MASTERCLASS

November 2024

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FRANKLIN TEMPLETON

Australian Retirement Trust

MLC

MORNINGSTAR®

TAL

BT

ZURICH®

MACQUARIE

challenger | fidante

Insignia™ Financial

Loftus Peak

ClearView

BELL FINANCIAL GROUP

Dimensional

Allianz Retire+ POWERED BY PIMCO

Russell Investments

HUB24

CENTREPOINT ALLIANCE

BUSINESS UPDATE

John Shuttleworth - CEO

November 2024

AGENDA

1. Financial Performance
2. Growth strategy
3. Licensee services update

BUSINESS PERFORMANCE

CENTREPOINT ALLIANCE

THROUGH ACQUISITIONS, DISCIPLINED COST MANAGEMENT AND ORGANIC GROWTH CENTREPOINT IS ON A SOUND FINANCIAL FOOTING

	FY21	FY22	FY23	FY24	
EBITDA[1] $m	3.4	7.2	7.6[2]	9.1	+168%
Net revenue	$28.1m	$31.2m	$32.5m	$36.1m	+28%
Full time employees	90	104	100	125	+39%
Cost to income ratio[3]	88%	77%	77%	75%	-15%
Profit before tax	$1.5m	$2.6m	$6.6m[2]	$5.6m	+273%
Dividends paid[4]	**$0.04**	**$0.025**	**$0.020**	**$0.030**	

NUMBER OF ADVISERS

	FY21	FY22	FY23	FY24	
Total	**1,022**	**1,305**	**1,308**	**1,374**	+34%
Authorised Reps (Employed Advisers)	315 (1)	517 (7)	511 (5)	549 (19)	
Self-licenced advisers (Firms)	707 (149)	788 (192)	797 (196)	825 (203)	
		Acquisition H1 FY22 ClearView, MATRIX Planning Solutions, LaVista Licensee Solutions	**Divestment** VENTURA FM Managed funds only	**Acquisition H1 FY24** Financial Advice Matters Achieving your goals	

Over the same period the advice market has contracted by 19%

1. EBITDA (excluding LTI, One-Off Costs & Asset Sale)
2. Ventura funds divested July 2022 for $1.7m
3. Cost to income ratio excludes asset sales, LTI and one-off costs
4. Total dividends paid of 11.5 cents since 2021 which amounts to a return of capital of $19.6m

GROWTH STRATEGY

CENTREPOINT
ALLIANCE

CENTREPOINT HAS FIVE STRATEGIC PILLARS TO DRIVE GROWTH

Focus is on margin expansion and annuity revenue enabled by the strong distribution network of 1,374 financial advisers

	1	2	3	4	5
OBJECTIVE	**GROW LICENCED AND SELF-LICENCED ADVISERS**	**GROW SALARIED ADVISERS**	**BUILD SCALE IN ASSET MANAGEMENT**	**LAUNCH SUPER AND INVESTMENT PLATFORM**	**GROW LENDING**
BASELINE	549 authorised representatives[1] 203 self-licenced firms 825 advisers	19 advisers post FAM acquisition[2]	$330m[5] managed account FUM	$1,102b market[3] ~$69b network FUA[4] 1,374 advisers	$3.5b loan book 80 brokers 44 LaaS Firms 200+ loans written
OUR FOCUS	**Organic growth to maintain scale**	**Acquire ‘corporatised’ firms to improve margin**	**Grow Managed Accounts**	**Globally leading functionality with market leading pricing**	**Provide lending services to financial advisers**

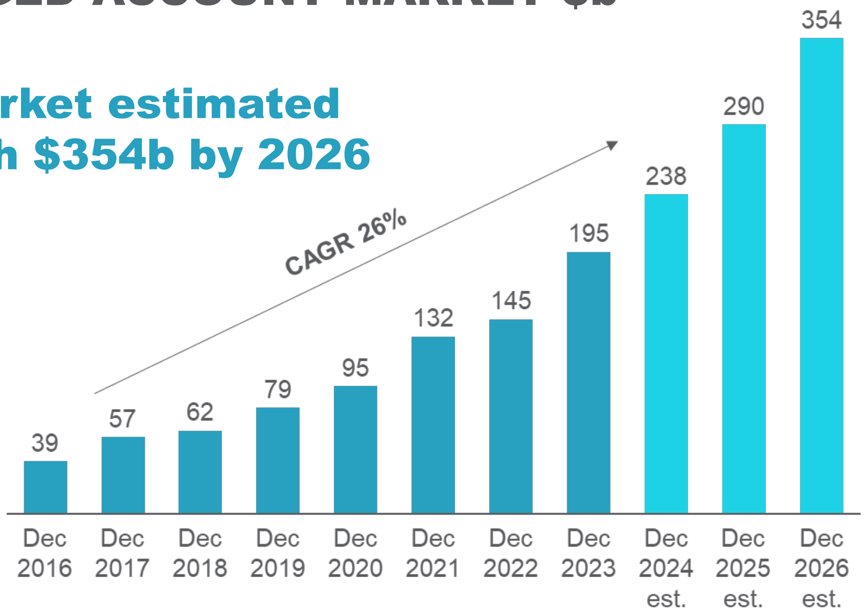
Note numbers as at 30th June 2024 unless stated

1. AR Numbers as at 30th June 2024 per CAF internal data
2. Post acquisition of Financial Advice Matters. Completion 1 December 2023
3. Plan for Life – Analysis of Wraps, Platforms and Master Trusts as at June 2024
4. FUA and value chain revenue are estimated based on internally generated assumptions (1,374 advisers x average funds under advice of $50m = $68.7b)
5. FUM as at 31 October 2024

BUILDING DISTRIBUTION OF MANAGED ACCOUNT SOLUTIONS

MANAGED ACCOUNT MARKET $b[1]

The market estimated to reach $354b by 2026



Over 28 SMA managers on Approved Product List with over 200 portfolios including...

Lonsec, Zenith Investment Partners (An FE fundinfo Company), BlackRock, betashares, invest sense, Vanguard, Morningstar, Elston, Drummond Capital Partners, Watershed

1. Institute of Managed Account Professionals (iMAP) actual and estimate as at December 2023

iQ Portfolios

Professionally managed portfolios constructed by the Ventura investment team in partnership with Morningstar

MODEL NAME	RISK PROFILES
iQ Portfolios (growth/accumulation)	G30, G50, G70, G85
iQ Portfolios (defensive/income)	D30, D50, D70

Available Platform:

• Macquarie Manager	*Live (December 2023)*
• Hub 24	*Live (February 2024)*
• Expand	*Live (September 2024)*
• BT Panorama	Approved (Live December 2024)
• IconiQ	Approved (Live December 2024)

IconiQ
Intelligent Portfolio Management

About us | Investment Wrap | Super Wrap (Coming Soon) | Disclosures | Contact us | Login

The Intelligently Simple Platform

The new investment platform developed on globally leading technology, providing advisers and their clients an easy-to-use feature rich platform at a very competitive price.

BOOK A DEMONSTRATION

Global Scale and Stability

IconiQ has been developed in partnership with FNZ, the leading global wealth management platform, with over $2 trillion dollars in assets under administration across 30+ countries. Our partnership provides IconiQ access to global scale, support, and ongoing development to deliver the best adviser and customer experience.

THE ICONIQ INVESTMENT PLATFORM IS LIVE
THE SUPERANNUATION PLATFORM AND SMA TO GO LIVE IN DECEMBER 2024

Investment IDPS[1]

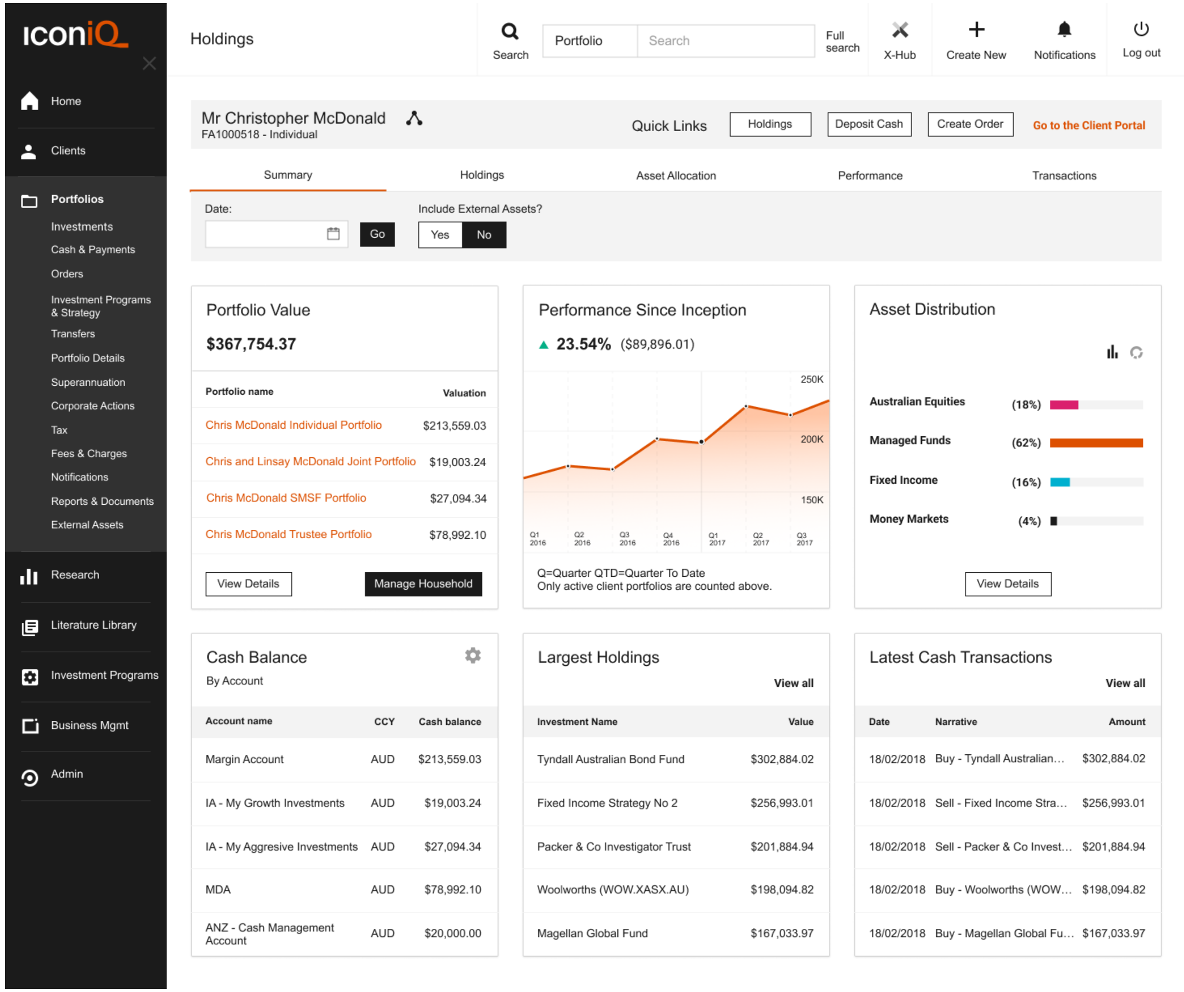
- Now live!
- Released October 2024
- Soft launch until Super and SMA scheme finalised
- 18bps flat fee capped at $1m
- Aggregated account pricing
- No minimum or account fee

Super Wrap

- Final live testing – go live December
- Technology and disclosure complete
- 18bps flat fee capped at $1m
- Additional Super fee of 5.8bps (Trustee + ORFR[2])

SMA Scheme

- Live in December with Super
- Progressive roll out of SMAs



1. Investor Directed Portfolio Service
2. Operational Risk Financial Requirement

WELCOME COLETTE THUNIG

COLETTE THUNIG

Head of Distribution Platforms and Investments

colette.thunig@cpal.com.au

0411 165 463

LICENSEE INITIATIVES

CENTREPOINT ALLIANCE

WE ARE SIMPLIFYING RESEARCH AND EXPANDING THE APL

Separately Managed Accounts SMA's

- All SMA's that have been approved by a superannuation trustee are approved

Expansion of direct equities

- Currently S&P/ASX200
- Can recommend stocks in the S&P/ASX300 if supporting research available from an approved broker

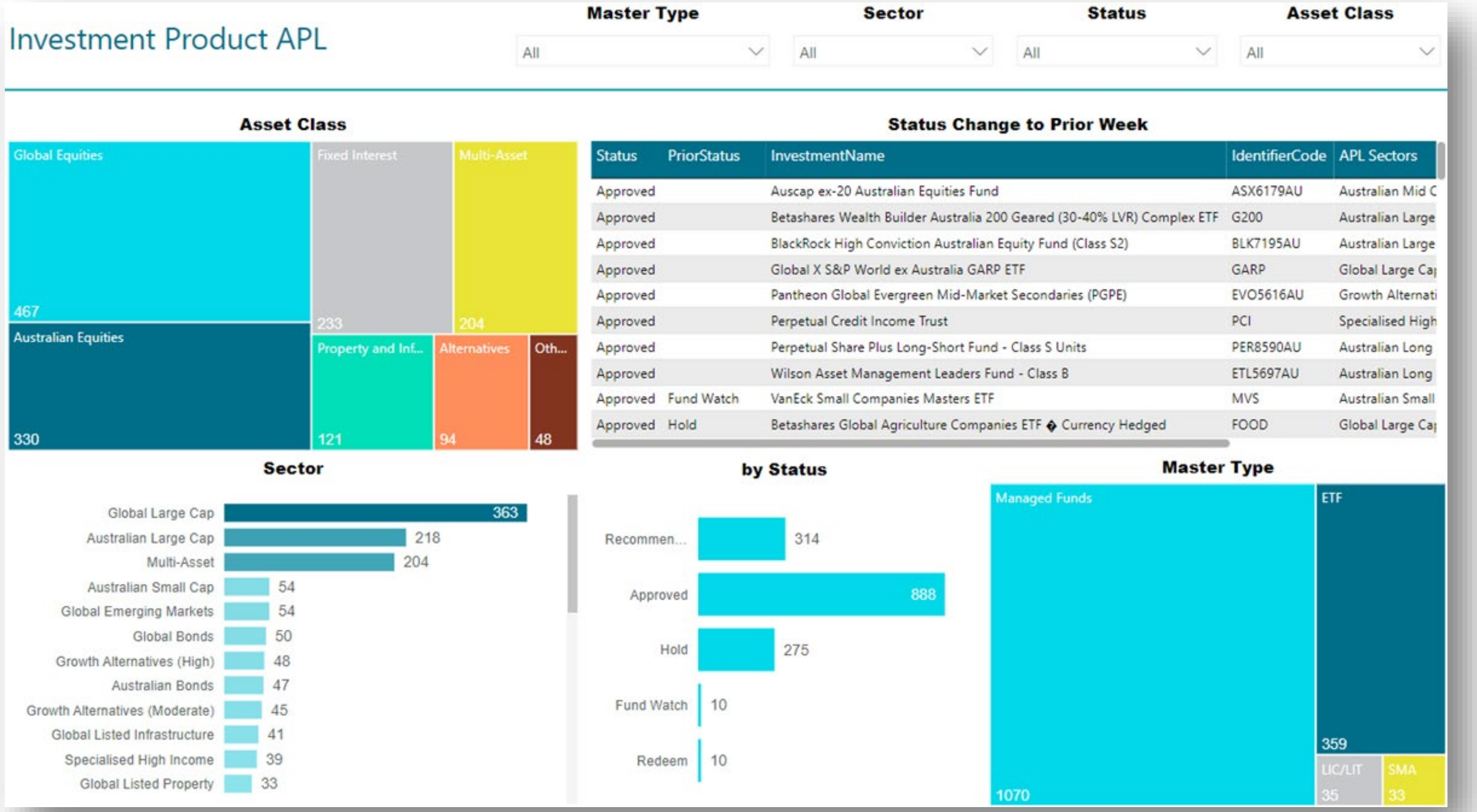
DIGITAL APPROVED PRODUCT LIST – LIVE ON THE 5TH DECEMBER

Easy access to the APL directly in the intranet site.

Ensures that you will always be using the latest APL data

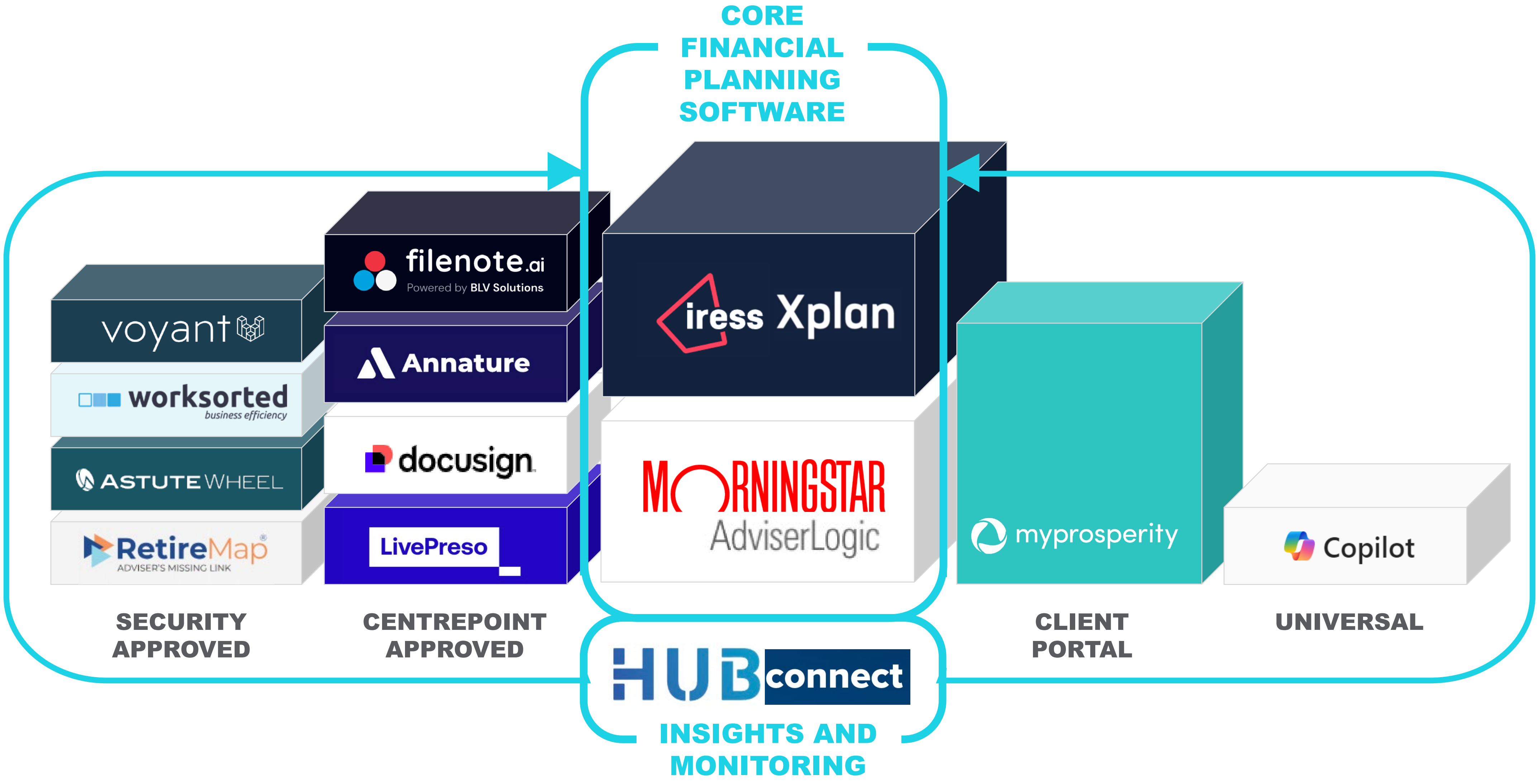
Interactivity makes it easier to sort for and find the products you are looking for

Can still be downloaded as an Excel file



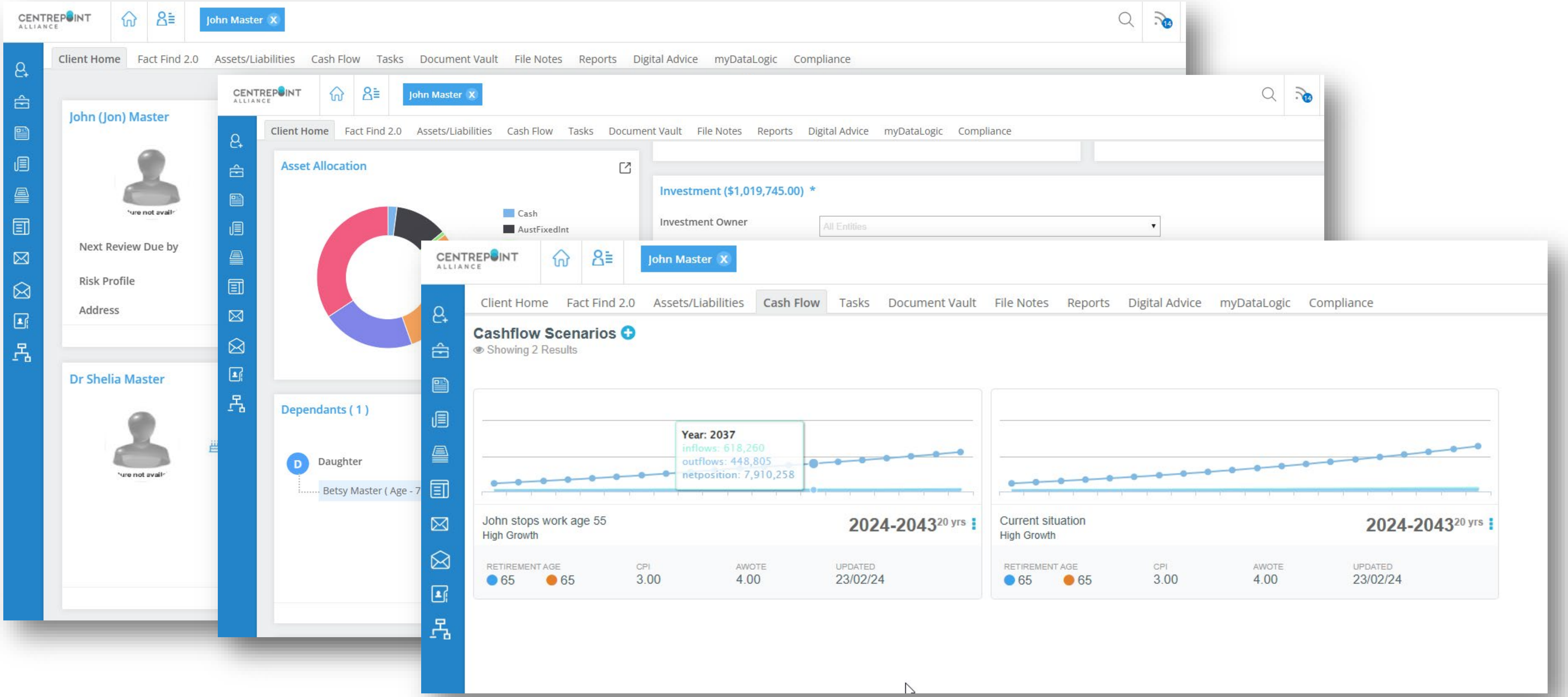
Look out for webinar on the 5th of December

