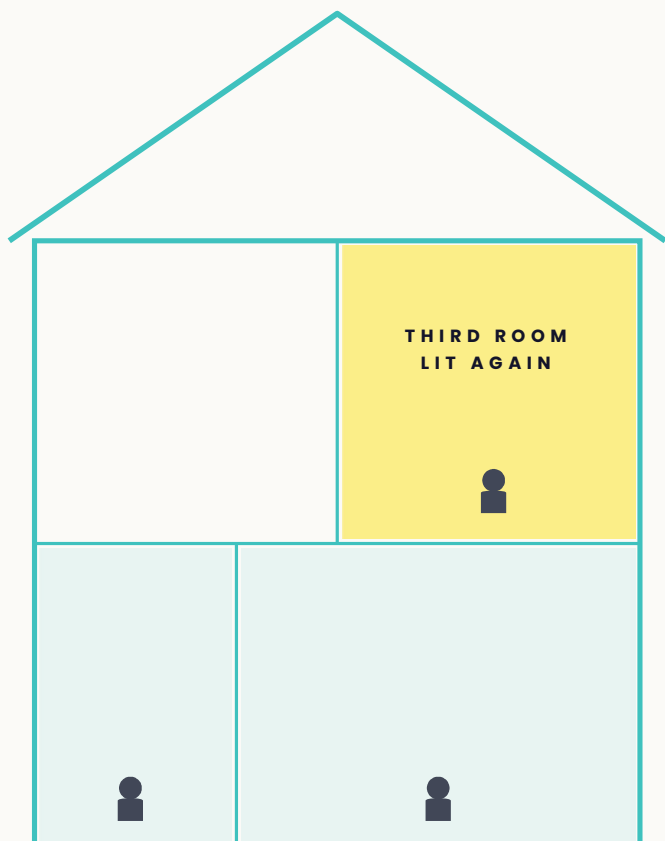
WORTH THINKING ABOUT*Questions to raise at your next review*

- If I want to help my child into a home, which of the three routes best protects both the help I want to give and the retirement plan I still need to fund?
- Am I within reach of the Age Pension, and if so, how would each route affect my entitlement over the next five years?
- Whichever route I choose, is my will keeping pace — for equalisation between my children, and for any family loan still outstanding when I die?

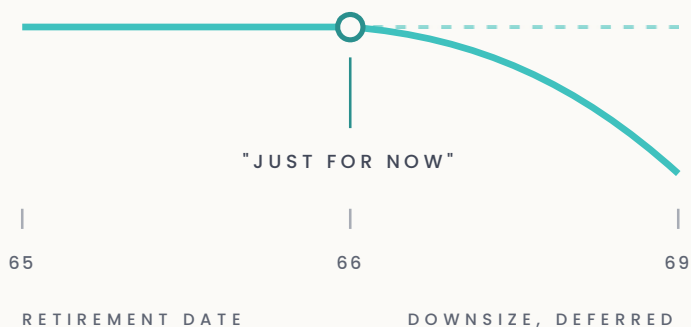
HOUSEHOLD

When the kids come home *again*

The second family season: the difference between support and subsidy, the question that settles the board argument, and why “just for now” is the most expensive phrase in retirement planning.



THE PLAN



THE PLAN MOVES WITHOUT ANYONE DECIDING IT SHOULD.

CONTINUED FROM OPPOSITE

It rarely arrives as a decision. More often it is a phone call on a Tuesday evening. The lease is ending and the rent on the next place is beyond reach, or the relationship has ended and there is nowhere else to go tonight, or the job was made redundant and the savings won't stretch to a new bond. Can I stay for a bit?

Of course. What else would a parent say?

The spare room that had become a study returns to being a bedroom. The weekly shop gets larger. The couple who had settled into a two-person rhythm — quieter evenings, a fridge they could see the back of, the ability to go away for a fortnight at a moment's notice — finds itself running a household of three or four again. And the phrase "for a bit" quietly loses its second word.

This article is about that second family season. Not the first one, when the children were small and the expectation was always that they would leave. The one nobody planned for, where the leaving has already happened and the coming back is now.