CENTREPOINT ADVISER TECH STACK



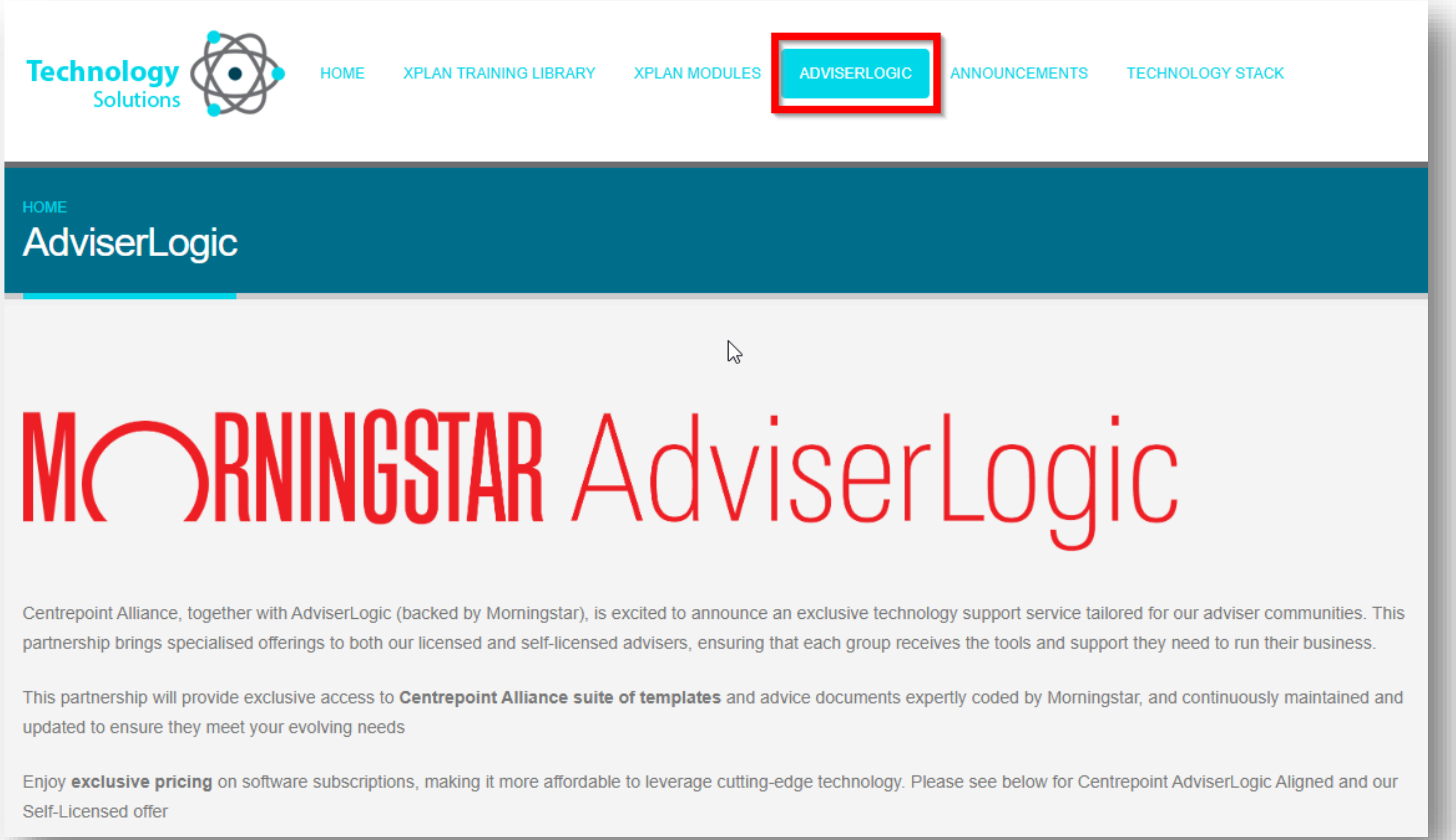
ADVISERLOGIC – WE ARE LIVE

~ 15% cheaper than Xplan

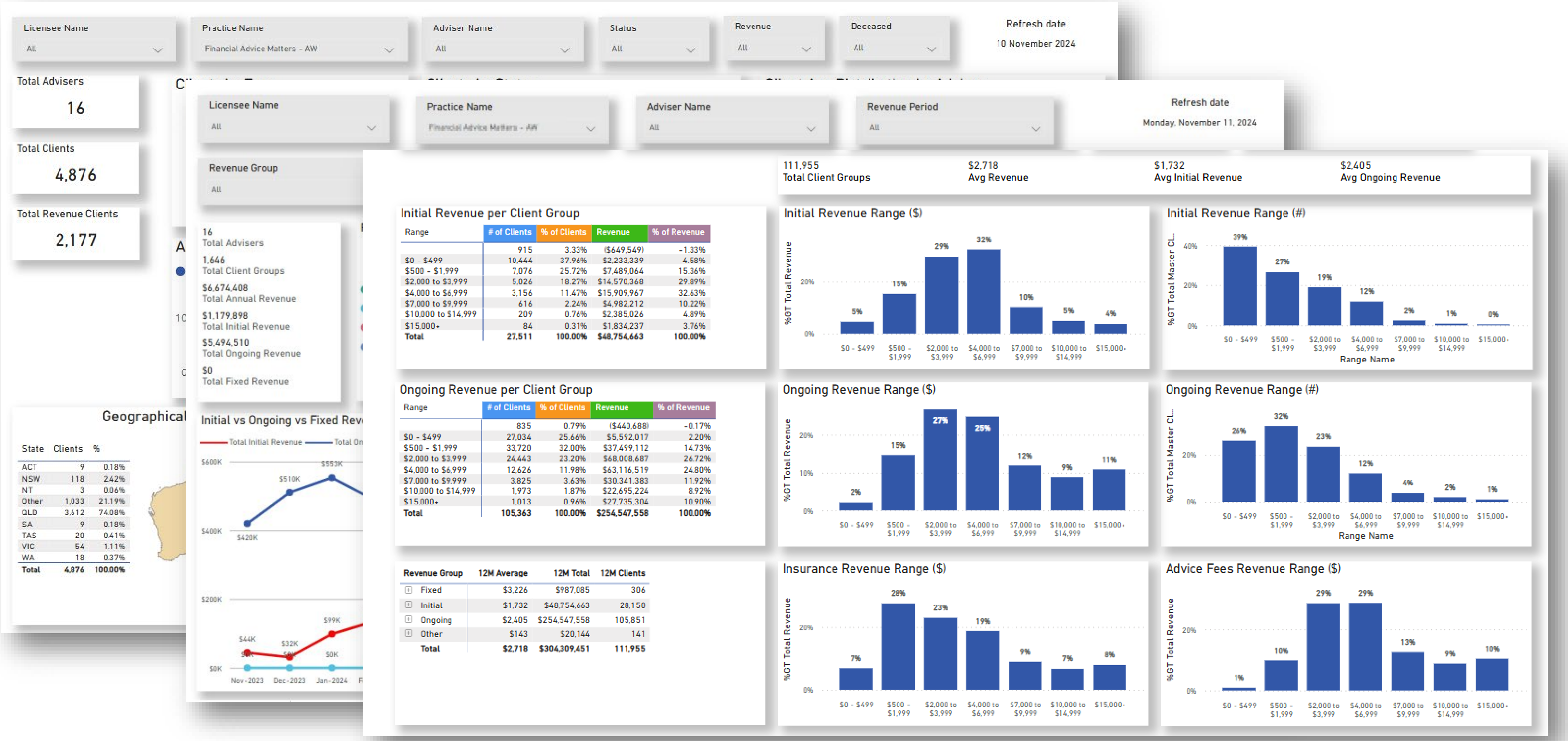


FOR MORE INFORMATION CALL THE TECH TEAM OR ACCESS ON THE TECH HUB

HTTPS://TECHSOLUTIONS.CPAL.COM.AU/ADVISERLOGIC/

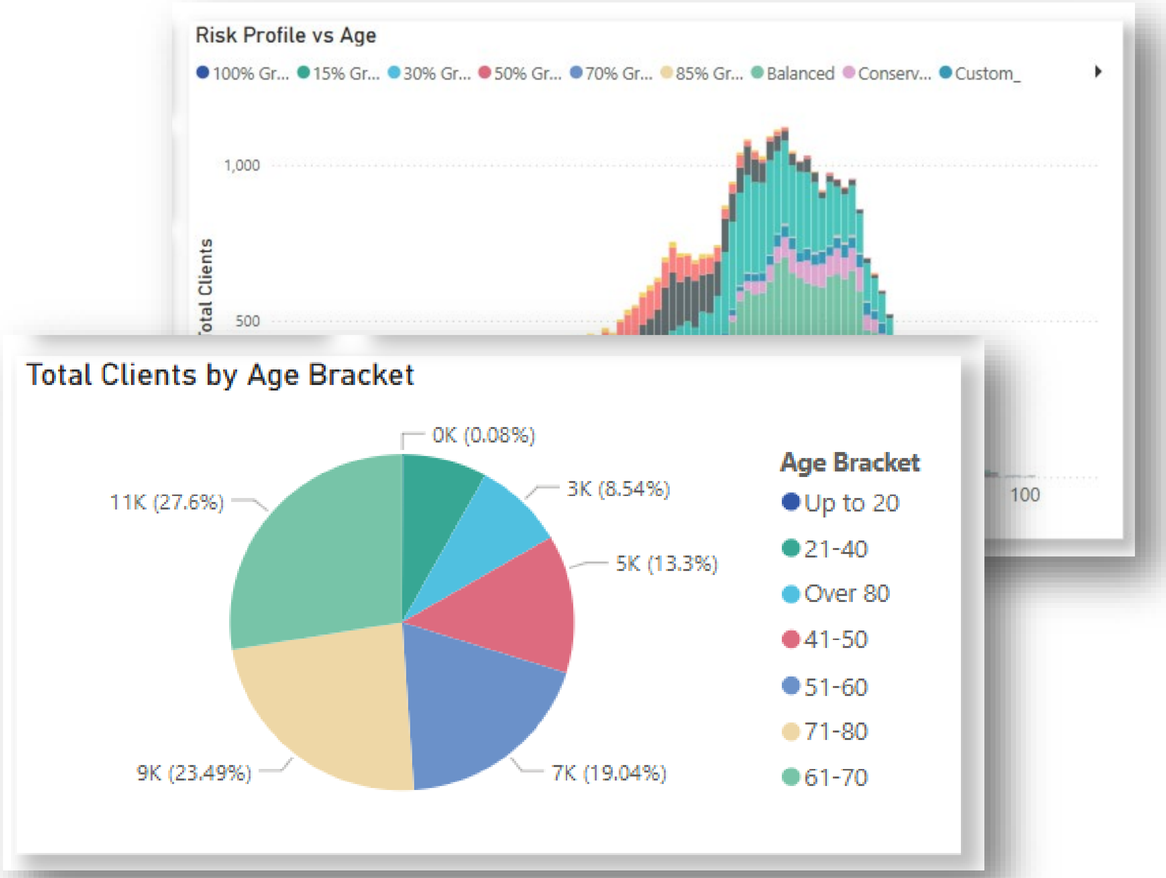


HUBCONNECT – INSIGHTS INTO YOUR BUSINESS



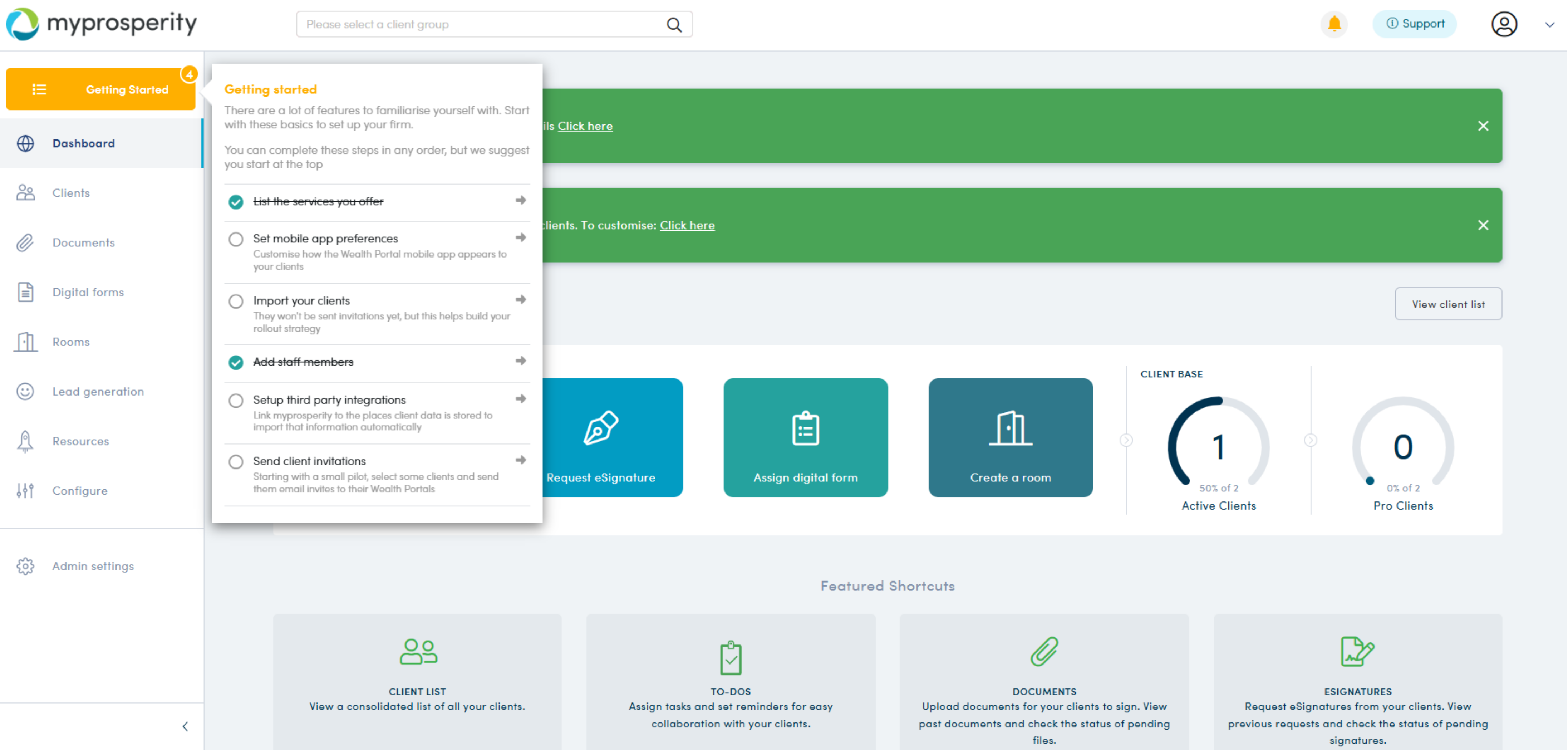
HUBCONNECT – INSIGHTS INTO YOUR BUSINESS

- Practice Insights
- Client segmentation
- Benchmark Practice/Adviser to wider group
- Revenue – Financial Year Comparision, Year on Year Comparision
- Compliance Monitoring e.g. Service gaps, higher risk proactive monitoring
- Data/Reporting
- Self-licenced Q1 FY25



Free static report
Real time Access - $170 per month

MYPROSPERITY CLIENT PORTAL



MYPROSPERITY

10% discount on monthly plan fee for Enhance, Accelerate and Mobile First.

Features	Lite (Exclusive)	Connect	Enhance	Accelerate	Mobile First
Price /month +GST	$169	$279	~~$399~~ $359	~~$749~~ $$674	POA
Custom branded mobile app	⊗	⊗	⊗	⊗	✓
Starter client subscriptions	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Pro client subscriptions (included)	0 Pro Accounts	5 Pro Accounts	10 Pro Accounts	40 Pro Accounts	100 Pro Accounts
Pro client subscriptions (additional)	⊗	$14.95 per client	$14.95 per client	$14.95 per client	$14.95 per client
Staff licences for the practice portal	3	10	20	40	Unlimited
Document Storage	25GB	50GB	100GB	Unlimited	Unlimited
Digital Document Signing	✓ BYO*	⊗	✓ Includes Onespan & BYO*	✓ Includes Onespan & BYO*	✓ Includes Onespan & BYO*
Customised Fact Find	Licensee version only	⊗	✓	✓	✓
Rooms	⊗	⊗	✓	✓	✓

MYPROSPERITY LITE

Digital fact finds and forms

Including Centrepoint Fact Find and Risk Profile Questionnaire

Secure document sharing

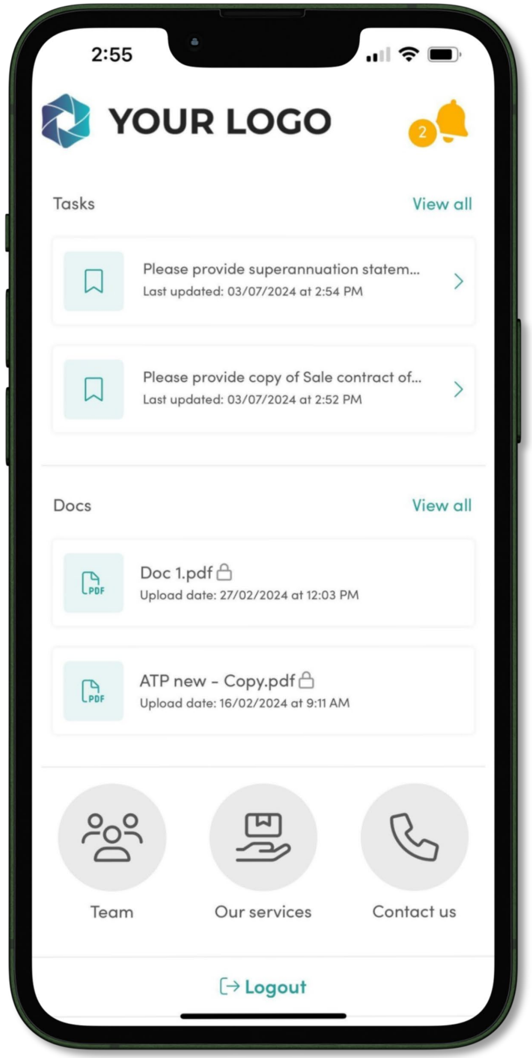
Eliminate reliance on email when interacting with your clients and their data online

Digital document signing

Integration with Digital signature capabilities

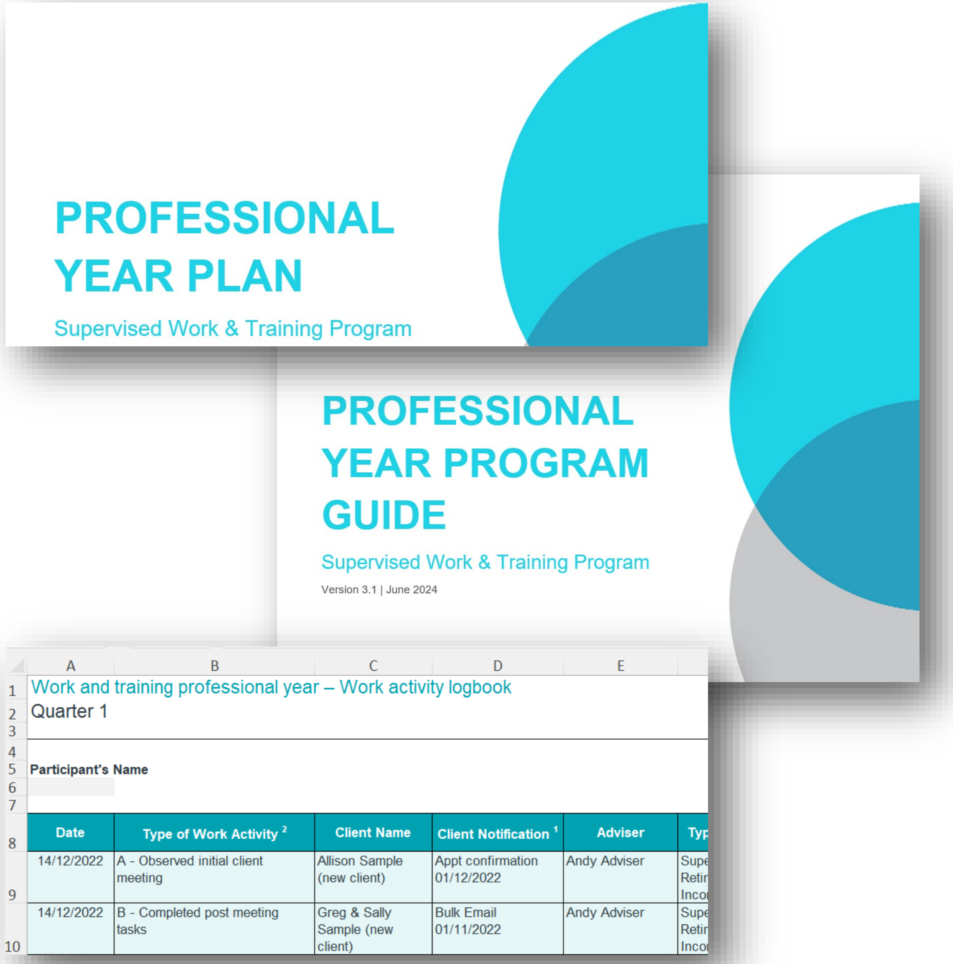
Xplan integration

Reduce double handling of data



SUPPORT FOR PROFESSIONAL YEAR

- Currently supporting **30 PY participants**, which is our rolling monthly average
- Professional Development & Education team provide comprehensive support including:
  - **End-to-end co-ordination** from application to appointment as Provisional Financial Adviser to final completion and appointment upgrade to Financial Adviser
  - **Full suite of program materials and defined processes** to ensure all legislated obligations are met
  - **Education checks and guidance** for approve degrees and Qualified Tax Relevant Provider requirements
  - Financial Adviser Exam **preparation guidance and materials**
  - **CPD certificate and learning event reviews** for training hours
  - **Query support** throughout for both participants and supervisors



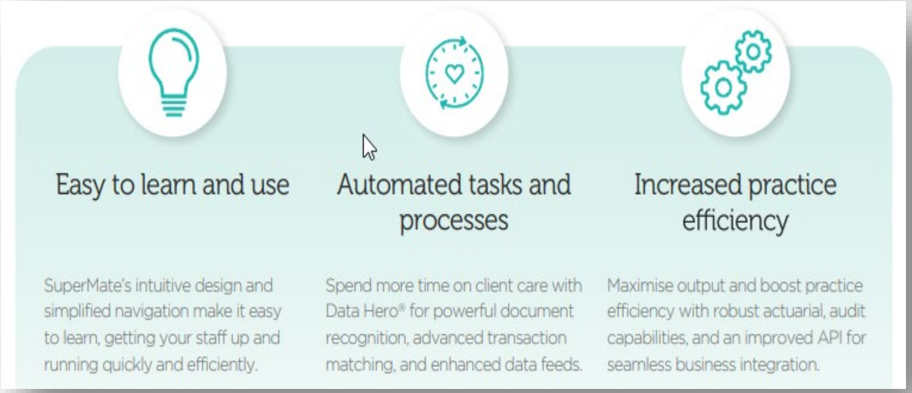
SUPPORT FOR PROFESSIONAL YEAR – AR FEE RELIEF

- First 6 months post appointment – No fee
- Next 6 months – 35% of applicable fee
- Next 12 months – 70% of applicable fee

SUPERCONCEPTS – SMSF SOLUTION

SuperConcepts

- One of the largest SMSF administrators in Australia
- Formerly owned by the AMP, now independently owned
- Centrepoint firms receive the following benefits:
  - 5% discount on SMSF Administration (increasing to 15% as fund numbers increase)
  - Up to 25% discount on SMSF Courses
  - 50% discount on SMSF Establishment Fee* - $325
  - Discounted fees for SuperMate (SMSF accounting and workflow solution)
  - Quarterly SMSF technical webinars
- Available for Licensed and Self-Licenced advisers
- Call your Regional Manager for more information



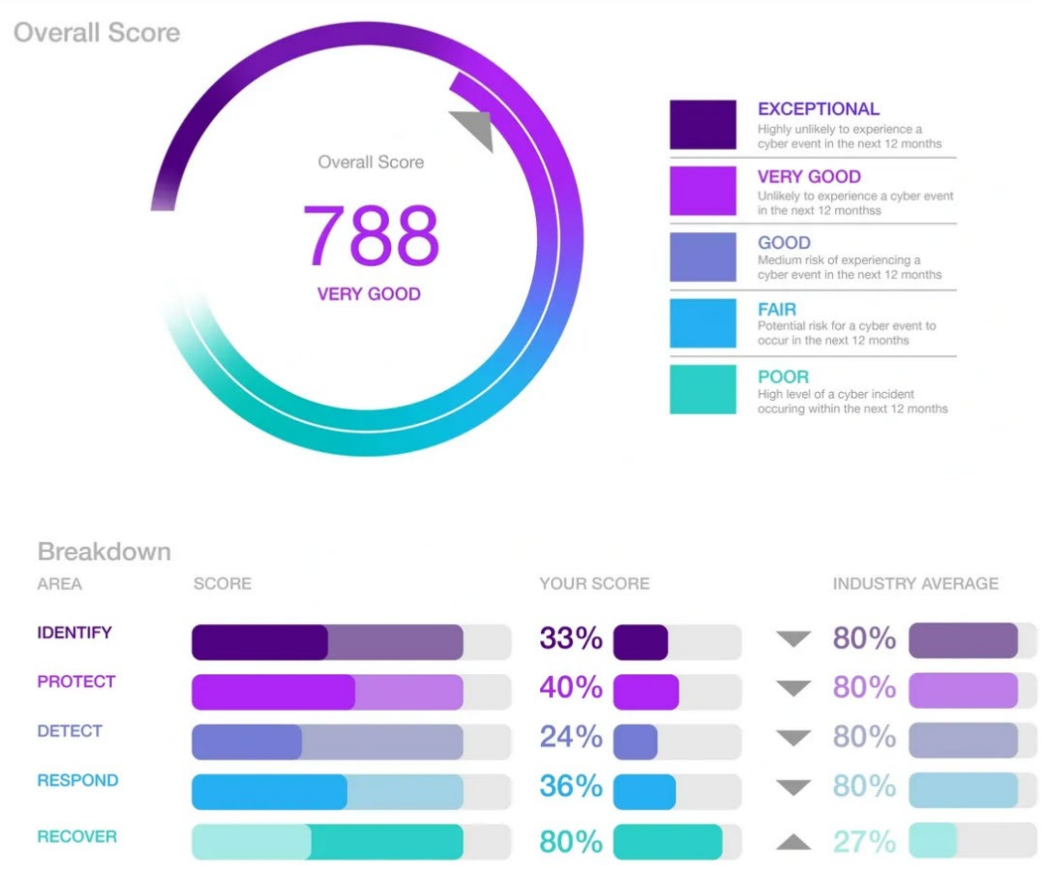
* Includes trust deed. Discount will apply for funds established before 30 June 2025.

CYBER INSURANCE FOR ARS – REDUCTION IN GROUP DEDUCTIBLE

- Centrepoint’s Group Cyber Insurance Policy does cover individual firms licensed under Alliance Wealth, Matrix and PIS up to $5m
- New Group Policy has a reduced deductible of $15,000 (previously $200,000)
- Lower deductible might be acceptable risk to firms and enable them to review whether they need to maintain standalone cover
- Premium savings are in the order of $750-$1,250 depending on underlying policy terms
- Please seek advice before cancelling standalone Cyber Insurance

CYBER INSURANCE – MANDATING BI-ANNUAL CYBER ASSESSMENT

- Licensee Standard requires firms to engage an external provider to review compliance of systems with mandatory requirements
- Quality of external provider assessments has been mixed
- Extension of Group Cyber Insurance to individual firms dependent on robustness of external assessment
- To solve we have made a decision to mandate a biennial cyber assessment via Security in Depth
- Centrepoint has negotiated a bulk price of $600
- Two-year assessment period will commence from 1 January 2025



NPS SURVEY – PLEASE PARTICIPATE

- Survey went live on Monday the 18th of November
- You will receive an email from Centrepoint (see below)
- Two questions plus voluntary verbatim

CENTREPOINT
ALLIANCE

Dear ,

We are continually looking to improve the way we serve and interact with our advisers. To do this we are seeking your feedback and opinions.

The survey results are identifiable meaning unless you indicate otherwise, your feedback can be used by Centrepoint Alliance to improve and enhance the quality of the services we deliver to you.

There are no right or wrong answers. We urge all participants to provide honest, constructive feedback.

Should you have any concerns or questions about the survey, please contact your Regional Manager.

To start the survey please click on the "Next" button below.

PROTECTION OF YOUR RESPONSES:

Written comments are reported verbatim and will be attributed to your individual response unless you indicate that you wish to remain anonymous. Centrepoint Alliance Privacy Policy, which complies with Australian legislation, prohibits the provision of your survey responses to your organisation or any third party in a way that would allow your responses to be linked to you.

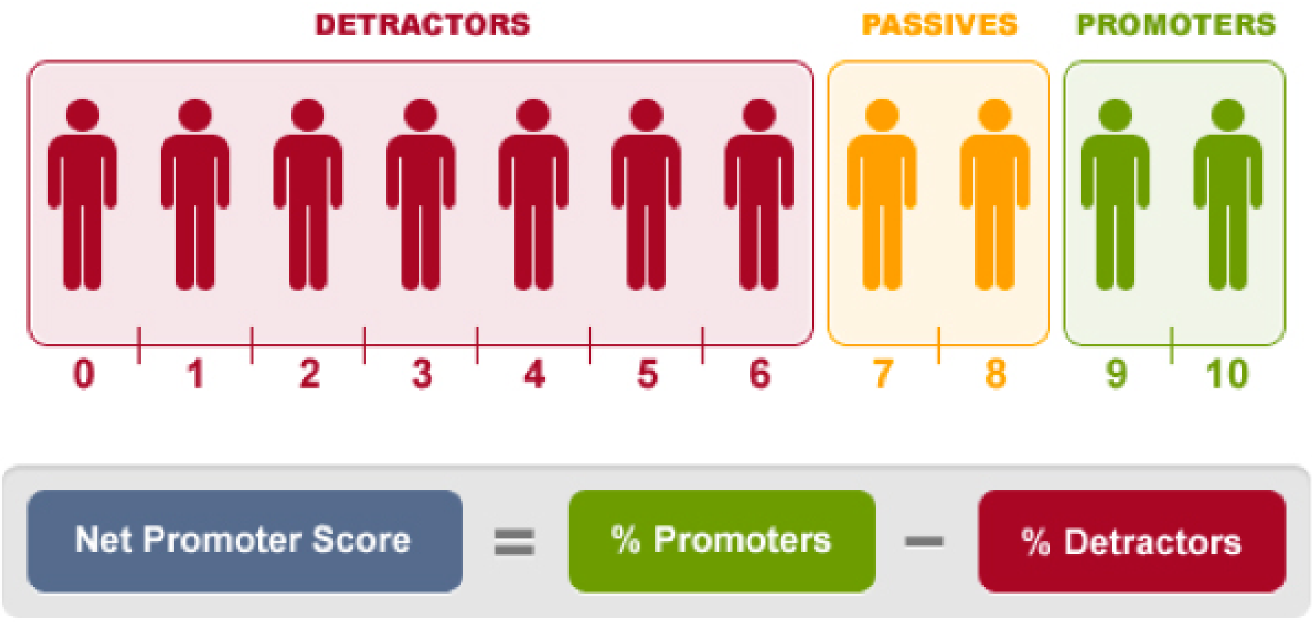
Next »

Powered by Medallia Agile Research

NPS SURVEY – PLEASE PARTICIPATE

Q1. On a scale of 0 to 10, how likely are you to recommend Centrepoint Alliance to a friend or colleague?

Q2. Why do you say that?



2025 ANNUAL CONFERENCE

Hobart, Tasmania
17 – 21 March 2025

Venue:

Wrest Point
TASMANIA

Pricing:

Twin	$2,400
Single	$2,800
Partner	$1,600
Single no accom	$2,000


CENTREPOINT
ALLIANCE
ASX: CAF
THANK YOU

Primary Drivers of Capacity and Growth

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Summary

Learning objectives

Objective 1:
Learn how to create a specific definition of your ideal client and who you won’t serve

Objective 2:
Free up capacity by shaping a profitable client base with the right fees and services

Objective 3:
Recognise the untapped opportunities for referrals growth and develop a plan to capitalise on them

MACQUARIE

Agenda

01	The bullseye ideal client
02	Client capacity levers
03	Client referrals

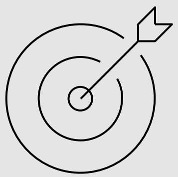
MACQUARIE

01

The bullseye ideal client

Shaping an ideal client base using the Bullseye concept

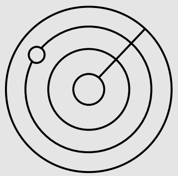
Where we'll play



Bullseye client

Deeply understand their drivers and needs.

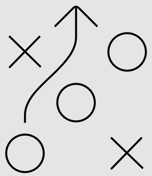
Shape our offering to attract more.



Secondary client

Nurture strategically important clients to attract or become bullseyes.

Ensure scalable delivery to maintain profitability.



Won't play

Apply disciplined new client filtering.

Have a plan for the tail.

The bullseye ideal client – an example

Client attribute	Detail	Bullseye	Secondary	Non-client
Commerciality	Revenue or proxy, e.g. total fees, FUA Strategic importance and/or spheres of influence Sufficient market size and/or differentiation strength			
Demographics	Age, geography, profession, income, assets etc.			
Psychographics	Delegator vs validator, relationship vs transactional, strategic vs investment, values and cultural fit etc.			
Needs and Complexity	Services, assets, family and estates, communication channels, meeting formats, education, etc.			

MACQUARIE

02

Client capacity levers

Applying ideal client discipline for capacity and profitability

Bring the right clients in

- Define fee schedule including minimums
- Filter out non-clients
- Train staff on why and how to filter

Apply appropriate fees and services

- Fix undercharging and inappropriate discounting
- Fix over and under-servicing
- Reassess activities that clients don't value

Deal with the tail

- Find new homes for non-clients
- Sell, refer or release non-clients

MACQUARIE

03

Client referrals

Client sources

Client responses to “How did you hear about us?"

Organic

Channel	Source of clients
Client referrals	34%
Professional referrals/COIs	28%
Followed my adviser	16%
Local presence	1%
Firm is well-known	1%
Google, website, social media etc.	2%

Source: 2023 Propensity survey, approx. 2500 clients

Advocacy drives client referrals

Client responses to “How likely are you to recommend us?”

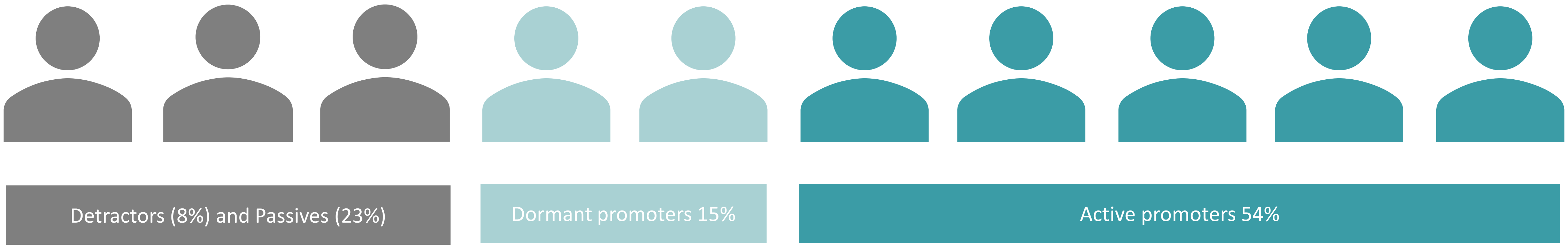
Promoters score 9 or 10 out of 10

Source: 2021 Propensity survey

Do promoters refer?

Client responses to “Have you recommended us in the past 12 months?”

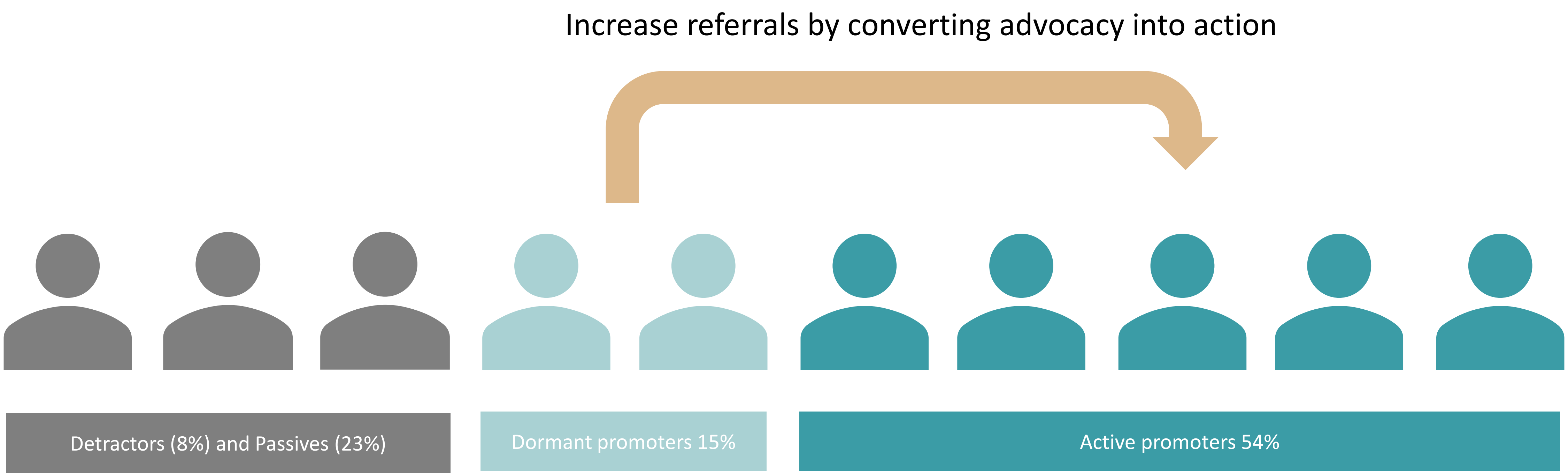
“Dormant promoters” have not made a recommendation in the past 12 months.



The “referral gap”

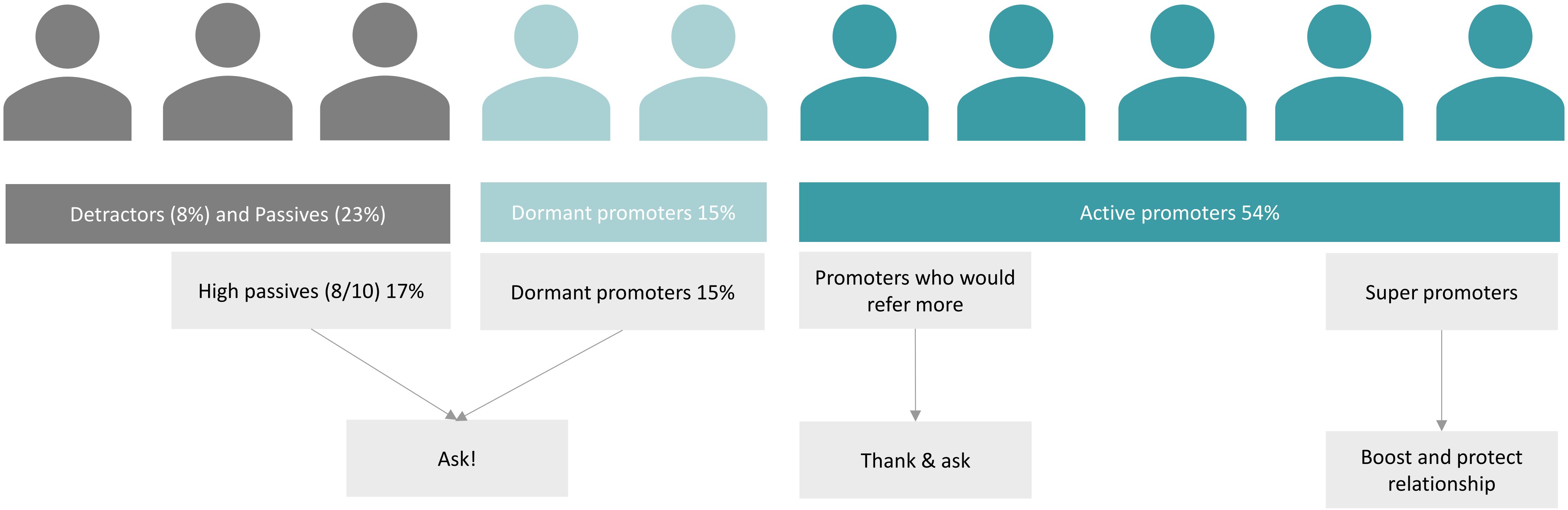
Source: 2021 Propensity survey

Primary referral lever – trigger referral <u>action</u>



Source: 2021 Propensity survey

Increase referral activity – who refers?



Source: 2021 Propensity survey

How to trigger more client referrals

Put on your owner hat

1

Leading change

Change management

Put on your adviser hat

2

How we ask

Who, how, when we'll ask

Change Management Overview

Advisory businesses are typically strong on project management and weak on change management – the people side of change

What is Change Management?

Discipline that guides how we prepare, equip and support individuals to successfully adopt change in order to drive organizational success and outcomes. A popular structured approach to follow to achieve lasting change in individuals is the Prosci ADKAR model

Businesses with good change management practices are 5X more likely to meet or exceed project objects than those with poor change management practices.

A → **D** → **K** → **A** → **R**

Awareness
I understand why the change is happening

Desire
I want to be part of the change

Knowledge
I know what I need to do

Ability
When I need to play my part there are minimal obstacles

Reinforcement
I'm held to account and am aware of the results

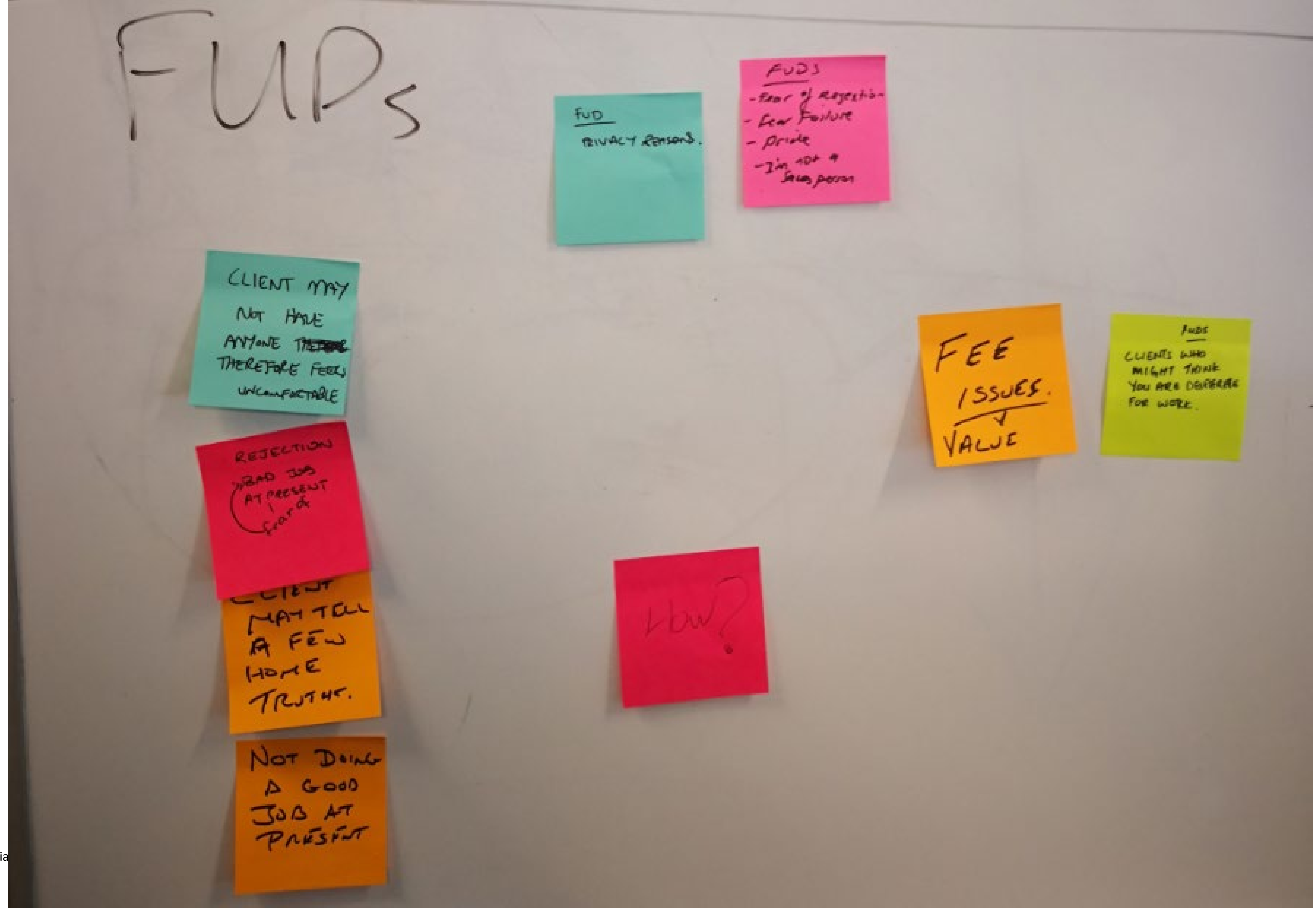
Source: Prosci Best Practices in Change Management - 2018 Edition

Workshop example

Let’s find our way of doing this authentically and effectively

1	2	3	4
Split into 2 groups	Consider who, how, and when we’ll ask for referrals	Write down your thoughts on post-it notes and stick them to the flip charts	Record any fears, uncertainties and doubts you have about the effort

Each group will then nominate a speaker to report back their findings to the other group. We’ll then begin to synthesise the ideas into a process.


FUPs
FUD
PRIVACY REASONS.
FUDS
- Fear of Rejectio
- Fear Failure
- Pride
- I'm not a Sales person
CLIENT MAY NOT HAVE ANYONE THEREFORE FEELS UNCOMFORTABLE
REJECTION
BAD JOB AT PRESENT
CLIENT MAY TELL A FEW HOME TRUTHS.
NOT DOING A GOOD JOB AT PRESENT
How?
FEE ISSUES.
VALUE
FUDS
CLIENTS WHO MIGHT THINK YOU ARE DESPERATE FOR WORK.


HOW
FACE TO FACE
HOW
DEPENDS
- DIRECT
- SUBTLE
depending on clients
FACE TO FACE MEETING
Preferably one-on-one when the client is in a good mood not pressured.
IDEAL CLIENT
EDUCATE
CLOSE
HOW
- In conversation in closing meeting
EDUCATE THE CLIENT.
IDEAL CLIENT
CLIENT EDUCATION IDEAL CLIENT.
BEFORE ASKING FOR REFERRAL ENSURE CLIENT IS BEING LOOKED AFTER FIRST
HOW
· ASK CLIENTS THAT NETWORK IN SIMILIAR WAY (I'll explain)
HOW
· Ask at client meetings after delivery of work
· Ask frequently ie. 2 x per year each client
· explain other services of our business
TWICE YEARLY
NEXT MEETING. BRING

Example workshop output

How to ask: an example

The following is an example script that came out of a team workshop on how to ask for referrals. Advisers are encouraged to make the wording their own.

Script elements	Objective of element
We really love helping people succeed..	Purpose-driven – it’s not selling, it’s helping. Client-driven, it’s about them, not us.
..so if you know anyone in a similar situation to you/with similar needs…	Makes it easy for clients to think of others and positions our ideal client segment (as opposed to their nephew in university for example)
..who would also benefit from what we’ve done with you on X..	X may be a high value experience such as a business sale, retirement plan, tax saving etc.
..we’d like to offer them a free consultation to act as a financial health check or second opinion.	Deals with the question of cost and obligation. Referral becomes a low-risk action.
Does anyone come to mind who you’d like to introduce to us?	Presents an opportunity for an immediate referral before they leave your office and forget. Uses “introduction” instead of “referral”.
If not that’s OK, have a think and if you find that a loved one is interested, you can give us their contact details (with their permission) and we’ll get in touch with them	This gives us the initiative in order to maintain momentum. If we ask the referee to call us it may be forgotten in a busy schedule.
We find the simplest way to describe what we do is…	A BBQ-friendly summary of your CVP

MACQUARIE

Thank you

When the rubber hits the road: the Code of Ethics in practice

MLC
LIFE INSURANCE

When the rubber hits the road

Synopsis & Learning Outcomes

While the Code of Ethics for financial advisers was first implemented in 2019, the Financial Services and Credit Panel (FSCP) has recently started to formally enforce the code.

In this session, we look at real cases from the FSCP. We examine the application of the Code of Ethics to understand where the regulator is applying the Code and what the practical takeouts are for us when constructing our advice to meet the professional ethical standards.

1) Understand the code of ethics for financial adviser and its relation to delivering advice to clients

2) Identify points of issue & trends in regulator activity on the practical enforcement of the code

3) Apply knowledge to improve advice processes and demonstrate seamless compliance with the code of ethics

Agenda

1. The financial adviser Code of Ethics
2. The Financial Services and Credit Panel
3. The 12 Standards and risk advice
4. Case studies from the FSCP
5. Trends and outcomes
6. Take-aways
7. Additional support and next steps

1

The financial adviser Code of Ethics

The financial adviser Code of Ethics

Ethical professional standards

Royal Commission
Recommendation for professional standards in financial services

FASEA
Develop Code in 2019

Legislated
Under s921 of the Corporations Act

Implemented
Along with education and professional year requirements

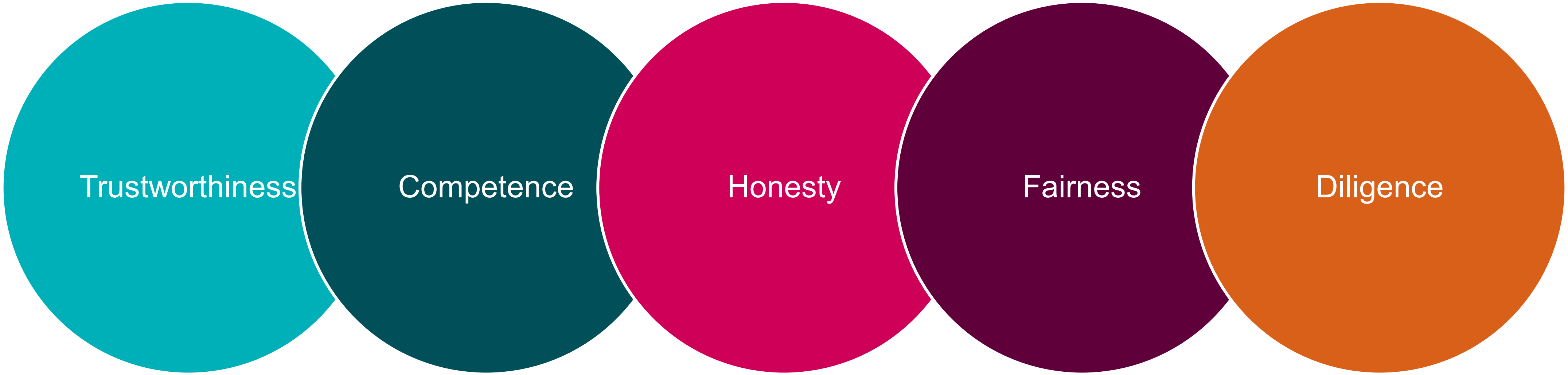
In effect
From January 2020

Enforcement
Via the Financial Services and Credit Panel

Ongoing
Review and Adjustment by Treasury

Principals and purpose

Guiding professional advice



The Code of Ethics is a principal-based instrument designed to enhance professionalism and guide ethical behaviour in financial advice.

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2

The Financial Services and Credit Panel

Financial Services and Credit Panel

Single disciplinary body

Oversee financial adviser Code of Ethics

Oversee corporations law in advice

Pool of varying advice industry participants (31 appointed as of 2022)

Monitoring/enforcement – Not development of regulation

Recommendation **2.10** of the Financial Services Royal Commission Final Report recommended the establishment of a single disciplinary body for financial advisers and the requirement that all financial advisers who provide personal financial advice to retail clients be registered.

FSCP and advice regulation

What are their powers?

Non-punitive punishments

Unable to impose fines or financial penalties.

Written reprimand

Acknowledgement of adviser error, but no further action taken.

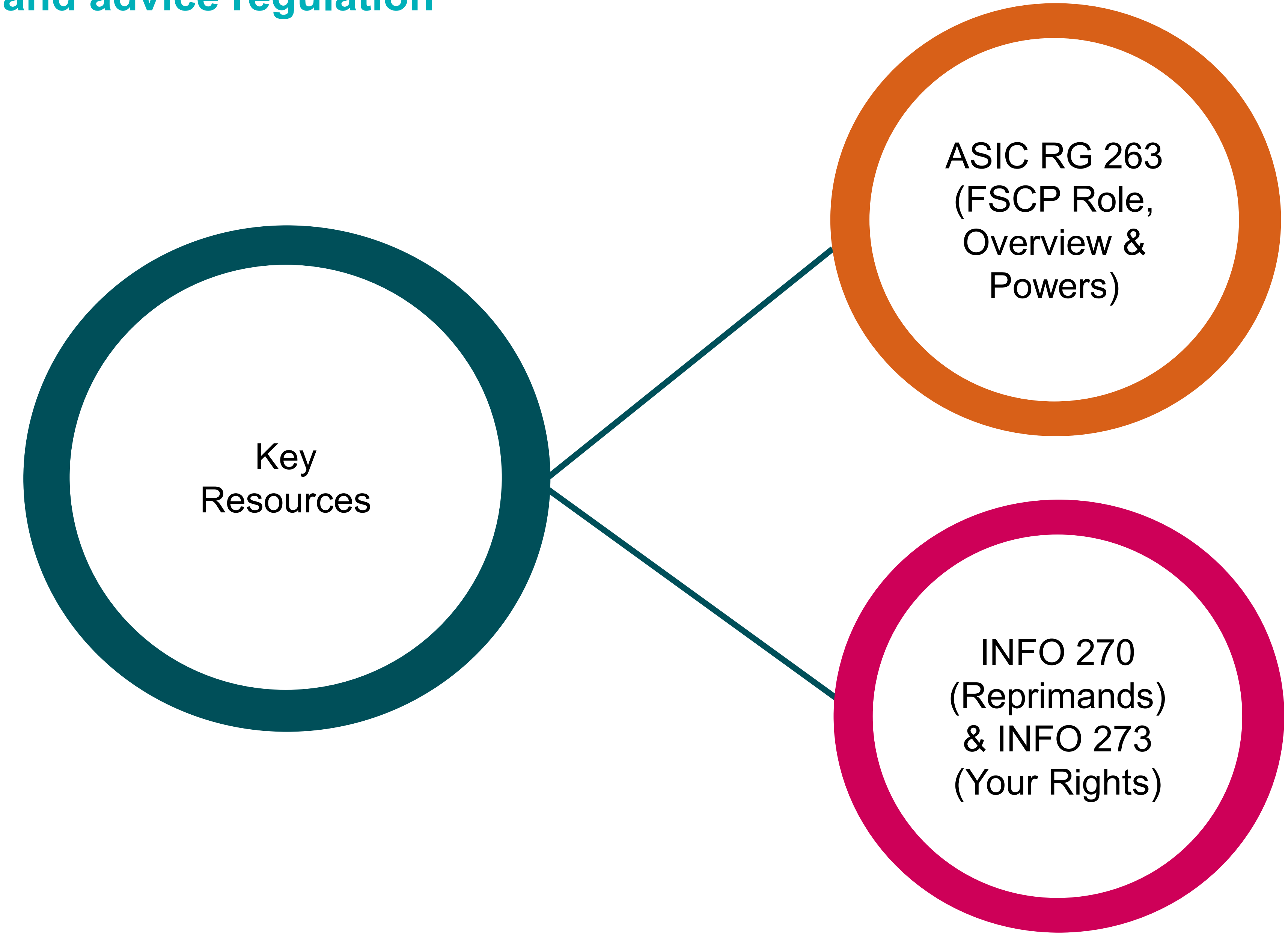
Bar from practising

Prohibit relevant provider from registering for a limited period due to actions.

Requirements to practise

ASIC provided with audits (at adviser cost) and findings for further action if needed.

FSCP and advice regulation



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3

The Code of Ethics and risk advice

Financial Adviser Code of Ethics

Standards 1-3

01

"The castle" standard

You must act in line with all applicable laws, including this Code, and not try to avoid or circumvent their intent.

02

"Be fair" standard

You must act with integrity and in the best interests of each of your clients.

03

"No conflicts" standard

You must not advise, refer or act in any other manner where you have a conflict of interest or duty.

Ethical behaviour

Financial Adviser Code of Ethics

Standards 4-6

04 "Informed consent" standard

You may act for a client only with the client's free, prior and informed consent.

05 "Best interest" via the Code

Advice must be in the best interests of the client, appropriate to their circumstances and must be satisfied that the client understands the advice.