THIS IS STRUCTURAL, NOT PERSONAL

The first thing to say to a parent in this situation is that it is not a family quirk and not a sign of anything having gone wrong. The 2021 Census counted more than 456,000 Australians aged 25 to 34 living with their parents — an increase of almost 17 per cent on 2016. The Australian Institute of Family Studies reports that 2016 to 2021 saw the sharpest increase in decades in young adults living at home, with more than four in ten women aged 20 to 24 living with their parents in 2021, up from just over a third in 2006. HILDA analysis published by the University of Melbourne found that 54 per cent of young men and 47 per cent of young women aged 18 to 29 were living with their parents in 2021.

The drivers are not mysterious: housing costs, the length of tertiary education, the age at which stable work and stable relationships now form, and a rental market that has priced a single income out of many capital-city suburbs. None of this changes what the arrangement costs. But it changes what it means.

The distinction is about whether they know they are doing it.

THE QUESTION UNDERNEATH EVERY OTHER QUESTION

Every parent in this situation eventually arrives at the same question, usually late at night and usually unspoken: at what point does helping a child become underwriting a lifestyle?

There is a real distinction between support and subsidy, and it does not run along the line most people assume. It is not about whether the child pays board. It is not about how long they stay. It is about whether the parents' own life is being reshaped without anyone deciding that it should be.

That gives the question a practical test. If the arrangement leaves the parents' plan — their retirement date, their downsizing timeline, their travel, their drawdown, their capacity to help another child later — exactly where it was, it is support, whatever it costs in groceries. If it is quietly moving any of those things, and no one has sat down and chosen that trade-off, it has become subsidy. Plenty of parents would happily subsidise a child and consider it money well spent. The distinction is about whether they know they are doing it.

WHAT IS THE ARRANGEMENT FOR?

The board argument — whether to charge it, how much — is the one every couple has had in the car on the way home from somewhere. It is also, for most families, the wrong place to start.

The more useful first question is what the arrangement is for. A child home to save hard for a specific deposit with a clear timeframe is one thing. A child recovering from a setback — a redundancy, a divorce, an illness — with a rough sense of when they will be back on their feet is another. A child who is home because it is easier than the alternative, with no plan and no horizon, is a third. The same room and the same fridge serve three completely different arrangements.

Once the purpose is clear, the board question tends to answer itself. If the purpose is to accelerate savings toward a goal, many parents decide that a contribution defeats the point and trade rent-free for a timeframe, a savings target, and visibility of progress. If the purpose is recovery, a modest contribution once the child is earning again is usually welcome on both sides, because it restores some sense of standing on their own feet. If the purpose is open-ended, a contribution is the least of the problems; the conversation that needs to happen is about the horizon.

CONTINUED

For parents who do take a contribution, two rules are worth knowing. The Australian Taxation Office treats board and lodging paid by a family member under a domestic arrangement as non-assessable — cost-sharing, not rental income, provided the arrangement is not run on commercial terms. Because a genuine domestic arrangement is not rental income, it does not of itself cause part of the home to become income-producing for capital gains tax purposes. And for parents on the Age Pension, Services Australia does not count board or lodging received from an immediate family member — a child, a parent or a sibling — in the income test at all. Keeping a simple record of the arrangement is nevertheless sensible.

"JUST FOR NOW" IS THE MOST EXPENSIVE PHRASE IN RETIREMENT PLANNING

The direct costs of a returned adult child are visible. The indirect ones are not, and they are where the arrangement does most of its damage to a plan.

The most common is the deferred downsize. The couple who intended to sell the family home at 65 and move to something smaller — releasing capital, cutting maintenance, possibly funding a downsizer contribution to super — finds they cannot sell a house with a child in it. So the decision waits. A year becomes three. The capital stays locked in the property, and the running costs of a four-bedroom house continue to be paid out of a two-person retirement income.

The second is the extended working life. One parent stays on for an extra year, or two, "just to see them through." The arithmetic looks fine in isolation. What it does not show is that the year was supposed to be the first of retirement, and the couple's plan was built around it.

Fairness is far more often disputed over what was unsaid than over what was decided.