06 "Crystal ball" standard

Consider the general effects arising from your advice and the broader, long-term interests and likely circumstances.

Client care

Financial Adviser Code of Ethics

Standards 7-9

09

“Product recommendations”

All advice/products you recommend, must be offered in good faith/competence and be neither misleading/deceptive.

08

“Record keeping” standard

You must make sure that your records of clients, including former clients, are complete and accurate.

07

“Remuneration” standard

Client must give free, prior and informed consent to all benefits and any fees must be fair, reasonable and represent value for money.

Quality process

Financial Adviser Code of Ethics

Standards 10-12

12

“Rising tides lift all boats”

You must uphold and promote the ethical standards and hold each other accountable.

11

“Face the music” standard

You must cooperate with ASIC and monitoring bodies in any investigation of a breach or potential breach of this Code.

10

“CPD” standard

You must develop, maintain and apply a high level of relevant knowledge and skills.

Professional commitment

4

FSCP – Case studies

Case study 1 – Mr A

The relevant provider gave insurance and superannuation advice to two clients. The clients were referred to the relevant provider for advice from a third-party, a superannuation switching cold calling operator, who made an unsolicited telemarketing call to them offering a superannuation review.

The client files recommended they:

a) switch superannuation funds even though the client was comfortable with their position and/or would receive small annual savings in product fees while incurring significant additional costs, and

b) take out additional insurance without appropriately justifying the need for the sum insured.

The client files did not contain evidence that the clients wanted or needed ongoing advice to warrant ongoing fees, rather than paying for future services if the need arose.

The relevant provider received soft benefits under a commercial agreement for advising the clients to switch superannuation funds and invest it in the recommended product.

The relevant provider included in the Statements of Advice a graph and statement that suggested the recommended product outperformed other funds for a five-year period when it had only existed for one year.

What issues do you see with this scenario?

What should the outcome be?

FSCP outcome

The Sitting Panel issued a written direction for the relevant provider receives specified supervision by engaging an independent expert in financial services laws compliance to pre-vet and audit the next 10 SOAs that include a recommendation regarding insurance; and the next 10 SOAs that include a recommendation regarding superannuation.

The findings must be provided to ASIC, and the relevant provider must bear the cost of the work undertaken.

Standard 3

Standard 5

Standard 9

961B(1), 961G, 961J(1), 921E(3) and 1041E(1) of the Corporations Act

Case study 2 – Mr M

The relevant provider recommended in a Statement of Advice (SOA) that the client, who had been cold-called, switched their superannuation from one fund to another.

Although the client held life, TPD and IP insurance in their existing superannuation fund, the relevant provider failed to consider their existing insurance or give insurance advice to the client.

The SOA recommended a high-growth investment portfolio in the recommended superannuation fund despite the client having a growth risk profile.

The SOA also contained retirement projections that had no basis. The Sitting Panel was satisfied that the projections were used to induce the client into accepting the relevant provider's recommendation.

The SOA was presented to the client on the day after the fact find was completed, and on the same day that the client completed a risk profile questionnaire.

What issues do you see with this scenario?

What should the outcome be?

FSCP outcome

The Sitting Panel issued a written direction for the relevant provider to engage an independent expert in financial services laws compliance to pre-vet the next 10 SOAs that the relevant provider intends to present to a retail client.

The written direction also requires them to engage the independent person to select and audit 10 SOAs that they presented between 1 February 2023 and 30 April 2023.

These results must be provided to ASIC, and the relevant provider must bear the cost of the work undertaken.

- Standard 2
- Standard 5
- Standard 9
- s961B(1), s961G, s1041E(1) and s921E(3) of the Corporations Act

Case study 3 – Mr X

The relevant provider gave Statements of Advice (SOA) to three clients (on the same day) which adopted the layered advice strategy for each client.

It was not clear as to how the limited insurance advice scope was effective in each client's circumstances without assessing their superannuation at the same time.

The client files had minimal information collected about their debts and expenses, and they lacked explanation as to the basis for the insurance covers recommended. The relevant provider relied on generic, unsubstantiated reasons to support the recommendations for the replacement insurance products.

In recommending the three clients roll over their superannuation funds, the SOAs did not include any product replacement information as it related to the clients' residual superannuation balances. For example, there were no comparisons of fees, risks, or identification of any benefits lost by closing their existing superannuation accounts

All three clients appeared to be under-insured as a result of the relevant provider's recommendations.

What issues do you see with this scenario?

What should the outcome be?

FSCP outcome

The Sitting Panel issued a written direction that the relevant provider receives specified supervision by engaging an independent expert in financial services laws compliance to pre-vet and audit the next 10 SOAs that include a recommendation in relation to insurance; and the next 10 SOAs that include a recommendation regarding superannuation.

The findings must be provided to ASIC and the relevant the provider must bear the cost of the work undertaken.

- Standard 5
- Standard 6
- Standard 9
- s961B(1), 961G, 947D(2) and 921E(3) of the Corporations Act

Case study 4 – Mr G

The relevant provider failed to accurately identify the clients' goals, failed to make reasonable inquiries to obtain complete and accurate health information for one client, failed to consider the insurance information in relation to one client, and failed to consider the risk profiles of the clients

Failed to accurately identify the clients' goals, failed to make reasonable inquiries to obtain complete and accurate health information for one client, failed to consider the insurance information in relation to one client, and failed to consider the risk profiles of the clients

Failed to ensure that the SOAs they provided set out the potential benefits, pecuniary or otherwise, that may be lost by implementing the advice, and out any significant consequences of implementing the advice

Failed to consider the clients retaining their existing insurance cover, he preferred his and his associates own interest in generating commissions over the clients' interests in maintaining their insurance cover

What issues do you see with this scenario?

What should the outcome be?

FSCP outcome

The Sitting Panel issued a written direction that the relevant provider to receive specified supervision by engaging an independent expert in financial services laws compliance to pre-vet and audit the next 10 SOAs and provide the findings to both the AFSL And ASIC.

The findings must be provided to ASIC and the relevant the provider must bear the cost of the work undertaken.

- Standard 3
- Standard 5
- Standard 7?
- s961B(1), s961G, s947D and s921E(3) of the Corporations Act

Case study 5 – Mr F.

In relation to the first SOA, recommended that the client make a voluntary contribution to their superannuation fund to obtain a personal tax deduction when the superannuation fund did not allow voluntary contributions.

In relation to the second SOA, for a married couple nearing retirement, failed to consider the insurance options available in one of the client's superannuation funds, and by failing to address the conflict between their retirement goals and their financial protection goals.

Underestimated the costs of the insurance in the SOA's retirement projections by $74,479 for one client and $14,566 for the other client. In spite of the advice not being in the clients' best interests or appropriate, the insurance recommendation earned an upfront commission of $20,000, and an ongoing commission of $6,700.

In relation to the third SOA, for a married couple with a very low combined income and superannuation balance, failed to ascertain the details of one of the client's superannuation funds, and failed to consider the insurance options in both of their existing superannuation funds. Also failed to refer to the 50-75% loading that would apply to the insurance recommendations for one of the clients, and failed to address the effect this would have on their superannuation balance.

What issues do you see with this scenario?

What should the outcome be?

FSCP outcome

The Sitting Panel issued a written direction that the relevant provider to receive specified supervision by engaging an independent expert in financial services laws compliance to pre-vet and audit the next 10 SOAs that include a recommendation about insurance; and the next 10 SOAs that include a recommendation about superannuation.

The findings must be provided to ASIC and the relevant the provider must bear the cost of the work undertaken.

Standard 2

Standard 5

s961B(1), s961G, s961J of the Corporations Act

Quick Hits

Ms.J

- Referred to panel due to concerns about not meeting CPD requirements (40 h0urs in relevant areas).
- Panel satisfied based on additional material that exceptional circumstances applied and took no action.

Mr. Z

- Referred to panel due to concerns that breached 946B, 961B(1) and 921E in relation to personal advice for two clients.
- The provider submitted additional information and the panel determined to take no further action

Mr.L

- Provider breached 946A(1) by not providing an SoA to a retail client.
- RoA's were given to the client between Feb-Nov 2022 in reliance on SoA's delivered by a different previous providing entity.
- Warning issued by the sitting panel

Mr.J

- Provider responsible for backdating documents on a client file including an SoA.
- Panel found provider breached 1041H and 921E along with standards 1, 2, 4, 5 and 8.
- Reprimand issued by the sitting panel.

5

Outcomes and trends

What don’t we know?

More detail and context around some of the advice

The full rationale behind the sitting panels decision + outcome of further auditing undertaken

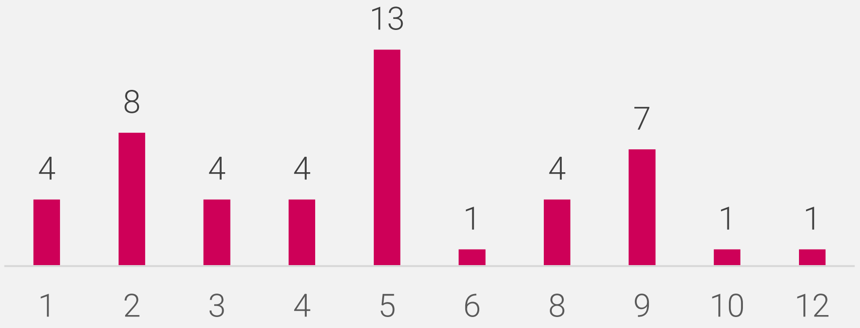
The source of the panel referral (licensee, client, industry etc)

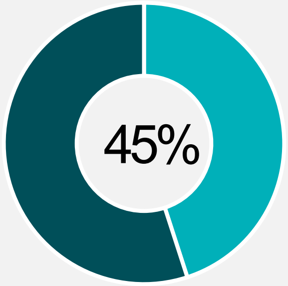
Outcomes and trends

Common Risk Issues

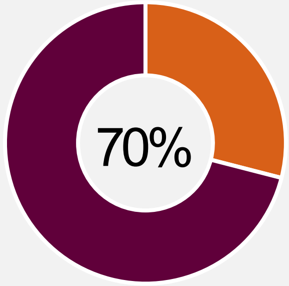
- No evidence of any evaluation of the client's other priorities to form a basis for the advice.
- Lack of consideration of risk needs or existing insurance products
- Underwriting impact and changes on contracts
- Insurance recommendations that were unlikely to be affordable for that client over time.

Standards breached





Included elements of Insurance



Of insurance related cases required additional auditing

Insurance advice

FSCP excerpts

When it comes to insurance advice…

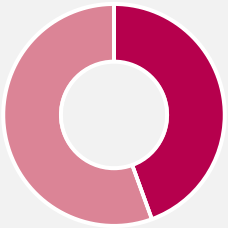
> The relevant provider failed to consider their existing insurance or conduct an insurance needs analysis. The advice was also inappropriately scoped as limited to superannuation products only.

> The client files showed minimal information collected about their debts and expenses and they lacked explanation as to the basis for the insurance covers recommended.

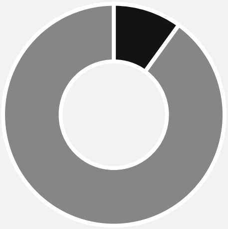
Broad consideration and context is clearly a concern.

Common outcomes

Over 40% of outcomes resulted in additional auditing



Over 30% included advice on insurance in super



9% of outcomes led to prohibition of registration for a period

Total cases to date

22

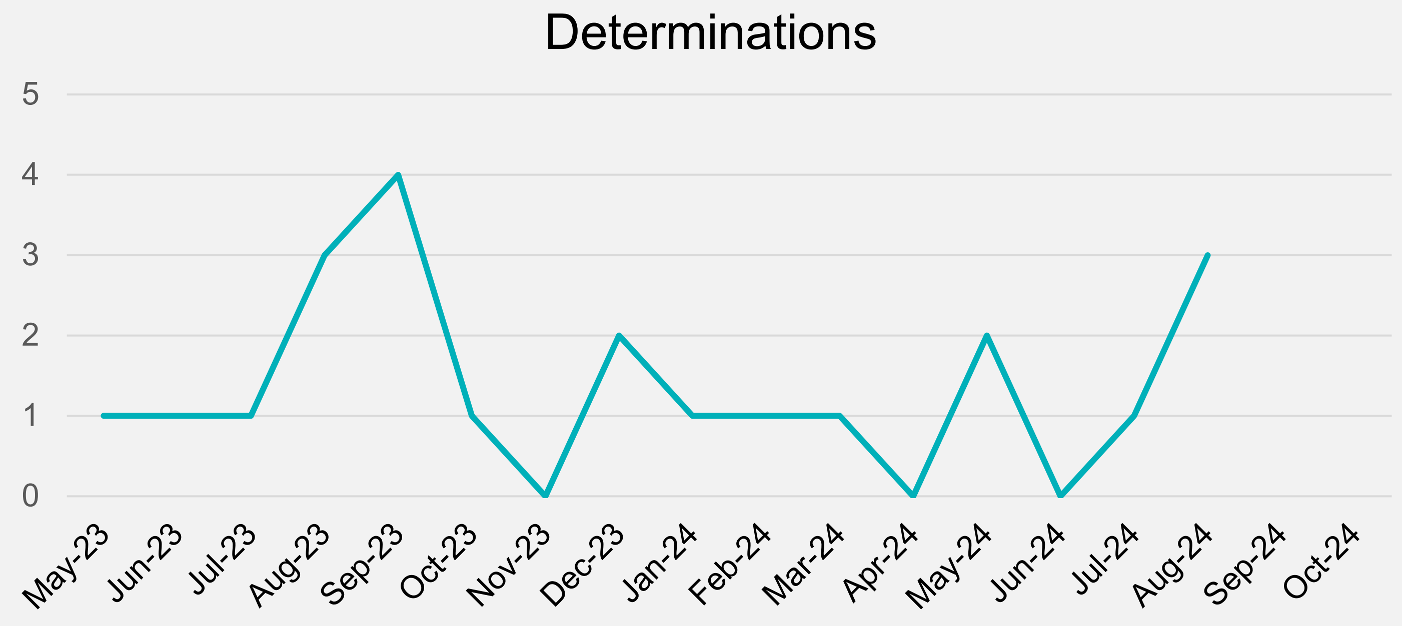
FSCP Disciplinary Insights

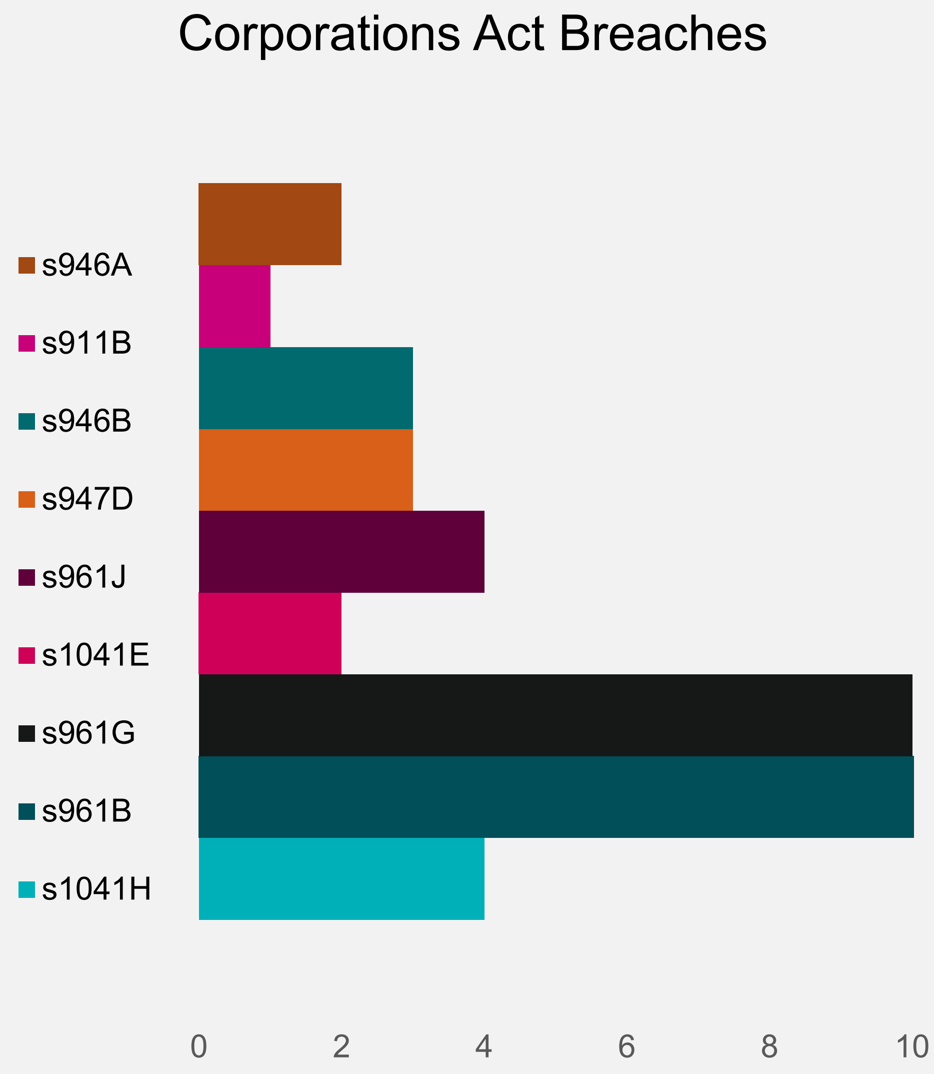
2

Advisers named to date (all other determinations anonymous)

86%

Of cases highlighted breaches of both corporation's law & the code of ethics





6

Advice take-aways

What do the FSCP outcomes and trends tell us?

Scoping

Under standard 6, we need to think very carefully around scoping out discussions on risk.

Conflicts

Business models are clearly under examination when it comes to conflicts.

Justification

Do we have sound rationale for our recommendations and sums insured?

Best interest

Our advice needs to show we truly understand the client, and as a function of this, their interests, for the recommendation.

Understanding

Can we show the client understands the advice and consequences?

Putting the Code into practice

What does it mean for risk advice?

Consider risk holistically

- Long-term impact
- Interaction with superannuation
- Client understanding

Consider our replacement advice

- Loss of cover
- Loss of features/benefits
- Advice timing and scoping

Getting the needs analysis right

- Sound basis for need
- If not insuring, show why appropriate, and that client understands
- Objective basis for sums insured

Cash flow and budget analysis

- Demonstrating affordability
- Showing constraints/competing priorities
- Illustrating trade-offs

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7

Additional support and next steps

Additional resources

Upcoming webinar:

The Great Wealth (Risk) Transfer

Scan to register

Education and support

Online

Access ongoing CPD webinars and articles throughout the year

Phone

Reach out to your local BDM for more information

Email

Rdptraining@mlcinsurance.com.au for technical support

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Thank you

Building certainty into retirement planning

Helping clients transition into retirement

Allianz Retire+
POWERED BY PIMCO

Building certainty into retirement

Learning outcomes:

- Practically apply ethical standards to various client retirement planning scenarios
- Identify and mitigate the different behavioral and financial risks that exist when planning for retirement rather than wealth accumulation phase
- Examine and address a client’s need for certainty in planning for retirement income, and
- Sort myth from fact when working with new age lifetime income streams.

What does certainty mean to your clients?

‘Clients are largely benchmark unaware, and typically judge the performance of their financial plan simply in terms of the progress towards their financial and lifestyle goals.

Navigating volatility and preserving capital is far more important than chasing the highest possible investment returns. Clients recognise that advisers have expertise and access to opportunities that can help them achieve their goals’.

The consensus view among the advisers interviewed is that most clients were suited – emotionally and objectively – to a strategy designed to capture much of the market upside while limiting the downside.

Source: Milford Australia and Ensombl whitepaper: ‘Safe hands on the wheel’ whitepaper, October 2023

Code of Ethics – Standard 2

You must act with integrity and in the best interests of each of your clients.

What is meant by ‘best interest’?

Allianz Retire+
POWERED BY PIMCO

Objectives in retirement are different, therefore what constitutes best interest may also be different:

IN ACCUMULATION PHASE

Maximising assets for a given risk appetite with the resources a client has

IN RETIREMENT PHASE

Securing a reliable, regular source of income

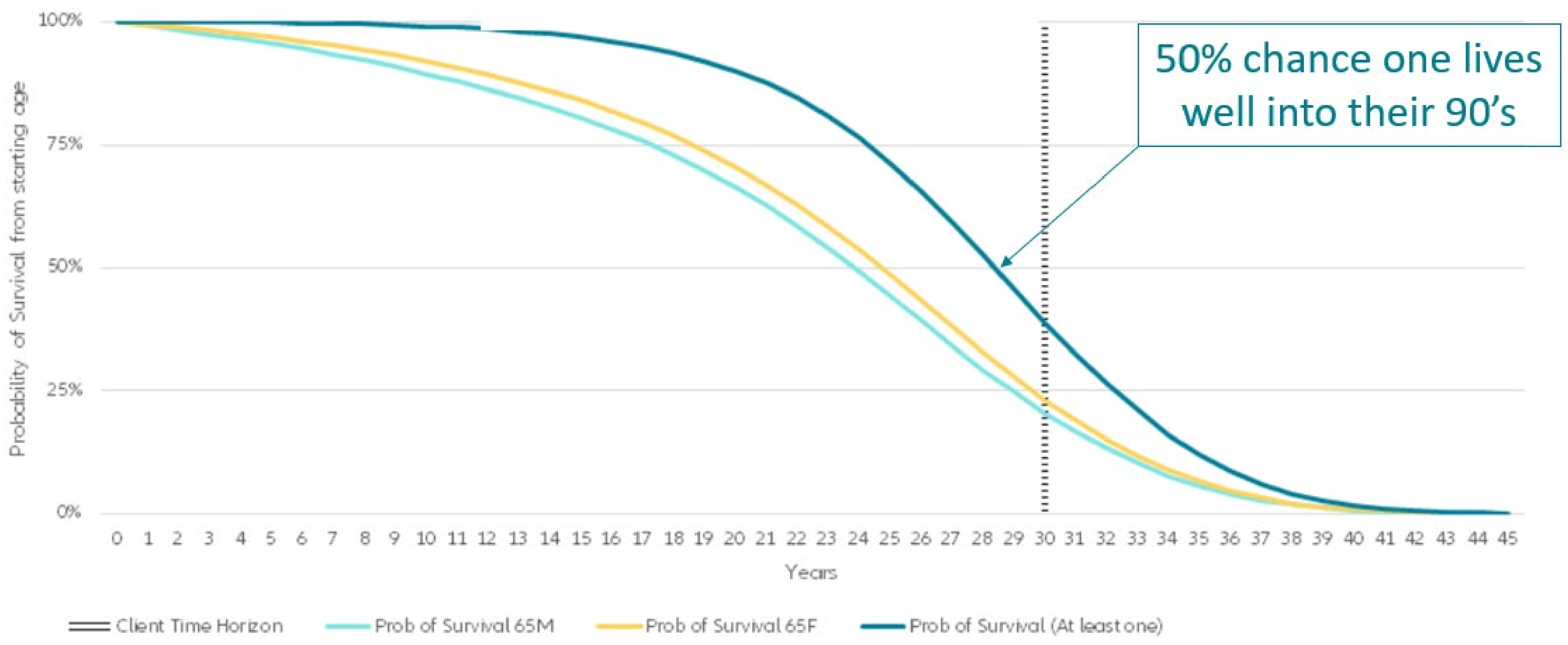
‘Longevity research has shown that having certainty in our financial position has a three-times greater impact on our happiness than just receiving an income’.

Source: Dan Buettner

Longevity risk
Probability of survival for a couple aged 65

- Life expectancy in Australia is 11.9 years longer for males and 10.6 years for females compared with the united nations 2020 world average of 69.4 years and 74.8 years
- Australians aged 85 and over which is projected to grow from an estimated 534,000 in 2021 to 1.28 million by 2041
- Number of centenarians is projected to grow from 5,300 in 2021 to 15,900 by 2041

Longevity risk



Sources:
AB report November 2022; How long you can expect to live and what it means for your super (superguide.com.au); Life tables, 2019 - 2021 | Australian Bureau of Statistics (abs.gov.au)

Regulatory enforcement

Allianz Retire+
POWERED BY PIMCO

ASIC 2022-23

Type of regulated entity	Staff
Financial Advisers	51
Investment Managers	35
Superannuation	35
Credit, Retail Banking & Payments	50
Insurers	33
Licensing	34
Institutional Supervision	25

AFCA 2022-23

Top five investments and advice complaints received by issue*

Issue	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
Inappropriate advice	323	585	534	241	1662
Failure to follow instructions/agreement	701	575	229	332	951
Failure to act in the client's best interests	212	469	525	281	534
Service quality	118	380	674	570	371
Incorrect fees/costs	194	335	331	212	211

* Complaints against two firms made up 49% of the total complaints received.

Code of Ethics – Standard 5 (Part 1)

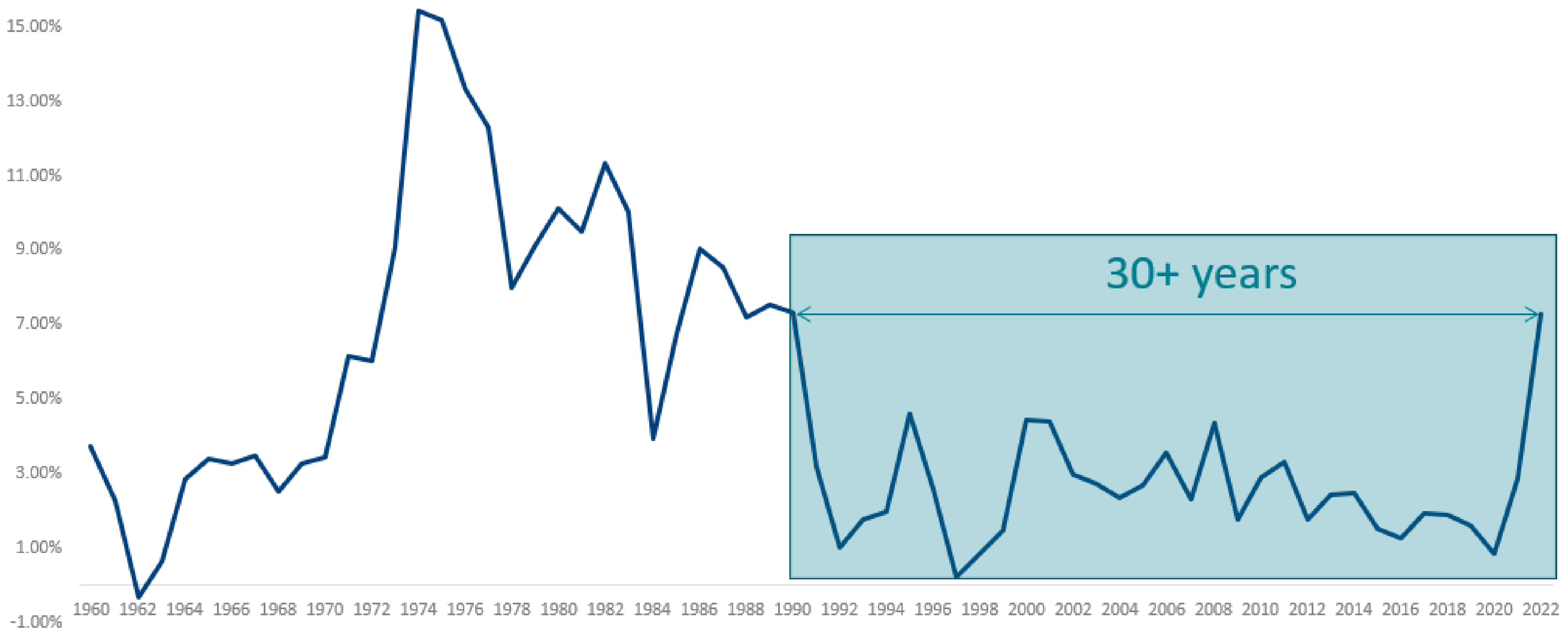
All advice and financial product recommendations that you give to a client must be in the best interests of the client and appropriate to the client's individual circumstances.

Inflation risk

Allianz Retire+
POWERED BY PIMCO

Elevated inflation creates another layer of risk for investors, reducing real rates of return and eroding the spending power of those on fixed incomes.

Historical inflation 1951-2021

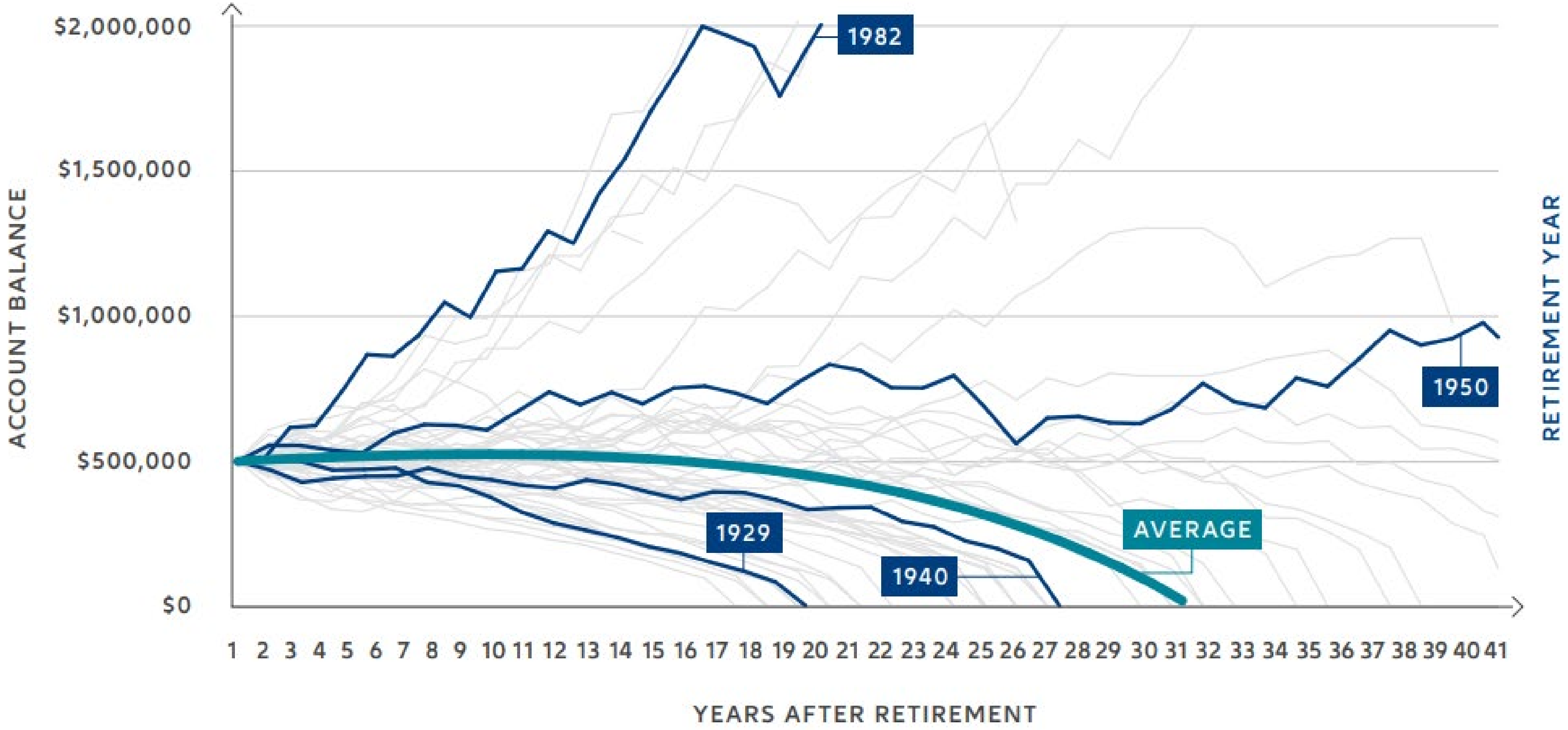


Source: Australian Bureau of Statistics

Retirement outcomes: chance vs planning

Allianz Retire+
POWERED BY PIMCO

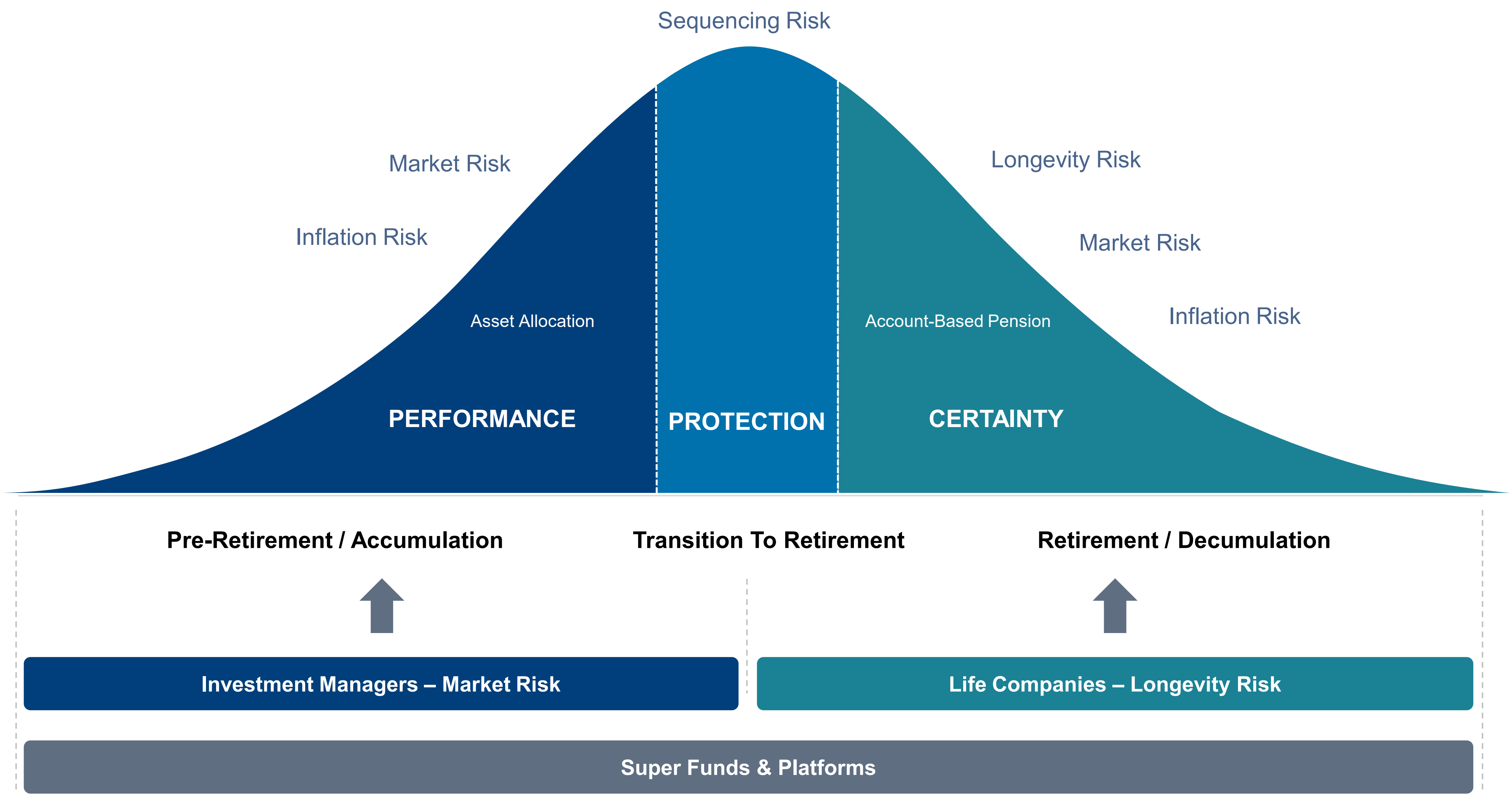
Retirees usually cannot align their retirement date with ideal market conditions



Source: Wealth Benchmarks™

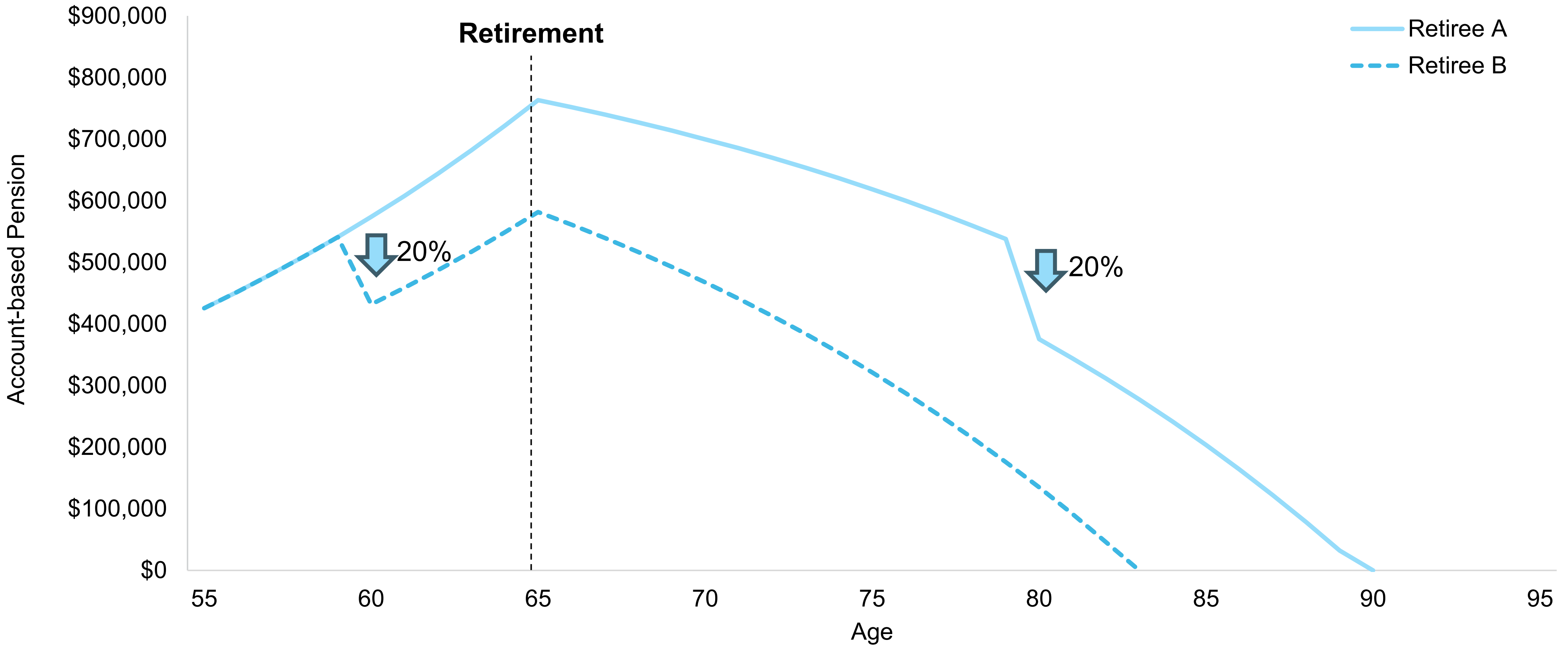
$500,000 invested in a diversified, multi-sector balanced portfolio – rebalanced annually. Income of 5% drawn in year 1, then an annual amount adjusted by 3% pa for inflation

The shift from performance to providing certainty



The impact of sequencing risk

How long does your money last?



Starting balance of $400,000, $5,000 contribution at the start of each year prior to retirement at age 65, $50,000 p.a. drawdown at retirement, return of 6% p.a., 0.95% p.a. fee.
For illustrative purposes only.

Code of Ethics – Standard 5 (Part 2)

You must be satisfied that the client understands your advice and the benefits, costs and risks of the financial products that you recommend, and you must have reasonable grounds to be satisfied.

Case study: 'Jana' - AFCA

Allianz Retire+
POWERED BY PIMCO

September 2004

Jana sought advice from a financial adviser. Jana said she told the adviser she required:

- an annuity until her death
- a monthly payment of $500 to cover her residential costs at her retirement village.

Jana believed the adviser recommended that she invest in a lifetime annuity, and she expected a regular income for the rest of her life.

July 2018

Jana received notice that her annuity would cease in September 2019, and became aware that her annuity was not a lifetime annuity but a 15-year fixed term annuity.

The complaint:

- The financial firm misled the Jana about the type of annuity she was investing in, and
- that there was inadequate compensation for the stress she had experienced.

Case study: Jana – issues and key findings

Was the advice appropriate?

Based on goals and objectives in 2004, the adviser's recommendation to purchase a 15-year annuity was appropriate.

Was the complainant misled to believe her fixed term annuity was a lifetime annuity?

Jana was misled by the SoA dated 1 Sept 2004, because there were frequent references to a lifetime annuity, despite the adviser recommending a fixed term annuity.

Did the misleading conduct cause the complainant loss?

- Contents of the SOA were unclear and misleading.
- Jana had not relied on the representations to her detriment.
- Jana did not show how the misrepresentations caused her financial loss.

However, for the errors in the SOA, and Jana's **resulting stress, inconvenience and confusion**, the financial firm should pay $500.

Code of Ethics – Standard 6

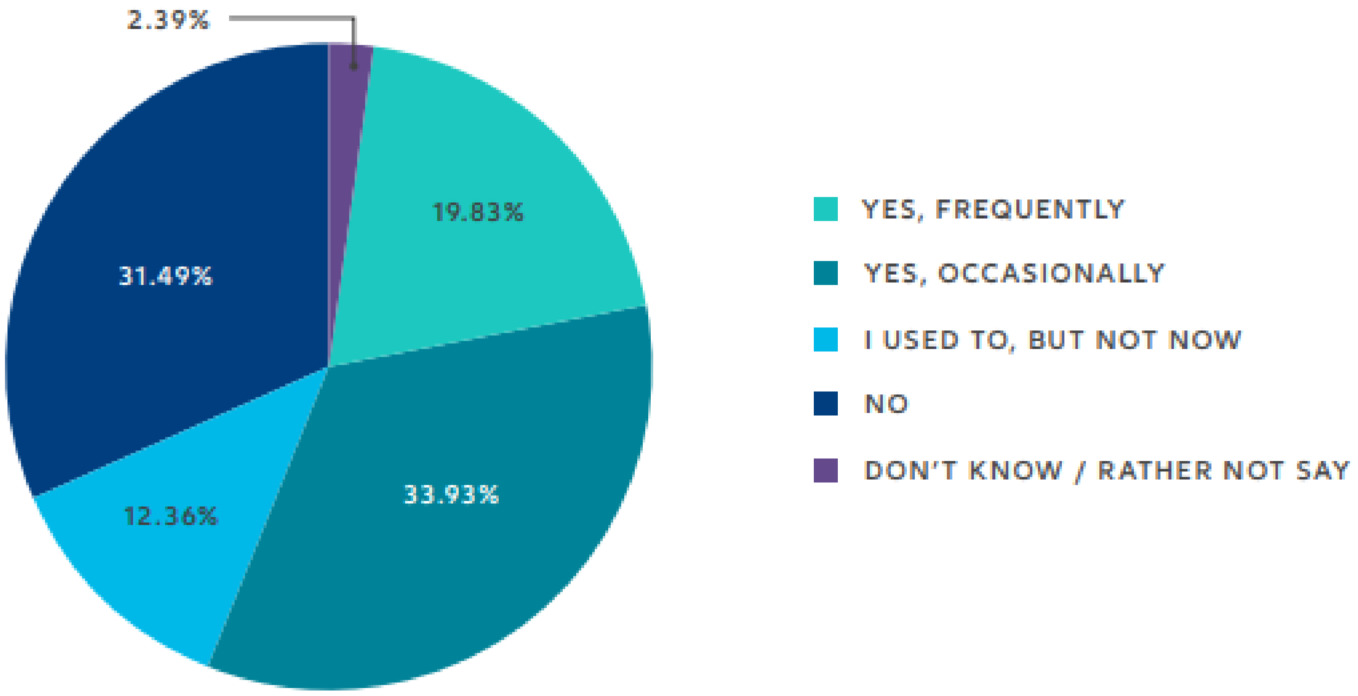
You must take into account the broad effects arising from the client acting on your advice and actively consider the client's broader, long-term interests and likely circumstances.

Fear, risk-aversion and self insurance

About 700 Australians retire every day, with many entering the post-work phase of their lives carrying significant financial wellbeing fears.

For example, more than half of older Australians are afraid their savings will not last through retirement.

Do you worry that you might outlive your savings?



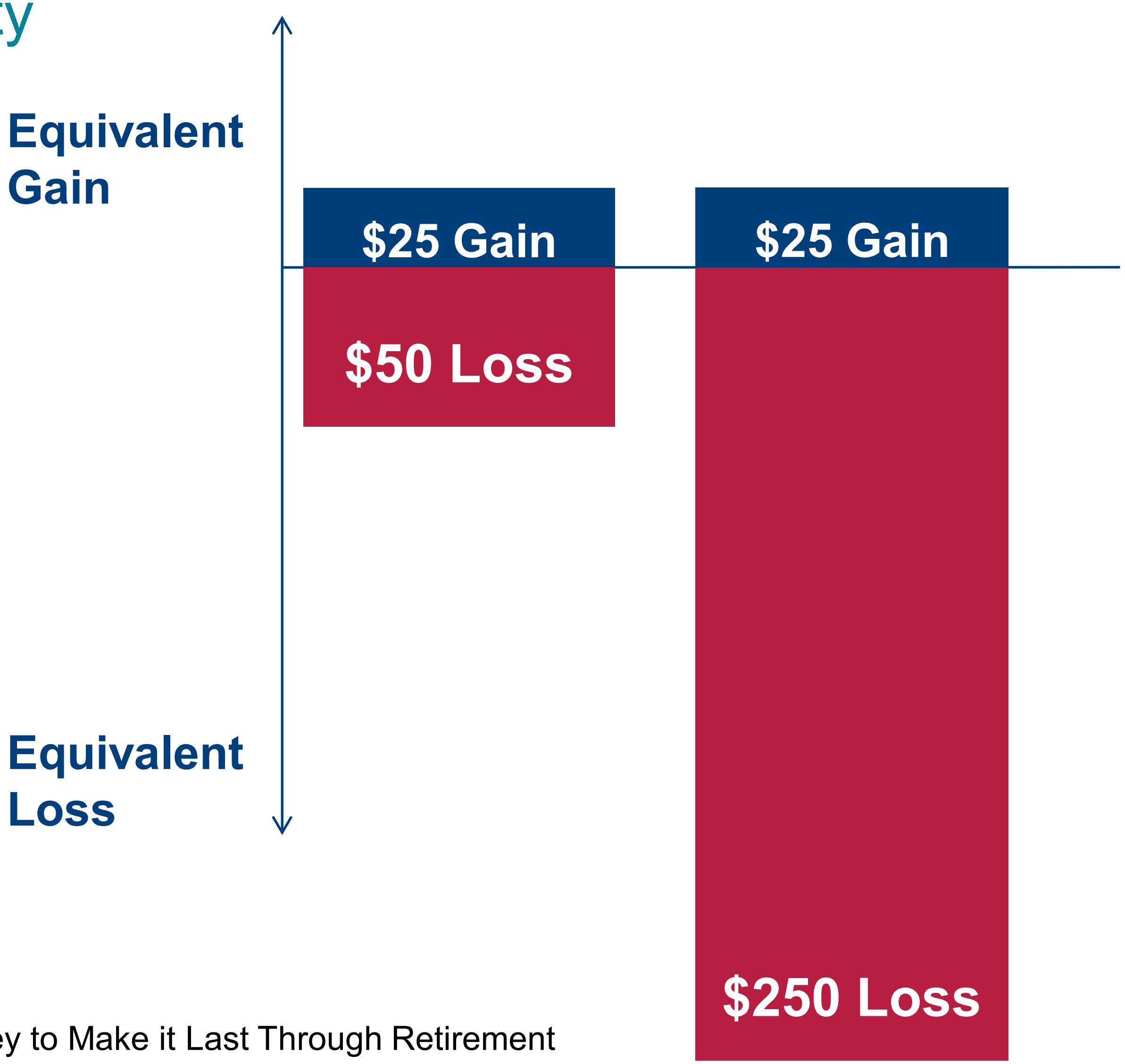
Source: National Seniors Australia: 'Retirement Income Worry: Who worries and why?', January 2020

Hyper loss aversion

Professor Eric Johnson - Columbia University

Accumulators feel the pain of a loss **2x** as much as they feel the joy of a gain.[1]

Retirees feel the pain of a loss **10x** as much as they feel the joy of a gain.[1]



[1]AARP and the American Council of Life Insurers – How Retirees Manage Money to Make it Last Through Retirement (2007)

Code of Ethics – Standard 9

All advice you give, and all products you recommend, to a client must be offered in good faith and with competence and be neither misleading nor deceptive.

Scenario One

I want to ensure my family / estate is taken care of.

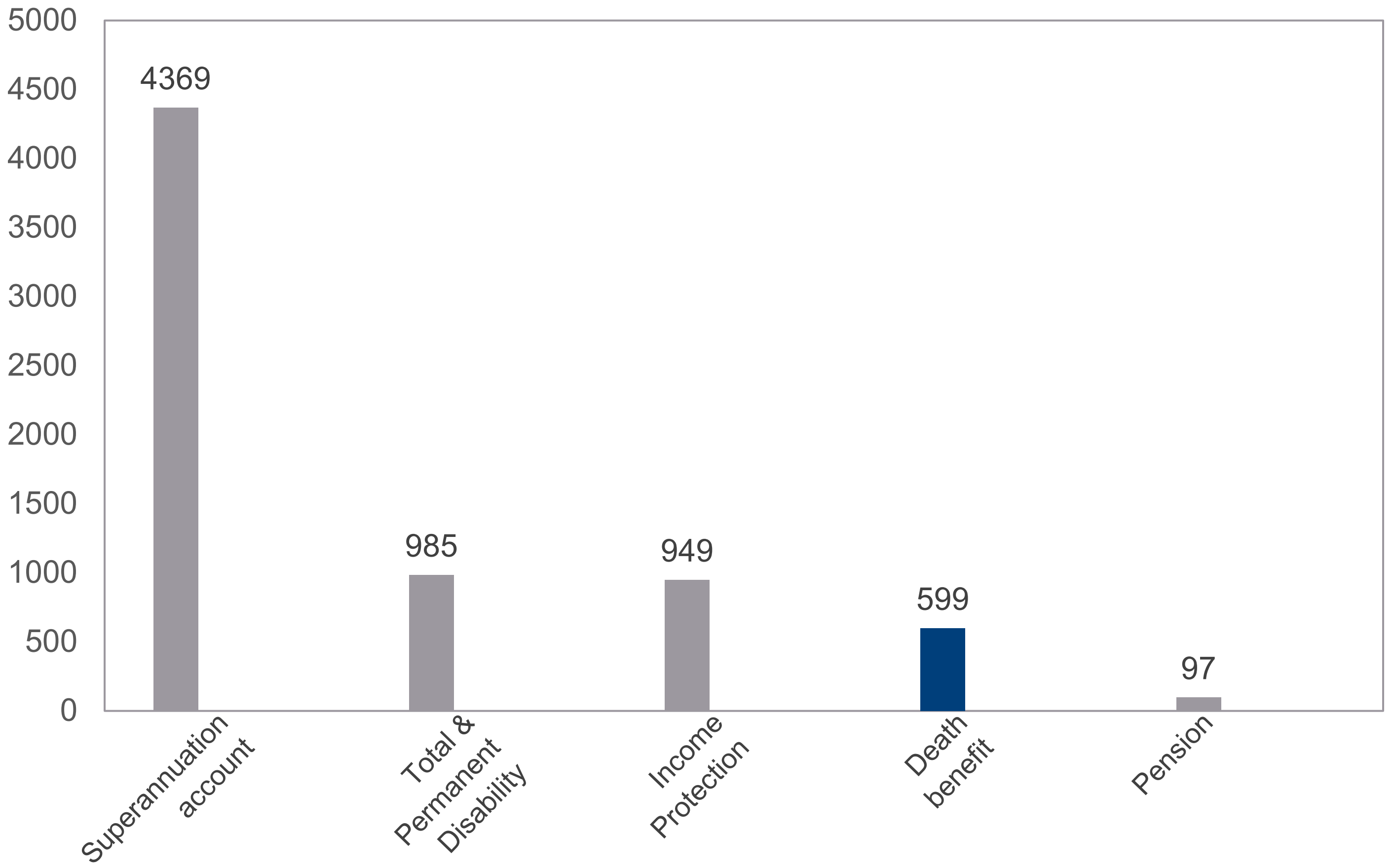
Death benefit payouts – AFCA super complaints

In 2022-23, complaints about death benefits were the fourth most common category, with 599 complaints.

These complaints included issues about:

- identification of dependants
- allocation of the death benefit
- the validity of binding or non-lapsing nominations
- delays in death benefit distribution decisions
- insured death cover.

Top 5 complaints received by product



Source: AFCA – Superannuation Complaints

Scenario Two

I want a reliable income in retirement and I’m scared of losing money.

Quick Poll - Possible approaches

Allianz Retire+ POWERED BY PIMCO

Creating a diversified portfolio of low-risk assets such as bonds, TDs etc that can generate steady income and preserve capital.

Using a bucket strategy that divides the retirement savings into different segments based on the horizon and risk tolerance.

Investing in annuities that provide a guaranteed income for life and have downside protection.