The third is the quiet adjustment to the drawdown. A pension draw nudged up to cover extra household costs. A planned top-up contribution skipped. Each is small and reversible. Together, over three or four years, they can shift a retirement plan by more than a single large gift ever would — without the parents ever consciously deciding to make one.

None of this is an argument against helping. It is an argument for helping with the plan open on the table, so the trade-off is visible while it is still a trade-off rather than a discovery.

THE FAIRNESS THAT SURFACES LATER

Where one child comes home and the others do not, the fairness question tends to surface later — when a sibling asks for help with a deposit and is quietly reminded that their brother lived rent-free for three years, or, most uncomfortably, when the will is read.

The best defence is the same thing that answers the board question: clarity of purpose. A time-limited arrangement with a clear objective, understood by everyone in the family, is much easier for siblings to accept than an open-ended one. Fairness is far more often disputed over what was unsaid than over what was decided.

Beyond that, a simple written note of what was provided, over what period, and on what understanding — kept with the family's other important papers — is not a legal instrument but it is a record, and records outlast memories. Whether the arrangement should be reflected in the will, through the equalisation provisions covered in Issue 141 of this series, is a decision for the parents with their adviser and solicitor. What is worth avoiding is the assumption that fairness will sort itself out after the event, when the people who have to sort it out are usually the ones least equipped to do so at the moment they are asked.

WORTH THINKING ABOUT

Questions to raise at your next review

- What is this arrangement actually for, and does everyone in the household understand the answer the same way?
- Is my own retirement plan sitting where it was before my child came home — or has something moved that I haven't consciously decided to move?
- If I have other children, how will I explain this arrangement to them, and does anything about it need to be reflected in my will?

Ask a question.

Five questions from readers this month. Three with a Centrelink or legal edge — why the September pension rise felt smaller than the headline, when to lodge an Age Pension claim if you turn 67 before Christmas, and what an attorney can and cannot do with a parent's money — and two on super: what an ATO letter about Division 296 means when your balance is under the threshold, and whether three super funds are two too many.

I

My Age Pension went up on 20 September, but not by as much as the headline figure. Why?

Two things moved on the same day. The maximum rate rose by \$36.80 a fortnight for a single person and \$55.60 for a couple combined — the largest September increase in three years, because indexation uses whichever is higher of CPI and the Pensioner and Beneficiary Living Cost Index, and this time the living-cost index was well ahead. But the deeming rates rose too, from 1.25 and 3.25 per cent to 1.75 and 3.75 per cent. Deeming is the income Centrelink assumes your financial assets earn, and it feeds the income test. For a part-pensioner with substantial savings or an account-based pension assessed under the income test, the extra deemed income can offset some or all of the headline increase. If your payment is set by the assets test, the deeming change does not touch you. **Which test governs your payment is the first thing to check.**

II

I turn 67 in November. When can I lodge my Age Pension claim, and what should I have ready?

You can lodge up to 13 weeks before you reach Age Pension age, and it is worth using the window: payments are not backdated to your birthday if the claim goes in late. Services Australia asks for identity documents and evidence of income and assets — bank and term deposit balances, super and account-based pension statements, share holdings, any rental income, and a rates notice if you own your home. If you have a partner, both of you are assessed and documented, even if only one is claiming. Once lodged, the claim must be completed within 13 weeks, and any follow-up request for documents must be answered within 14 days or the claim may be rejected. Missing paperwork is the most common cause of delay. If you already receive an eligible payment, Services Australia will write to you about transferring. **Start gathering statements now, not on your birthday.**

III

I am my mother's attorney under an enduring power of attorney. Can I use her money to help my daughter buy a home?

Almost certainly not, unless the document expressly permits it. An attorney must act in the principal's interests, keep her money separate from their own, and avoid any transaction in which they or their family benefit. The rules vary by state — some require an express authorisation in the power of attorney for any gift or benefit; others permit only gifts of the kind and size the principal made herself before losing capacity — but in every state a substantial gift to the attorney's own child sits squarely in conflict-of-interest territory. Tribunals have ordered attorneys to repay far smaller sums. "She would have wanted to" is not the test, and a well-meant transfer can be undone, or treated as a breach, years later. **Talk to a solicitor before any money moves.** If your mother still has capacity, the decision is hers to make, with independent advice.