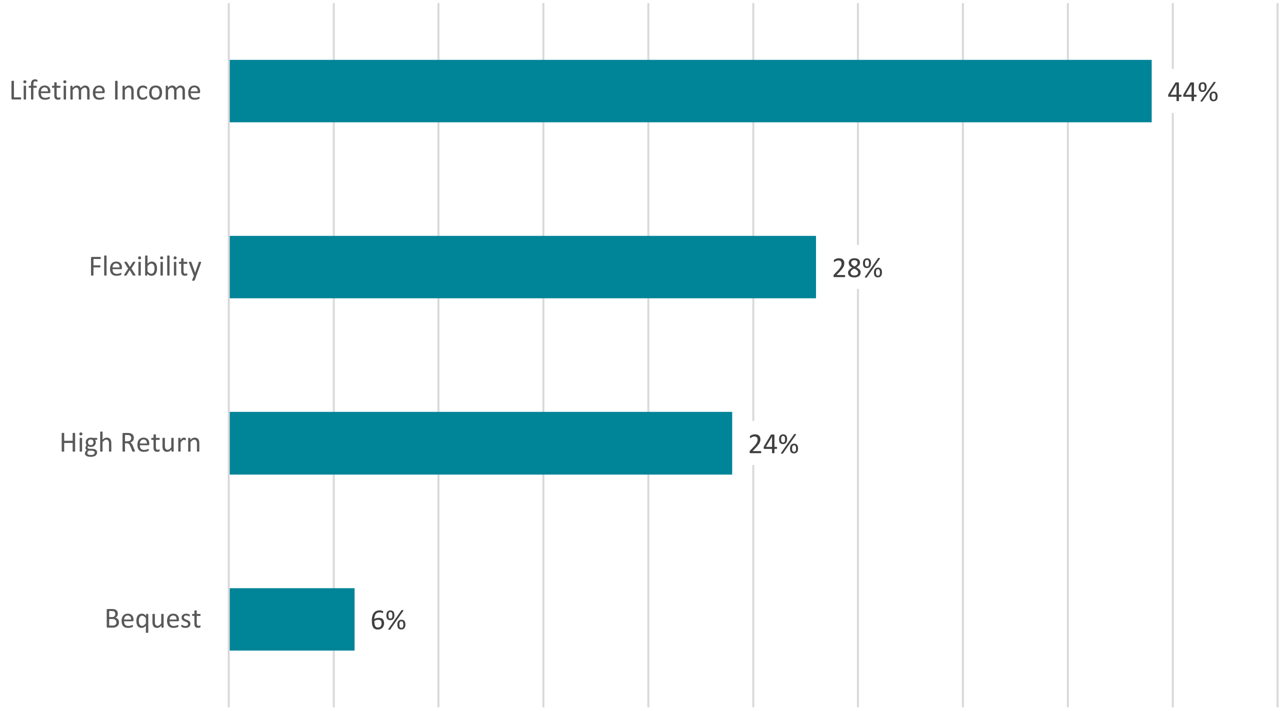
Implementing a withdrawal strategy that adjusts amount and source of income based on the market conditions and the client's needs.

The value of certainty

FOR RETIREES

What do you value most from your super in retirement?

(first priority)



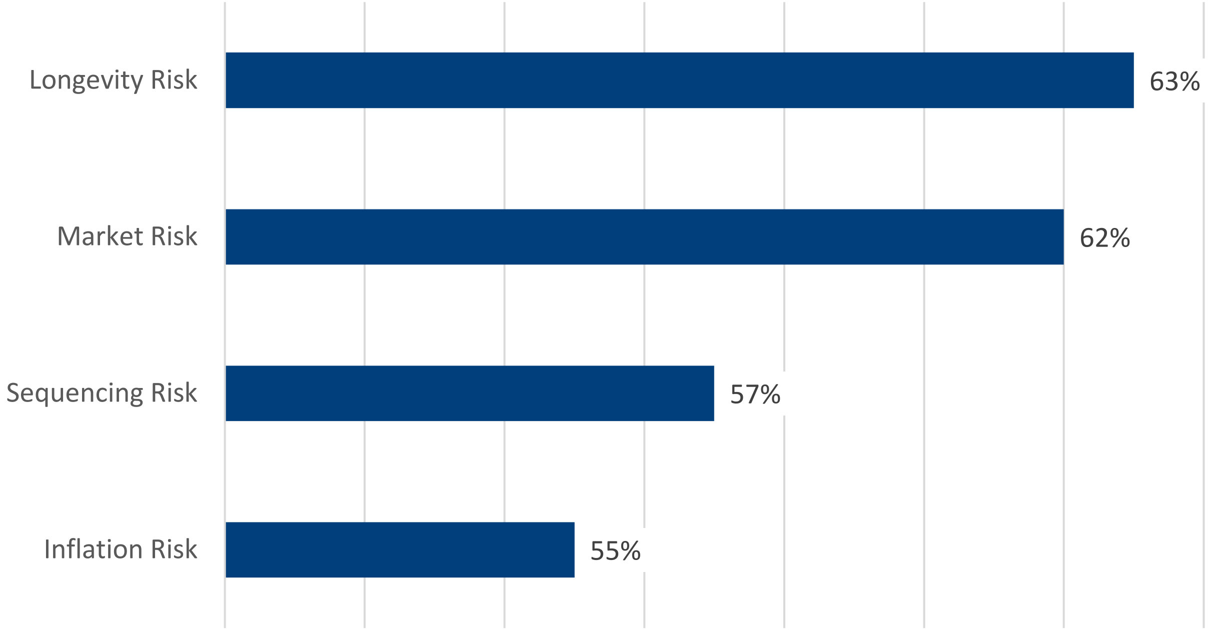
Frontier Advisors – The Frontier Line - Understanding member retirement needs, from over 3,500 members approaching retirement (Issue 191, April 2022)

The value of certainty

FOR ADVISERS

What retirement risk are you most interested in solving for your clients?

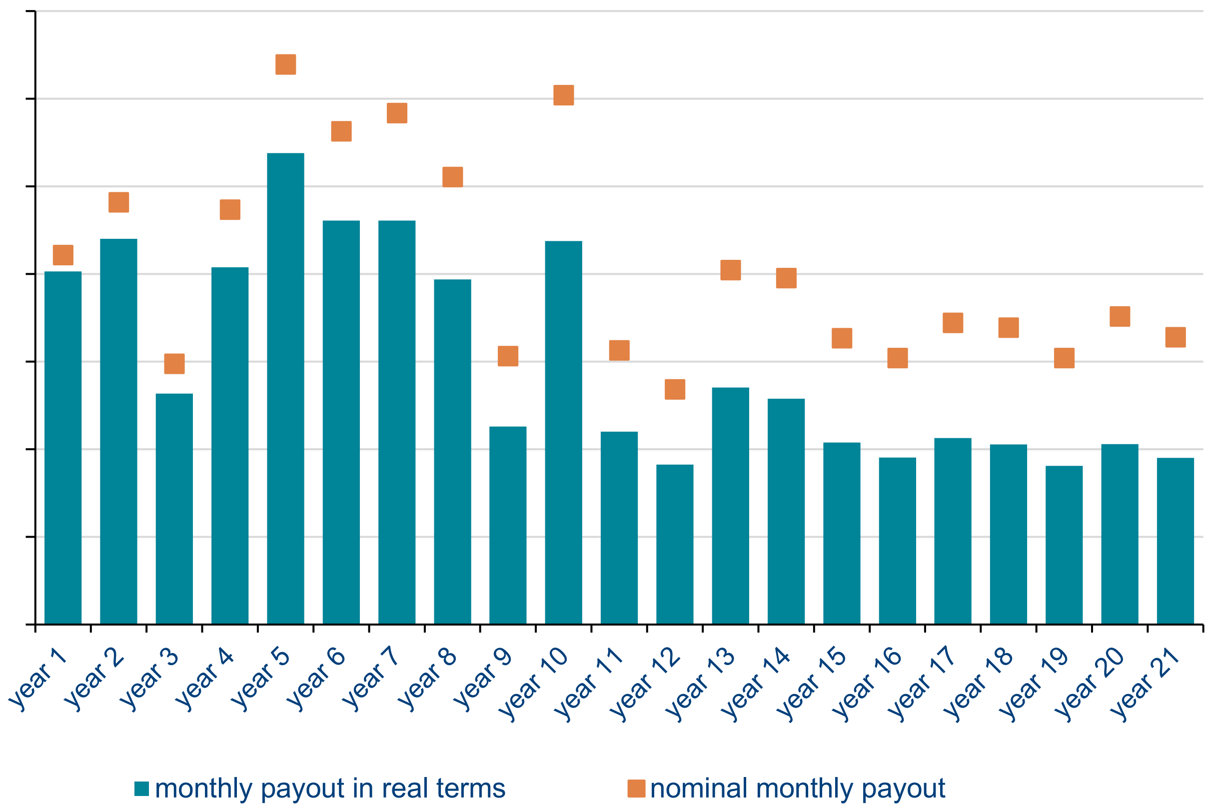
(highly interested)

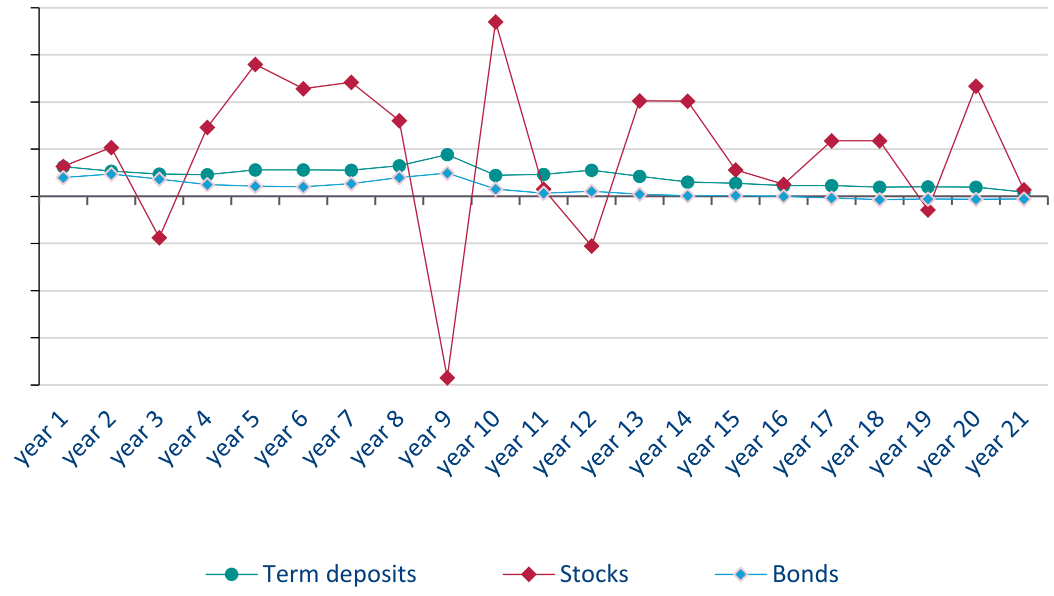


Allianz Retire+ market testing conducted by an independent quantitative research firm with 97 financial advisers (Dec 2021)

Income certainty?

Purchasing power of monthly payouts (AUD)





Assumptions:

- Couple with 650000 AUD pension savings at retirement
- Investment split during payout phase: 10% term deposits, 30% stocks, 60% bonds
- Payout phase: 21 years, with capital consumption
- Investment returns per asset class: according to developments from 2000 to 2023
- Inflation: according to development from 2000 to 2023
- Annuity yield: 6.6%

Source: ASFA, UN Population Division, World Population Prospects, 2022 Revision, Refinitiv, Allianz Research.

‘… the concept of certainty in financial planning must be balanced with the knowledge that many things will change during any client’s retirement journey – whether that’s fuel costs rising as they are now, or a major market correction like the one we saw during the GFC. It’s part of my job to explore what this might mean for their financial plan, in terms of both income and spending’.

Source: Iain Jeffery, Wealthpoint Financial Planning: ‘The certainty conundrum’

Scenario 3

I want enough income in retirement to live comfortably.

‘Investment value and asset volatility are simply the wrong measures if your goal is to obtain a particular future income’

Source: Harvard Business Review: ‘The crisis in retirement planning’ – Robert C. Merton

Allianz Retire+
POWERED BY PIMCO

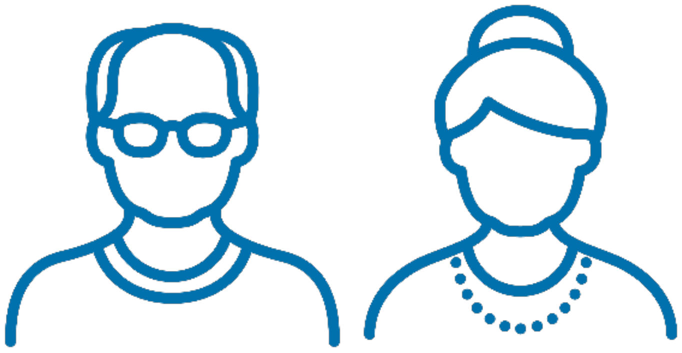
The Australian retirement landscape is changing

Australia’s population is ageing and this trend is expected to increase, along with a projected slowing in population growth.

The ‘old-age dependency ratio’ measures the number of people aged 65 and over for every 100 people of traditional working age (15 to 64).

Old age dependency ratio

2022–23	2062–63
26.6%	38.2%



According to Australian Treasury analysis, the ageing population is the most significant demographic challenge facing the country.

Source: Australian Government - Intergenerational Report – September 2023

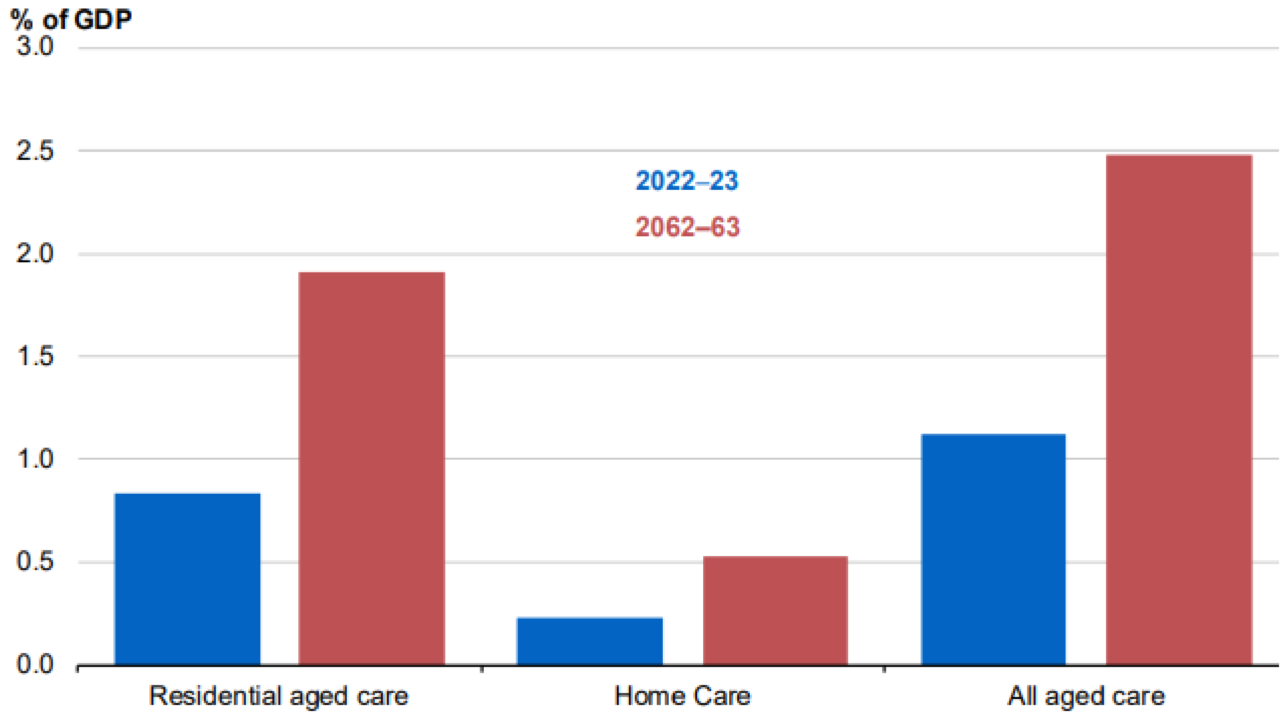
Aged care

The number of people aged 65 and over will more than double and the number aged 85 and over will more than triple.

As a result, there will be a greater demand for health services and aged care.

Government spending on aged care is projected to increase as a proportion of GDP.

Composition of Government aged care spending



Source: Australian Government - Intergenerational Report – September 2023

Scenario Four

I don’t want to lock up my money, I want access to the capital – ‘just in case’.

Current vs new-era retirement solutions

Allianz Retire+ POWERED BY PIMCO

	Previous	New-e
Target market	Narrow market on retirees eligible for aged pension uplift	All retirees after certainty in retirement
Access to capital	Limited as per capital access schedule	Flexible access to capital
Guaranteed income for life	Yes however with trade-offs	Guaranteed income for life without the trade-offs
Rising income payments	Yes however with no downside protection	Opportunity for rising payments with downside protection
Investment balance growth	Not available	Exposure to market linked returns with protection
Death benefit payable	Limited as per capital access schedule	Investment value payable upon death
Accessible within ABP	Not accessible	Accessible
Accessible via Platform	Annuities off-platform or separate account	Lifetime income solutions on-platform within same account
Transparency	No transparency and disclosure with hidden fee structure	Transparent longevity premium
Customer simplicity	Historically complex products	Offered in a simple manner through innovative legal structure

Allianz Retire+
POWERED BY PIMCO

Questions?

Disclaimer

Diagrams, case studies and examples in this document are not exhaustive.

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Allianz Retire+

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MORNING TEA

15 minutes

CENTREPOINT ALLIANCE

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Deep dive into aged care estate planning and tax considerations

Rahul Singh and Sean Howard

SEPTEMBER 2024

Learning outcomes

- Understand the estate planning considerations for residential aged care clients
- Explain the tax issues when residential aged care clients retain their former home
- Describe the estate planning benefits and tax treatment of Challenger CarePlus
- Model cash flow and estate outcomes using the Challenger Aged Care Calculator

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Agenda

1. Aged Care advice: Estate planning
2. Aged care advice: Tax considerations
3. Challenger CarePlus: Estate planning and tax

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1

Aged care advice

Estate planning

Numbers highlight the issues

- Probability of entering residential aged care from age 65[1]
  - 59% for females
  - 43% for men
- Average age on entry[2]
  - 83.5 for men and 85.3 for women
- Average completed length of stay was 35.3 months[2]
- Half the people in residential aged care have dementia[3]
- Reportedly, half of the population don't have a Will but 90% of +75 may have a Will[4]
- 50% of the +65 had granted an Enduring Power Of Attorney (EPOA)[4]

1 Medium and long term pressures on the system: the changing demographics and dynamics of aged care
2 2022-23 Report on the Operation of the Aged Care Act 1997
3 Australian Institute of Health and Welfare – Aged Care Overview
4 National Elder Abuse Prevalence Study: Final Report

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Dementia and capacity of mind presents challenges

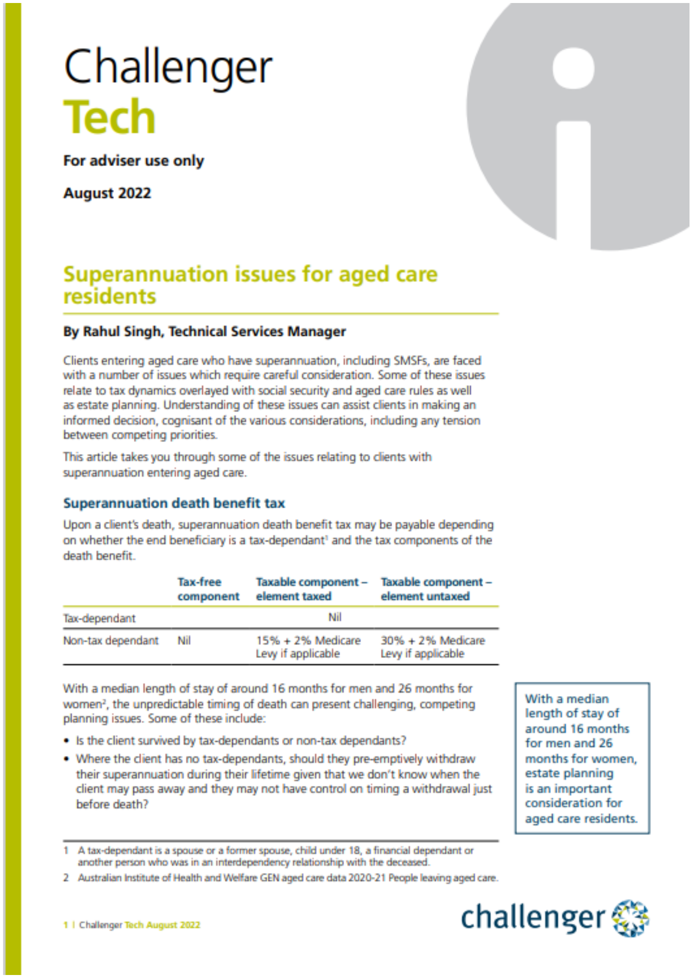
- Usually, difficult to make or amend a Will
  - May depend on medical evidence as well as solicitor notes to the degree of testamentary capacity
- May be difficult to grant an Enduring Power of Attorney
- Challenging to enter into legal and financial relationships
  - Licensee may stipulate advice guidelines
- May need to approach Guardianship Tribunal or equivalent boards for a grant of EPOA

Aged care and superannuation issues

- For single clients, super death benefit tax issues present considerations of whether to cash out super pre-death or retain
- Super death benefit tax rates

	Tax-free component	Taxable component – element taxed	Taxable component – element untaxed
Tax-dependant		Nil	
Non-tax dependant	Nil	15% + 2% Medicare Levy if applicable	30% + 2% Medicare Levy if applicable

- Requires consideration of a number of factors such as
  - Tax components
  - Tax inside and outside of super factoring SAPTO where eligible



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August 2022

Superannuation issues for aged care residents

By Rahul Singh, Technical Services Manager

Clients entering aged care who have superannuation, including SMSFs, are faced with a number of issues which require careful consideration. Some of these issues relate to tax dynamics overlayed with social security and aged care rules as well as estate planning. Understanding of these issues can assist clients in making an informed decision, cognisant of the various considerations, including any tension between competing priorities.

This article takes you through some of the issues relating to clients with superannuation entering aged care.

Superannuation death benefit tax

Upon a client's death, superannuation death benefit tax may be payable depending on whether the end beneficiary is a tax-dependant[1] and the tax components of the death benefit.

	Tax-free component	Taxable component – element taxed	Taxable component – element untaxed
Tax-dependant		Nil	
Non-tax dependant	Nil	15% + 2% Medicare Levy if applicable	30% + 2% Medicare Levy if applicable

With a median length of stay of around 16 months for men and 26 months for women[2], the unpredictable timing of death can present challenging, competing planning issues. Some of these include:

- Is the client survived by tax-dependants or non-tax dependants?
- Where the client has no tax-dependants, should they pre-emptively withdraw their superannuation during their lifetime given that we don't know when the client may pass away and they may not have control on timing a withdrawal just before death?

With a median length of stay of around 16 months for men and 26 months for women, estate planning is an important consideration for aged care residents.

1 A tax-dependant is a spouse or a former spouse, child under 18, a financial dependant or another person who was in an interdependency relationship with the deceased.

2 Australian Institute of Health and Welfare GEN aged care data 2020-21 People leaving aged care.

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Aged care and superannuation issues

- SAPTO thresholds from 1 July 2024

Relationship status	Threshold	Maximum rate of Age Pension
Single	$34,919	$29,024
Partnered, non-illness separated	$30,994	$21,876 each
Partnered, illness separated	$33,731	$29,024 each

- For SMSFs, loss of capacity of mind may need structural adjustment to trusteeship or considerations around winding up
- Beneficiary nominations
  - Can an EPOA nominate third parties, including themselves?
  - Differences in making a new nomination or renewing a lapsing BDBN?

Children paying for parent's aged care fees

- RADs / RACs are returned to the estate. Facilities would usually require probate / letters of administration before releasing
- If the child has transferred funds to the parent to pay for their aged care fees, is it a gift or loan?
- May be worthwhile to reflect as a loan to ensure that the funds are returned back to the donor
- Whether a 'transfer' is a gift or loan depends on a number of factors
- What does Centrelink need for a 'transfer' to be a loan?
- Importance of legal documentation

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October 2021

Children paying their parent's RAD – issues and considerations

By Rahul Singh, Technical Services Manager

From time to time, we come across situations where most of the client's wealth is tied up in the family home. For many clients, where this is the case, the home is usually sold to enable payment of the Refundable Accommodation Deposit (RAD) and other aged care fees. On the other hand, for a myriad of reasons, subjectively, some clients express a wish to retain the home.

In these circumstances, clients who wish to retain the family home, with most of the wealth tied in it, often encounter a challenging cash flow situation when it comes to funding the RAD or an equivalent Daily Accommodation Payment (DAP), currently calculated at 4.01%. Where the RAD is mostly unpaid and therefore DAP is incurred, it can place significant pressure on cash flow, presenting another source of anxiety. Often, thoughts then turn to funding options, be it external financiers or assistance from clients' children.

In this article, through a case study, we look at some of the considerations when it comes to children paying the RAD for their parents.

Case study

Marjorie (85) has been living on her own, with the assistance of a Home Care Package and with her children helping from time to time. Unfortunately, recently suffering from a stroke, it has become apparent that she won't be able to stay at home and her care needs would be best delivered in an aged care facility.

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Till death do us apart – couple becoming single

- Couple becoming single upon death can be a significant change
- Lower thresholds for aged care, social security and tax
- Is it worthwhile to divert estate assets to third party beneficiaries rather than surviving spouse?
- Dementia and capacity of mind may present a challenge in restructuring of assets

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July 2019

Till death do us part – an aged care focus

By Rahul Singh, Technical Services Manager

Introduction

In the 2017-18 financial year, the average age of admissions to permanent residential aged care was 82 years for men and 84.5 years for women[1]. With people entering residential aged care at a later stage in life and with an average stay of 2.97 years[2], estate planning and post death issues are often at the forefront of advice considerations for aged care clients.

When a person is a member of a couple and in aged care, the financial impact caused by the death of their spouse could have significant ramifications on their aged care fees and Age Pension. If the surviving spouse inherits or becomes the sole owner of assets, this can result in double the impact – increased assets and income which may result in higher aged care fees as well as lower Age Pension.

When a person is a member of a couple and in aged care, the financial impact caused by the death of their spouse could have significant ramifications on their aged care fees and Age Pension.

Approximately 50% of aged care residents suffer from dementia[3] and with loss of mental capacity, the opportunities to restructure affairs may be limited. With planning and appropriate legal advice, when suitable to a client's goals and objectives, diverting assets to someone other than the surviving spouse, may assist with minimising aged care fees and maximising Age Pension.

Using a case study, this article discusses the impact caused by the death of a member of a couple on a surviving spouse's aged care fees and Age Pension and highlights the use of potential strategies which could assist with maximising financial outcomes.

Please note, on 14 July, the Government announced a reduction to the deeming rates, backdated to 1 July. The numbers in this article are based on the deeming rates prior to this announcement.

1 2017-18 Report on the operation of the Aged Care Act 1997, page 10.
2 2019 ACFA Annual Report on Funding and Financing of the Aged Care Sector, page 42.
3 2017-18 Report on the operation of the Aged Care Act 1997, page 7.

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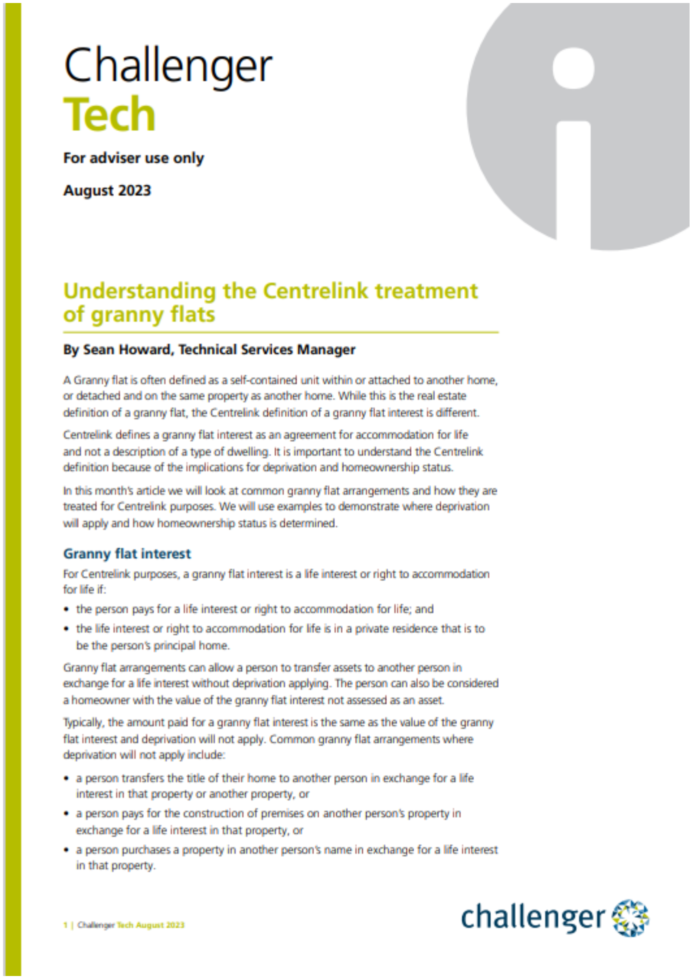
Assessment of life interests

- Granny flats & life interests in a home continues to be a source of interest for many
- Worthwhile to seek legal advice to establish rights and obligations
- Legal drafting determines what happens upon moving into aged care
- Generally, if the life interest ceases upon exit and >5 years since establishment, no value for life interest
  - If move to aged care happens within 5 years, was there any foreseeable expectation of moving into aged care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August 2023

Understanding the Centrelink treatment of granny flats

By Sean Howard, Technical Services Manager

A Granny flat is often defined as a self-contained unit within or attached to another home, or detached and on the same property as another home. While this is the real estate definition of a granny flat, the Centrelink definition of a granny flat interest is different.

Centrelink defines a granny flat interest as an agreement for accommodation for life and not a description of a type of dwelling. It is important to understand the Centrelink definition because of the implications for deprivation and homeownership status.

In this month's article we will look at common granny flat arrangements and how they are treated for Centrelink purposes. We will use examples to demonstrate where deprivation will apply and how homeownership status is determined.

Granny flat interest

For Centrelink purposes, a granny flat interest is a life interest or right to accommodation for life if:

- the person pays for a life interest or right to accommodation for life; and
- the life interest or right to accommodation for life is in a private residence that is to be the person's principal home.

Granny flat arrangements can allow a person to transfer assets to another person in exchange for a life interest without deprivation applying. The person can also be considered a homeowner with the value of the granny flat interest not assessed as an asset.

Typically, the amount paid for a granny flat interest is the same as the value of the granny flat interest and deprivation will not apply. Common granny flat arrangements where deprivation will not apply include:

- a person transfers the title of their home to another person in exchange for a life interest in that property or another property, or
- a person pays for the construction of premises on another person's property in exchange for a life interest in that property, or
- a person purchases a property in another person's name in exchange for a life interest in that property.

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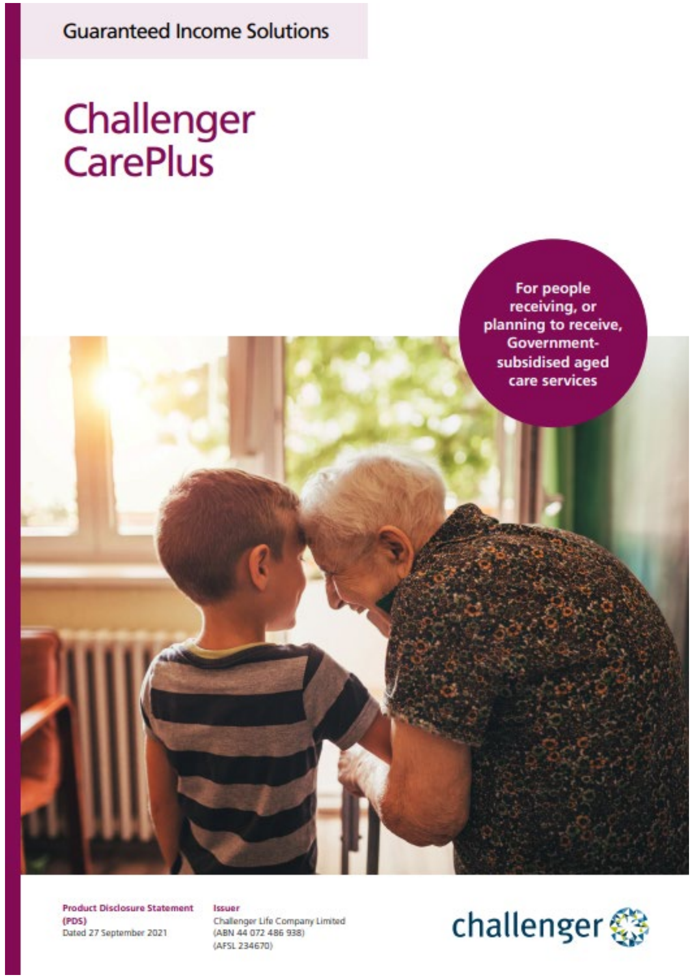
Testamentary trusts

- Centrelink and aged care rules looking to attribute assets and income based on control and source test as well as who benefits from trust property whether absolute entitlement or discretionary entitlement
- Assessment dependant on interpreting Will clauses
- If not attributed, then no asset attribution and income distributed is assessed for 52 weeks
- Harsher rules for where deceased spouse establishes a testamentary trust and if surviving spouse is controller or an associate is a controller and surviving spouse is beneficiary
  - Surviving spouse attributed with 100% of trust property

Challenger CarePlus

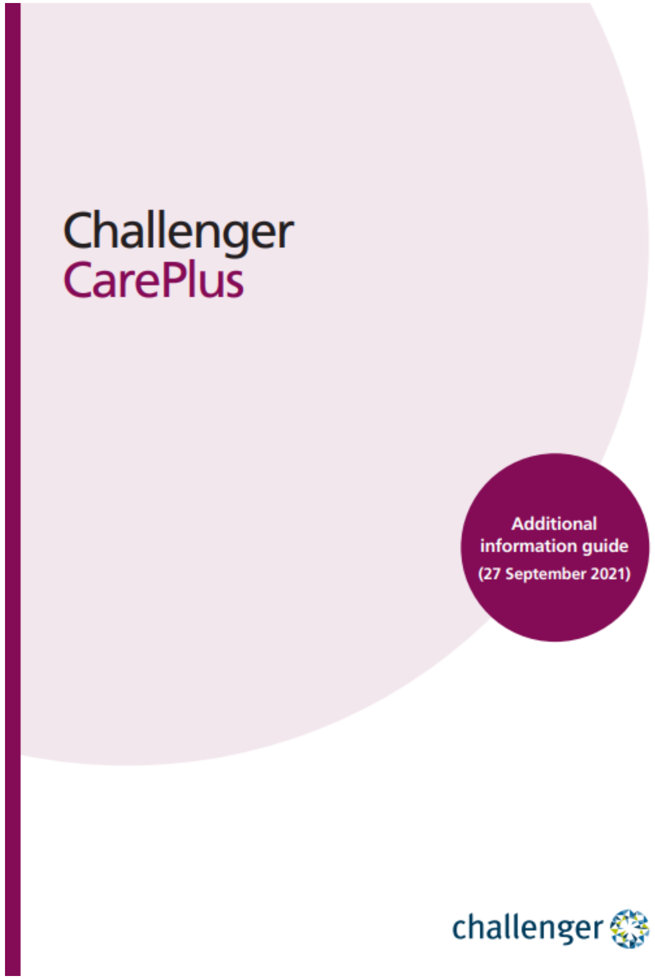
- Unique product for those receiving or planning to receive government subsidised aged care services and can assist with
  - Minimising aged care fees
  - Maximising social security entitlements
  - Reducing tax
  - Estate planning certainty
- Providing regular payments and competitive rate compared to other defensive assets such as bank accounts & TDs
- Return of 100% of purchase price[1]
- Ability to nominate beneficiaries and/or estate



1 For South Australian residents, 1.5% stamp duty on the CarePlus Insurance premium is deducted from the sum insured

Challenger CarePlus

- Additional Information Guide provide clarity on wording of EPOA for Challenger to accept a beneficiary nomination
- Probate not required if non-estate beneficiaries are nominated or if estate nominated and death benefit is less than $500,000
- Provides certainty to nominated beneficiaries and assists with minimising probate and legal fees



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Aged care advice

Tax considerations

Case study

Mary approved for residential aged care

- Mary, is aged 85
- Mary’s husband, Barry, passed away a couple of years ago
- Mary has been struggling with her health of late
- She owns her home worth $1,350,000 in Indooroopilly (close to the kids and grandkids)
- She has $160,000 invested in cash/term deposits
- She has personal assets of $5,000
- She is receiving the maximum rate of Age Pension (currently $29,754 p.a.)
- She was recently approved for residential aged care
- She has found a suitable local aged care facility with a RAD of $750,000

Tax considerations

- CGT main residence exemption during lifetime
  - Application of 6 year absence rule and election to continue to treat the home as main residence if producing income
  - Indefinite period if not producing income
  - Modification to cost base rules if home used to produce income for the first time and not eligible for full exemption
- CGT main residence exemption post death
  - Broadly, 2 year exemption upon sale after death but some variables
- Land Tax
  - Depends on jurisdiction but rules can provide an exemption if not used to produce income\
- Personal income tax issues
- If the home is sold, where to invest the monies?

Tax on income

SAPTO rebates			
Status	Tax offset	Shade out threshold	Cut-out threshold
Single	$2,230	$34,919	$52,759
Partnered living together	$1,602	$30,994	$43,810
Partnered – illness separated	$2,040	$33,732	$50,052

Effective tax-free thresholds	
Client not eligible for LITO/SAPTO	$18,200
Client eligible for LITO	$22,575
Client eligible for LITO and SAPTO (single)	$35,813
Client eligible for LITO and SAPTO (couple each)	$31,888

Rates and thresholds as at 1 July 2024
Does not include the provisions of unused SAPTO being transferred between spouses

3

Challenger CarePlus

Estate planning and tax

Case study

Mary sells her former home

- Mary sells her home on entry to Aged Care and realises $1,350,000
- She pays the RAD of $750,000 as a lump sum
- Mary still has $160,000 invested in cash/term deposits
- With the remaining $600,000 sale proceeds Mary either:
  - Adds this to her term deposits; or
  - Invests this into CarePlus

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Aged Care Calculator

Adviser Online

Aged Care Calculator

LAUNCH CALCULATOR

USER GUIDE

Our Aged Care Calculator allows you to illustrate various aged care scenarios for your client and their families.

Introducing our Aged Care Calculator

Our Aged Care Calculator shows you how three commonly implemented aged care investment strategies can impact the outcomes for a client.

It can be used to model clients already in care or those that are new to care.

The calculator allows you to:

- understand a client's aged care costs, Age Pension entitlements and cash flow position
- project estate values under three different strategies
- model different care scenarios such as, whether to keep or sell the family home
- generate a comprehensive report.

Challenger Aged Care Calculator is available on Challenger Adviser Online Portal (www.adviseronlineportal.com.au) or via your Challenger BDM

Cash flow comparison

Term deposit v CarePlus

Year 1	$760,000 Term Deposit	$160,000 Term Deposit and $600,000 CarePlus
Age Pension	$14,622	$19,965
Interest	$31,160	$6,560
CarePlus	N/A	$26,475
Total income	**$45,782**	**$53,000**
Basic Daily Care Fee	$23,203	$23,203
Means Tested Care Fee	$23,251	$23,349
Miscellaneous expenses	$2,600	$2,600
Total expenses	**$49,054**	**$49,152**
Tax	$3,280	$0
Net cash flow	**-$6,552**	**$3,848**

Based on Challenger's Aged Care Calculator as at 20 September 2024. 85 year old female, nil adviser fees
Term deposit assumed interest rate of 4.1%

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Benefits in first year

Age Pension increase of $5,343

Tax reduction of $3,280

Additional cash flow of $1,875

Means tested care fee increase of $98

Based on Challenger's Aged Care Calculator as at 20 September 2024

Where did the tax reduction come from?

Regular payment – deductible amount

Deductible amount = purchase price / life expectancy[1]

Deductible amount: $170,769 / 7.37 = **$23,171**
Assessable income: $26,475 - $23,171 = **$3,304**

	$760,000 Term Deposit	$160,000 Term Deposit and $600,000 CarePlus
Age Pension	$14,622	$19,965
Interest	$31,160	$6,560
CarePlus	Nil	$26,475
Taxable income	$44,004	$28,051
Tax payable	$3,280	$0

Based on Challenger's Aged Care Calculator as at 20 September 2024. 85 year old female, nil adviser fees
Term deposit assumed interest rate of 4.1%

Case study

Mary makes $300,000 downsizer contribution

- Benefits of making a downsizer contribution?
- She pays the RAD of $750,000 as a lump sum
- Mary still has $160,000 invested in cash/term deposits
- With the remaining $600,000 sale proceeds Mary either:
  - Makes a $300,000 downsizer contribution and invests $300,000 into CarePlus; or
  - Invests $600,000 into CarePlus

Cash flow comparison

Downsizer v CarePlus

Year 1	$300,000 Downsizer, $300,000 CarePlus and $160,000 Term Deposit	$160,000 Term Deposit and $600,000 CarePlus
Age Pension	$17,294	$19,965
Interest	$6,560	$6,560
Super income stream payments	$27,000	N/A
CarePlus	$13,238	$26,475
Total	**$64,092**	**$53,000**
Basic Daily Care Fee	$23,203	$23,203
Means Tested Care Fee	$22,564	$23,349
Miscellaneous expenses	$2,600	$2,600
Total	**$48,367**	**$49,152**
Tax	$0	$0
Net cash flow	**$15,725**	**$3,848**

Based on Challenger's Aged Care Calculator as at 20 September 2024. 85 year old female, nil adviser fees
Term deposit assumed interest rate of 4.1%

Estate comparison

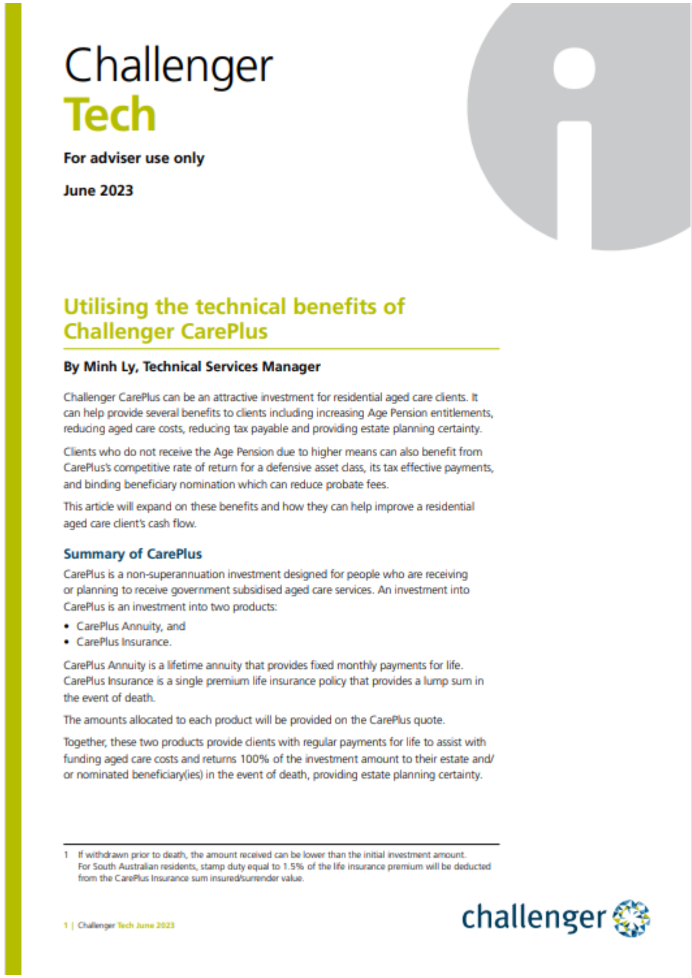
Downsizer v CarePlus

	$300,000 Downsizer, $300,000 CarePlus and $160,000 Term Deposit	$160,000 Term Deposit and $600,000 CarePlus
Year 1	$1,511,502	$1,513,848
Year 2	$1,514,281	$1,518,489
Year 3	$1,517,926	$1,523,923
Year 4	$1,524,551	$1,536,591
Year 5	$1,552,426	$1,566,673

Benefit of $600,000 CarePlus compared to $300,000 Downsizer and $300,000 CarePlus	
Year 1	$2,346
Year 2	$4,208
Year 3	$5,997
Year 4	$12,040
Year 5	$14,247

Based on Challenger's Aged Care Calculator as at 20 September 2024. 85 year old female, nil adviser fees
Term deposit assumed interest rate of 4.1%

Challenger Tech News



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June 2023

Utilising the technical benefits of Challenger CarePlus

By Minh Ly, Technical Services Manager

Challenger CarePlus can be an attractive investment for residential aged care clients. It can help provide several benefits to clients including increasing Age Pension entitlements, reducing aged care costs, reducing tax payable and providing estate planning certainty.

Clients who do not receive the Age Pension due to higher means can also benefit from CarePlus's competitive rate of return for a defensive asset class, its tax effective payments, and binding beneficiary nomination which can reduce probate fees.

This article will expand on these benefits and how they can help improve a residential aged care client's cash flow.

Summary of CarePlus

CarePlus is a non-superannuation investment designed for people who are receiving or planning to receive government subsidised aged care services. An investment into CarePlus is an investment into two products:

- CarePlus Annuity, and
- CarePlus Insurance.

CarePlus Annuity is a lifetime annuity that provides fixed monthly payments for life. CarePlus Insurance is a single premium life insurance policy that provides a lump sum in the event of death.

The amounts allocated to each product will be provided on the CarePlus quote.

Together, these two products provide clients with regular payments for life to assist with funding aged care costs and returns 100% of the investment amount to their estate and/or nominated beneficiary(ies) in the event of death, providing estate planning certainty.

1 If withdrawn prior to death, the amount received can be lower than the initial investment amount. For South Australian residents, stamp duty equal to 1.5% of the life insurance premium will be deducted from the CarePlus Insurance sum insured/surrender value.

1 | Challenger Tech June 2023

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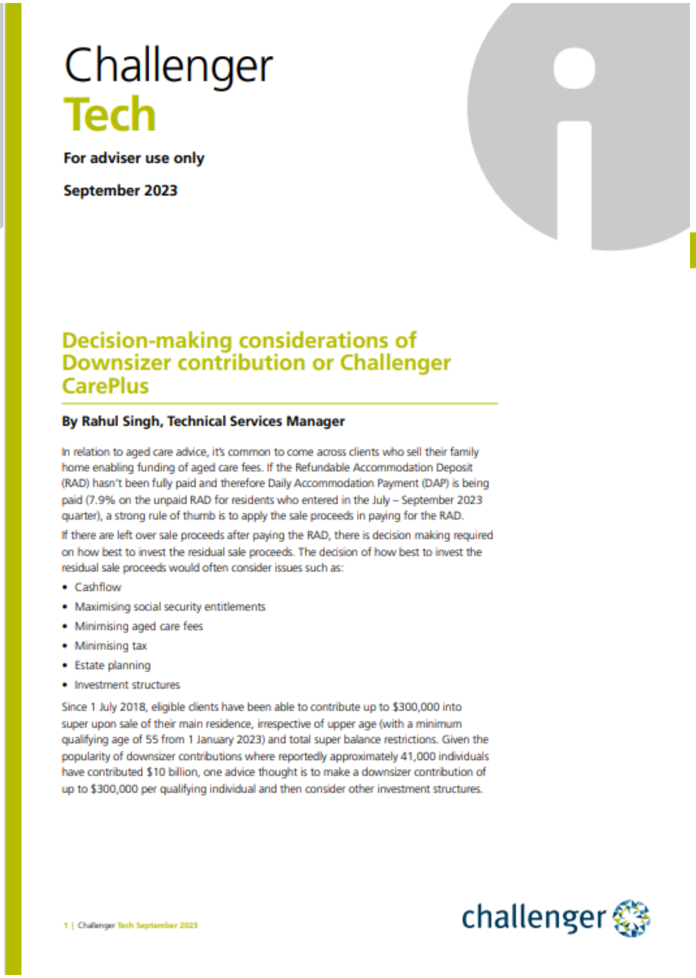

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September 2023

Decision-making considerations of Downsizer contribution or Challenger CarePlus

By Rahul Singh, Technical Services Manager

In relation to aged care advice, it's common to come across clients who sell their family home enabling funding of aged care fees. If the Refundable Accommodation Deposit (RAD) hasn't been fully paid and therefore Daily Accommodation Payment (DAP) is being paid (7.9% on the unpaid RAD for residents who entered in the July – September 2023 quarter), a strong rule of thumb is to apply the sale proceeds in paying for the RAD.

If there are left over sale proceeds after paying the RAD, there is decision making required on how best to invest the residual sale proceeds. The decision of how best to invest the residual sale proceeds would often consider issues such as:

- Cashflow
- Maximising social security entitlements
- Minimising aged care fees
- Minimising tax
- Estate planning
- Investment structures

Since 1 July 2018, eligible clients have been able to contribute up to $300,000 into super upon sale of their main residence, irrespective of upper age (with a minimum qualifying age of 55 from 1 January 2023) and total super balance restrictions. Given the popularity of downsizer contributions where reportedly approximately 41,000 individuals have contributed $10 billion, one advice thought is to make a downsizer contribution of up to $300,000 per qualifying individual and then consider other investment structures.

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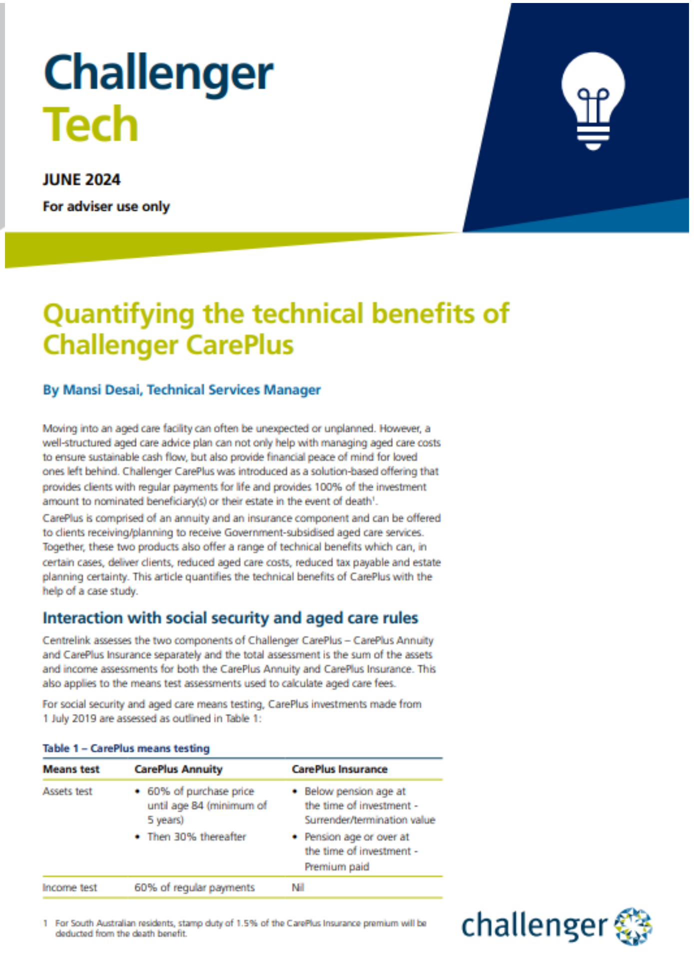

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JUNE 2024

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Quantifying the technical benefits of Challenger CarePlus

By Mansi Desai, Technical Services Manager

Moving into an aged care facility can often be unexpected or unplanned. However, a well-structured aged care advice plan can not only help with managing aged care costs to ensure sustainable cash flow, but also provide financial peace of mind for loved ones left behind. Challenger CarePlus was introduced as a solution-based offering that provides clients with regular payments for life and provides 100% of the investment amount to nominated beneficiary(s) or their estate in the event of death[1].

CarePlus is comprised of an annuity and an insurance component and can be offered to clients receiving/planning to receive Government-subsidised aged care services. Together, these two products also offer a range of technical benefits which can, in certain cases, deliver clients, reduced aged care costs, reduced tax payable and estate planning certainty. This article quantifies the technical benefits of CarePlus with the help of a case study.

Interaction with social security and aged care rules

Centrelink assesses the two components of Challenger CarePlus – CarePlus Annuity and CarePlus Insurance separately and the total assessment is the sum of the assets and income assessments for both the CarePlus Annuity and CarePlus Insurance. This also applies to the means test assessments used to calculate aged care fees.

For social security and aged care means testing, CarePlus investments made from 1 July 2019 are assessed as outlined in Table 1:

Table 1 – CarePlus means testing

Means test	CarePlus Annuity	CarePlus Insurance
Assets test	• 60% of purchase price until age 84 (minimum of 5 years) • Then 30% thereafter	• Below pension age at the time of investment - Surrender/termination value • Pension age or over at the time of investment - Premium paid
Income test	60% of regular payments	Nil

1 For South Australian residents, stamp duty of 1.5% of the CarePlus Insurance premium will be deducted from the death benefit.

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 Challenger Tech News is available on Challenger Adviser Online Portal (www.adviseronlineportal.com.au) or via your Challenger BDM

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Thank you

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MORNINGSTAR ADVISER SOFTWARE

Unlocking potential: Harnessing AdviceTech to optimise practice efficiency

Last Updated 10/2024

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Agenda & Learning Outcomes

01 Industry landscape

- The bigger picture
- What software solutions are you currently using?
- What are your technology challenges?