IV

The ATO has written to me about Division 296. My super is under \$3 million — why am I getting this?

Because the ATO measures your total super balance across every account you hold — accumulation, pension, SMSF and defined benefit combined — and writes to members whose consolidated balance is near the threshold, not only those above it. Division 296 commenced on 1 July 2026 and applies an extra 15 per cent tax on the share of earnings attributable to a balance above \$3 million, assessed to you personally rather than deducted by the fund. For this first year, only your balance at 30 June 2027 is tested. From 2027–28 the higher of your start- and end-of-year balance is used, so drawing down mid-year will no longer avoid it. The threshold is per person, not per couple, and is indexed in \$150,000 steps. **If you are under \$3 million across all funds at 30 June 2027, no tax is payable — but check the consolidated figure, not one statement.**

V

I have three super funds. Is it worth consolidating them?

Usually, but not automatically. Multiple accounts mean multiple sets of administration fees, and merging is sound for most people. Three things deserve a look first. Insurance ends when an account closes; if one fund holds death, TPD or income protection cover you could not now replace on health grounds, keeping it may be right. Defined benefit interests are a separate matter — once you leave, you cannot rejoin, and advice is essential. And if you intend to claim a deduction for personal contributions to the fund you are leaving, the notice of intent must be lodged and acknowledged before the rollover, or the deduction is lost. Exit fees were abolished for most funds in 2019, though some legacy products retain costs. ATO online services via myGov lists every account and flags those with insurance. **Tell your employer the new fund details, or contributions will keep landing in the closed one.**

Key figures 2026–27.

The numbers referred to across this issue, in one place. Pension rates apply from 20 September 2026; super and tax figures are for the 2026–27 financial year unless stated.

AGE PENSION — FROM 20 SEPTEMBER 2026

Maximum rate, single per fortnight, incl. supplements	\$1,237.70
Maximum rate, couple each, per fortnight	\$933.00
Age Pension age	67
Deeming, lower rate to \$66,800 single / \$110,600 couple	1.75%
Deeming, upper rate above those thresholds	3.75%
Gifting free area per financial year / over five years	\$10,000 / \$30,000
Full pension assets limit single homeowner / couple homeowner, from 1 July 2026	\$333,000 / \$499,000

DATES

Self-lodgement deadline, 2025–26 return 31 October falls on a Saturday	Mon 2 Nov 2026
Next pension indexation	20 Mar 2027
First Division 296 balance test	30 Jun 2027
CGT reform commences indexation and 30% minimum replace the 50% discount	1 Jul 2027

SUPERANNUATION 2026–27

Concessional contributions cap	\$32,500
Non-concessional cap bring-forward up to \$390,000	\$130,000
General transfer balance cap	\$2.1m
Carry-forward eligibility total super balance at prior 30 June below	\$500,000
Division 296 threshold first test 30 June 2027	\$3m
Division 293 income threshold	\$250,000
ETP cap whole-of-income cap \$180,000	\$270,000
Redundancy tax-free base plus per completed year of service	\$13,598 + \$6,801

PERSONAL TAX 2026–27

Tax-free threshold	\$18,200
\$18,201 – \$45,000	15%
\$45,001 – \$135,000	30%
\$135,001 – \$190,000	37%
Above \$190,000	45%
Medicare levy	2%
SAPTO maximum single / each member of a couple	\$2,230 / \$1,602
SAPTO shade-out / cut-out, single	\$36,034 / \$53,874
Low income tax offset, maximum	\$700
Senior Medicare levy low-income threshold single, 2025–26 figure	\$44,268

Sources: Services Australia, Australian Government Actuary, Australian Taxation Office, Treasury. Figures are as published at the time of writing and may be revised. General information only.

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Adam Massey CFP®
Massey Financial Advice Pty Ltd

A: Level 1, Highpoint, 240 Waterworks Road
M: PO Box 499 Ashgrove Qld 4060

T: 07 3102 4948
E: adam@masseyfinancialadvice.com.au

W www.MasseyFinancialAdvice.com.au
www.TenYearsToRetirement.com.au

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