02 Technology challenges and solutions

- What are your technology challenges?
- Aligning your business & technology
- What are your priorities?
- Achieving tech harmony

03 Optimising practice efficiency

- Defining practice efficiency
- The end-to-end workflow
- Scaling your advice through digital engagement
- Building practice efficiency through advice tech

Agenda

01

Industry landscape

Technology challenges & solutions

Optimising practice efficiency

The bigger picture

Industry

- Adviser numbers declining
- Challenged Markets
- Greater demand for advice
- Business Growth & Scalability
- Compliance & Regulatory change (QAR)
- Risk Mitigation

AdviceTech

- Key to practice efficiency
- Expectation of compliance support
- Workflow is essential
- Cyber Security
- AI is a major focus for efficiency and insights
- "Best of Breed" concept

2024 Adviser technology adoption

01 **Tech spend** - Adviser annual average tech spend was $37k

02 **Integrations** - two-way data transfers between planning software and platforms were most sought-after

03 **Digital engagement** - Digital signatures are the most used tool

04 **AI** - primarily being used for editing and customer service

What software solutions are you currently using

Luminant
Outlook
Iress
Asute Wheel
Macquarie
Lonsec
Morningstar
Office
Zoom
Moneysoft
PowerPoint
voyant
Plutosoft
Docu Sign
AdviserLogic

Calendly
Xero
Paylogic
REVEX
Asana
AdviceIntelligence
Teams
Mailchimp
Trello
Typeform
bgl
CFS
Omnium
Google Sheets
Excel
myprosperity
FinaMetrica
Adobe
netwealth
Word
Intelliflo
Dropbox
Macquarie
HUB connect

Agenda

02

Industry landscape

Technology challenges & solutions

Optimising practice efficiency

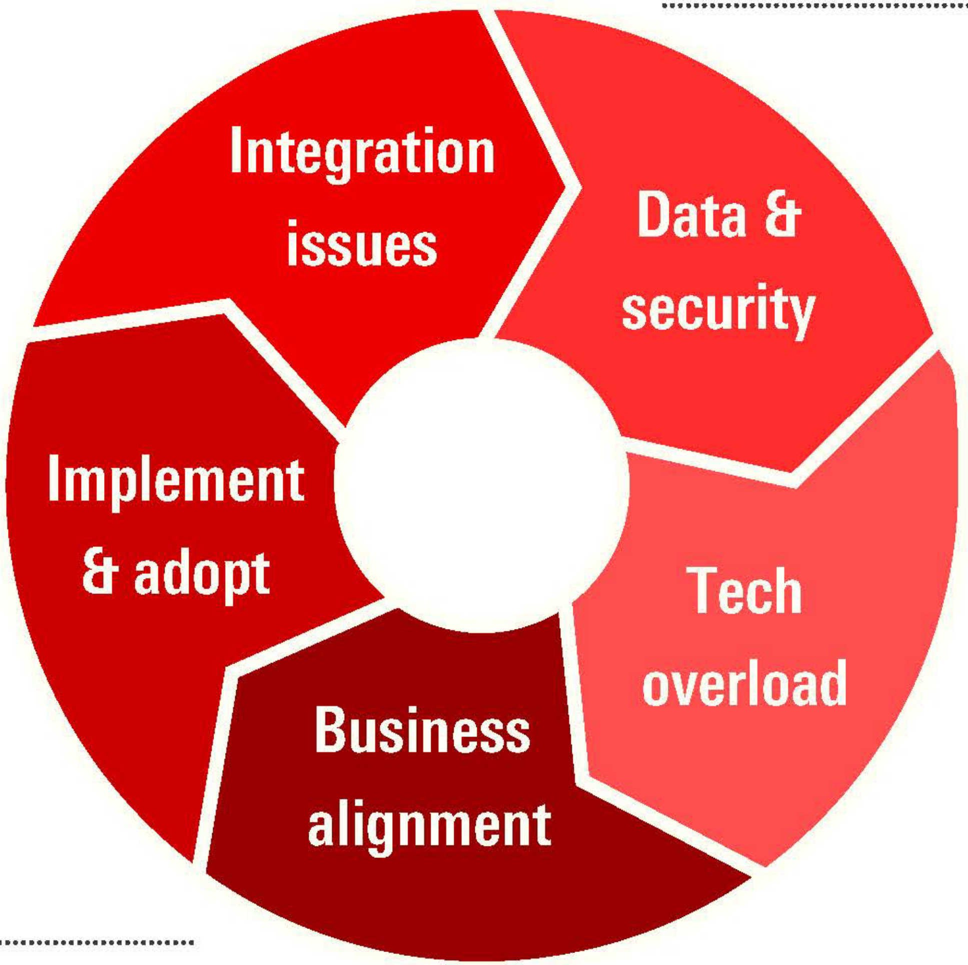
What are your tech challenges?

The tech challenge

Integrating multiple tools into a cohesive system

Inadequate training, under-utilisation and inefficiencies

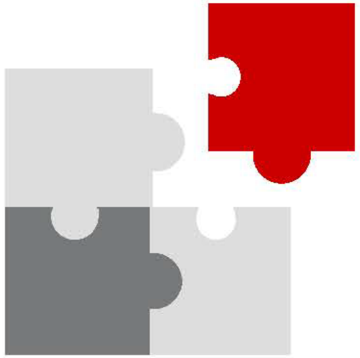
ROI transparency, isolated solutions and lack of alignment can amplify existing problems.



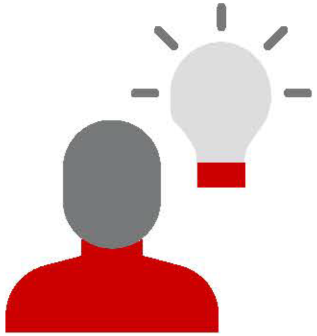
Growing concerns over data breaches and disparate systems restricting data flow

The influx of new tools can be overwhelming and easy to adopt the ‘new & shiny’ without a clear strategy

Business & tech alignment



Process

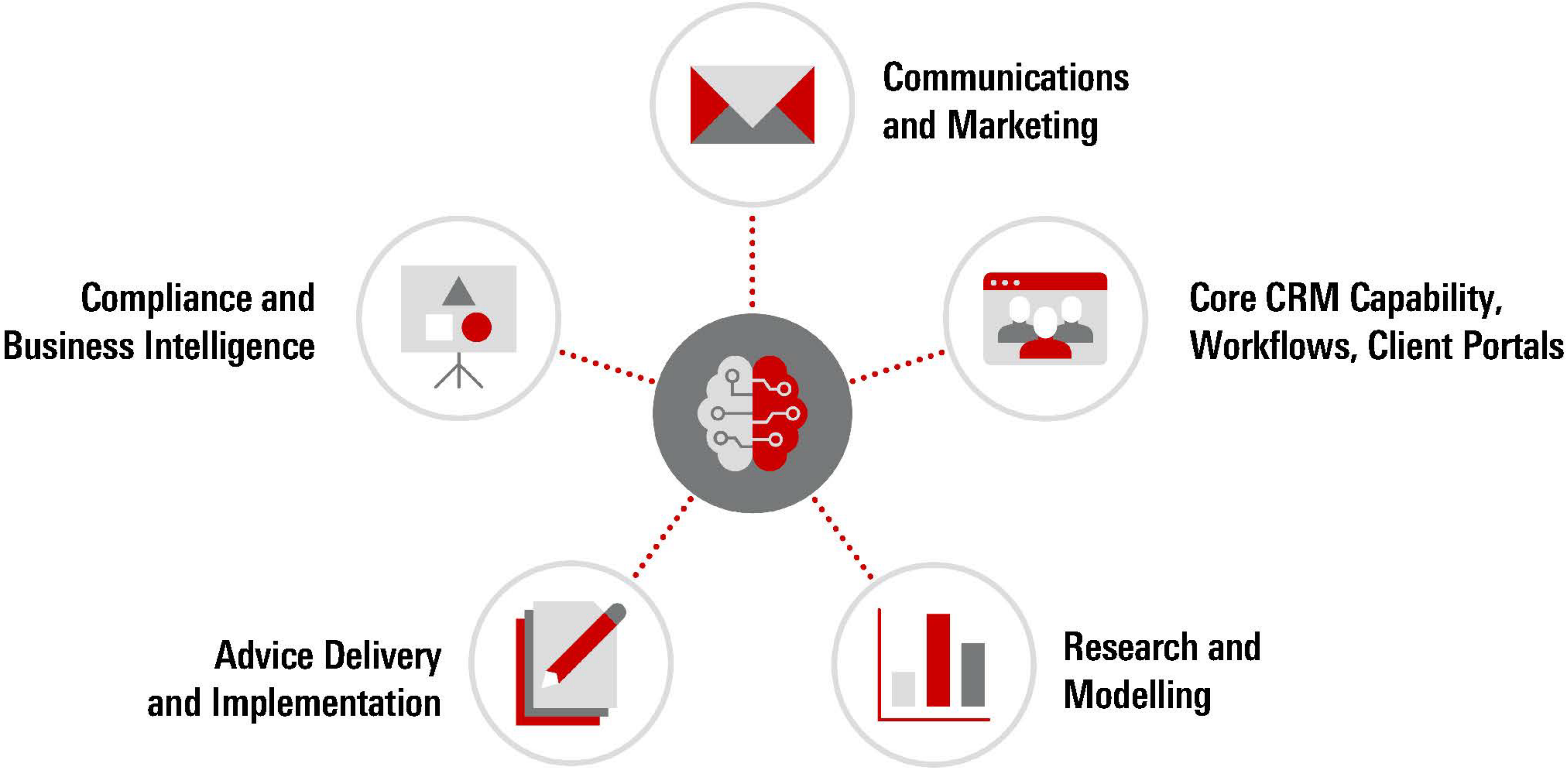


People

Product (Tech)

What is the priority for your practice & why? – Process, People, Product (Tech)?

Achieving tech harmony



Agenda

03

Industry landscape

Technology challenges & solutions

Optimising practice efficiency

Defining practice efficiency

Workflow

Clearly defined roles and responsibilities that follow streamline.

Data

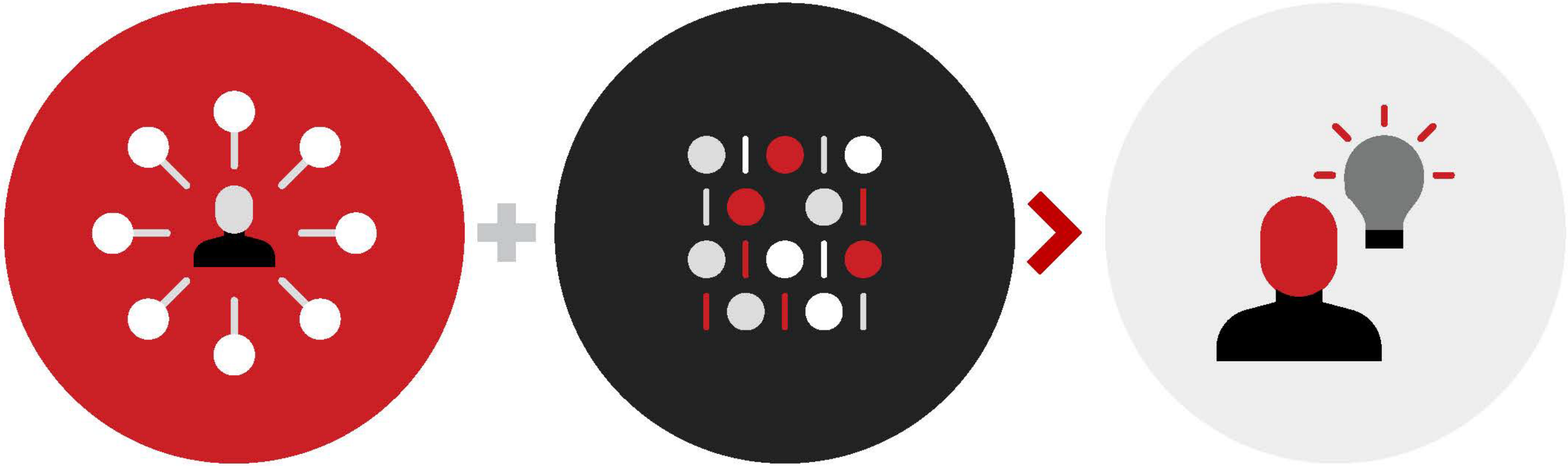
Having control over and oversight of your data.

Technology

Utilising technology to streamline advice process.

The end-to-end workflow – Are you making the most of your solution?

Data strategy – Integration



CRM

Datafeeds

Business intelligence &
actionable insights

Scaling your advice through digital engagement

Leverage data strategy to create scale.

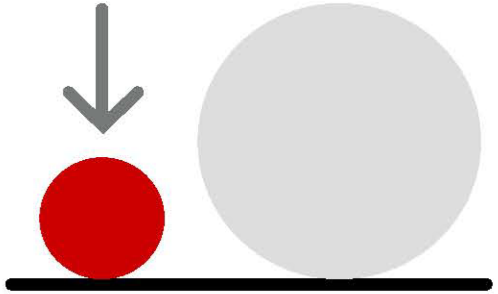
Allow clients to be part of the advice journey

Show your clients how they'll be better over faster!

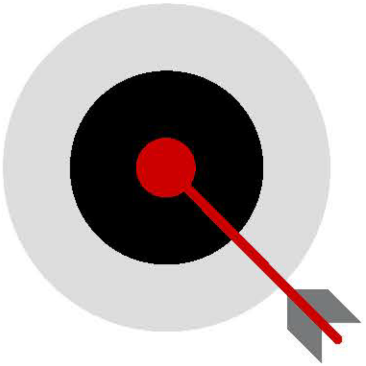
Seamlessly connect this to your advice

Building practice efficiency through advice tech

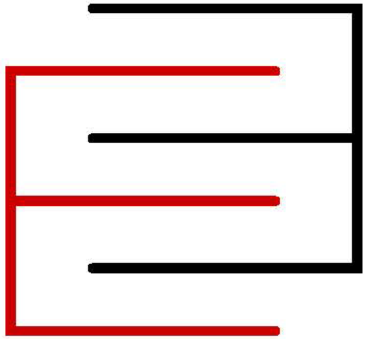
1. Less is More: Leverage more of your advice tech



2. Solving problems in isolation



3. Tech stack vs Tech pile



Summary – action items to apply to your business

INDUSTRY LANDSCAPE

Understanding trends that continue to impact the industry

TECHNOLOGY AUDIT

What are your technology challenges and how can you align your business priorities? Understanding common issues in tech adoption and integration

SOLUTIONS TO TECHNOLOGY CHALLENGES

Achieving tech harmony - Do your homework! Map out your process steps and define the business metrics that matter and resource to execute

OPTIMISING PRACTICE EFFICIENCY

Clearly define roles and responsibilities in your workflows; create a plan for effective data management; and utilise technology to streamline the advice process

LUNCH

30 minutes

CENTREPOINT ALLIANCE

CENTREPOINT ALLIANCE

I STILL CALL AUSTRALIA HOME

ISSUES FOR EXPATS AND FOR NEW ARRIVALS

Mel Bendeich / Peter Kelly

November 2024

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AGENDA

1. Bringing foreign super to Australia
2. Accessing Australian super when departing
3. Social security – at home and away
4. Aged care for recent arrivals

LEARNING OUTCOMES

By participating in this session, you will:

Understand the issues around bringing foreign super to Australia

Be able to explain when super can be accessed on leaving Australia

Understand how social security applies in an international setting

BRINGING FOREIGN SUPER TO AUSTRALIA

CENTREPOINT ALLIANCE

QUICK QUIZ

Scenario

- Danny is 35. He has spent the past five years working in the U.S.
- During his time in the U.S. he contributed to a 401k plan.
- His 401k plan balance is $36,000.
- He has now returned to live in Australia permanently.

Question:

Can he transfer his 401k plan benefit directly to his Australian superannuation fund?

Answer:

a. Yes
b. No
c. It depends

THREE ALTERNATIVES WHEN IT COMES TO INTERNATIONAL TRANSFERS

Transfers from a **“foreign superannuation fund”**

Transfers from a fund other than a **“foreign superannuation fund”**

Transfers from **New Zealand**

1. WHAT IS A “FOREIGN SUPERANNUATION FUND”?

It is not an Australian super fund

ITAA97 s.995-1(1)

It is a provident, benefit, superannuation or retirement fund

SISA s.10(1)

Case law – it is aligned to the sole purpose test

SISA s.62

Example: UK pension funds.

FOREIGN SUPER FUND TRANSFER – TAX CONSEQUENCES

Funds received within six months of gaining Australian tax residency:

- Exempt from Australian tax
- Treated as a non-concessional contribution
- Subject to NCC restrictions (cap, age limits, TSB).

Funds received more than six months after gaining Australian residency:

- Growth that has occurred in FSF since becoming an Australian resident is taxable – referred to as “Applicable fund earnings”
- AFE is taxed at taxpayer’s MTR, but
- May elect to have AFE taxed as earning of receiving super fund at 15% provided funds are transferred directly to the Australian super fund – if entire balance if transferred.
- AFE are not counted towards either contribution cap.
- Non-taxable portion is treated as a non-concessional contribution.

A QUICK WORD ABOUT UK PENSION TRANSFERS

Specific rules to avoid UK tax

- Can only transfer out of the UK if aged 55+ or permanently incapacitated,
- Transfer must be made to a QROPS,
- Ongoing UK tax obligations for 5 or 10 years.
- More information – CPAL Fact Sheet

2. TRANSFERS FROM A NON-FOREIGN SUPERANNUATION FUND

- Examples: US 401k, Singaporean CPF, and Canadian RRSP
- Can't be transferred directly to Australian super fund.
- Generally treated as a distribution from a foreign trust – amount transferred, less capital, is taxable in hands of member in Australia.
- May also be taxable in country of source – DTA implications.

QUICK QUIZ

Scenario

- Danny is 35. He has spent the past five years working in the U.S.
- During his time in the U.S. he contributed to a 401k plan.
- His 401k plan balance is $36,000.
- He has now returned to live in Australia permanently.

Question:

Can he transfer his 401k plan benefit directly to his Australian superannuation fund?

Answer:

a. Yes
b. No
c. It depends

REVISITING DANNY

Scenario

- Danny is 35. He has spent the past

Question:

Can he transfer his 401k plan

Answer:

- No
- A 401k plan is not a “foreign superannuation fund”.
- Generally, will be taxable in US, with a 10% penalty.
- The account balance, less capital, is taxable in Australia as ordinary income.
- Any US tax paid is offset against Australian tax (DTA).
- Danny could make a CC &/or NCC to his Australian superannuation fund, if eligible.

3. TRANSFERS FROM NEW ZEALAND – KIWISAVER ACCOUNTS

Key Fundamentals

- Participation is voluntary for members and their super funds.
- Requires a permanent move to Australia
- Entire NZ balance must be transferred
- Only a limited number of funds will accept KiwiSaver transfers
- Transfer is treated as a NCC – subject to cap
- Can be accessed for FHSSS
- NZ component is preserved to age 65

ACCESSING SUPER WHEN LEAVING AUSTRALIA

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ACCESSING SUPER WHEN LEAVING AUSTRALIA

Generally, preserved benefits are not accessible until a condition of release has been met.

Two exceptions:

- Temporary resident visa holders
- Trans-Tasman retirement savings portability

QUICK QUIZ

Scenario

- Willow is 55 and has permanent Australian residency
- She wishes to move to Bali and retire early, living off her Australia superannuation until she qualifies for the Australian age pension at 67.
- Her move will be permanent.
- She has $350,000 in an Australian superannuation fund.

Question:

Can she withdraw her Australian superannuation now that she is leaving Australia permanently?

Answer:

- No.
- As a permanent resident, Willow's super is subject to Australian preservation rules.

DEPARTING AUSTRALIA SUPERANNUATION PAYMENT (DASP)

- Former temporary residents can request withdrawal of their super from their super fund or the ATO
- Online or paper application (ATO forms NAT7204 or NAT74880)
- When lodging a paper-based application, withdrawals of less than $5,000 require a certified copy of the expired visa.
- If withdrawal is greater than $5,000, application must be made for a Certificate of Immigration Status from Dept of Home Affairs.

DEPARTING AUSTRALIA SUPERANNUATION PAYMENT (DASP)

- Modified conditions of release for temporary resident visa holders.

Conditions of release	
Retirement	✗
Death	✓
Terminal medical condition	✓
Temp. resident departing Australia	✓
Permanent incapacity	✓
Temporary incapacity	✓
Reaching age 65	✗
Release authority (e.g. excess contributions)	✓

DASP applies to temporary residents who are not:

- Australian citizens or permanent residents
- New Zealand citizens,
- Holders of Subclass 405 (investor retirement) or 410 (retirement) visas

DEPARTING AUSTRALIA SUPERANNUATION PAYMENT (DASP)

DASP tax rates (2024-25)

Tax component	Non-working holidaymaker	Working holidaymaker
Tax-free component	0%	0%
Taxable component – taxed	35%	65%
Taxable component – untaxed	45%	65%

NOTE

Benefits paid other than as a DASP (e.g. permanent incapacity) are taxed at the same rates as superannuation benefits paid to permanent residents.

KIWISAVER – TRANSFERS TO NEW ZEALAND

Key Fundamentals

- Participation is voluntary for members and their super funds.
- Requires permanent emigration to NZ
- Entire Australia balance must be transferred
- Can only transfer from APRA regulated funds (not from SMSF)
- Require an NZ Inland Revenue number
- Transfer are not taxed and are tax-free when legally accessible in NZ
- Australian component can be accessed if retired, from age 60.

FINAL WORDS – NON-RESIDENT ISSUES

Contributions

Generally, may be made provided member has a TFN, even if currently a non-resident.

Access to unused concessional contribution cap when a personal deduction can be claimed.

Benefit payments

Subject to normal preservation rules

Pensions drawn from an Australian fund, and lump sums, may be taxable in the country of residency.

Applying for products

Most super funds include a requirement their PDS must be given to the member (hard copy or digitally) in Australia.

ONE FINAL WORD – NON-RESIDENT ISSUES

Contributions

Benefit payments

Applying for products

"The offer made in this PDS is available only to persons who are receiving the PDS within Australia and accepting the offer within Australia. It does not constitute an offer in any other country or jurisdiction including the European Union. Accordingly the applicant must have an Australian residential address at the point of opening an account."

concessional contribution cap.

of residency.

Taxation of pensions from Australian funds

SOCIAL SECURITY - WHILE OVERSEAS AND AT HOME

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ASSESSMENT OF OVERSEAS PENSIONS IN AUSTRALIA

Generally, gross* rate of payment from overseas pension = ordinary assessable income

Exceptions: Australia's social security agreement with the country in question may result in:

- Dollar for dollar reduction instead of ordinary income
- Full exemption from income test
- Partial exemption from income test

** No amount is deducted for any tax deductions, bank charges or for foreign country debts deducted from the overseas payments.*

AUSTRALIA AND NEW ZEALAND AGREEMENT

If you live in Australia
- Receive NZ pension based on NZ residency
- Topped up by Centrelink to entitlement under Australian rules

But……
- NZ pension limited to Australian rate
- e.g. if nil rate in Australia, no NZ pension

If you live in NZ
- Receive Aust Age Pension based on Oz residency and means tests
- Topped up by NZ pension to entitlement under NZ rules

CASE STUDY - AUSTRALIA AND NEW ZEALAND AGREEMENT

What if Tia's Australian means tested Age Pension entitlement was $200pf?

- Tia (67) permanently moved from New Zealand to Australia 10 years ago having lived there all her life.
- Tia applies for both an Australian Age Pension and a New Zealand Pension.
- Based on her years living in New Zealand, Tia is eligible for $390 per fortnight.
- Based on her financial position, Tia is eligible for a part Australian Age Pension of $700pf under the Assets Test.

Tia's pension entitlement will be made up of:

New Zealand Pension	$390
Australian Age Pension	$310
Total:	$700

PORTABILITY – AGE PENSION

Moved back to Australia to claim and leave within 2 years – payments stop immediately

Temporary Absence:

- Less than 6 weeks – no change in payment
- More than 6 weeks – basic rate of pension supplement, lose energy supplement
- Greater than 26 weeks - rate will depend on how long you were an Australian resident between 16 and 67

  - More than 35 years, full rate continues
  - Less than 35 years, generally lower rate (e.g. resident for 10 years = 10/35ths of the usual rate).

Permanent Departure:

From the date of departure:

- Outside Australia rates (i.e. rate depends on Australian residency)
- Basic rate of pension supplement
- Energy supplement lost

PORTABILITY – DISABILITY SUPPORT PENSION

Temporary Absence:

- Receive DSP for up to a total of 28 days travel overseas in a rolling 12-month period at which time it stops (suspended for 13 weeks then cancelled)
- This can be a single trip or multiple trips
- Exceptions apply (e.g. studying Australian course overseas, severely disabled, and rely on family posted outside Australia temporarily)

Permanent Departure:

Generally, DSP will cease immediately unless:

- ➢ Terminally ill and moving to be with family/country of origin
- ➢ Travel specific medical assessment and severe disability
- ➢ International social security agreement allows

PORTABILITY - CARERS

Temporary Absence:

- Less than 6 weeks – no change in payment if person you care for is also travelling with you
- Otherwise, payment continues lesser of 6 weeks or carer runs out of ‘breaks from care’
- Breaks from care = 63 days respite per calendar year
- These rules apply to both Carer Payment and Carer Allowance

Permanent Departure:

- Carer Payment and Carer Allowance will cease on departure unless a Social Security Agreement allows payment in the country of residence.

OTHER CONCESSIONS

Concession Cards

If you leave Australia to live in another country, all cards cancelled when you depart.

Pensioner/Health Care Card:

If you travel, cards remain current for up to 6 weeks before being cancelled.

CSHC:

Card will remain current for 19 weeks for temporary travel and then cancelled.

Principal Home

Permanently leave Australia:

- Home is immediately assessable asset and non-homeowner thresholds

Temporarily leave Australia:

- Can vacate home for up to 12 months
- Home remains exempt and homeowner
- If genuinely return within 12 months and leave again, new 12-month period
- If overseas and unable to return due to factors out of client’s control, 12-month period can be extended

RECENT ARRIVALS AND AGED CARE

CENTREPOINT ALLIANCE

RECENT ARRIVALS AND AGED CARE

- Katherine and Patrick arrived in Australia from Ireland 40 years ago and have been your clients for many years.
- Katherine's father recently died and her mum, Helena, moved to Australia.
- Since her arrival, Helena's health has deteriorated, resulting in Katherine and Patrick considering aged care options.

Can Helena access Government funded aged care in Australia?

Eligibility to aged care support, including home care and residential aged care, is based on:

- how much assistance you need with everyday tasks
- that you are 65 years or older (50 years or older for Aboriginal or Torres Strait Islander people).

No recently arrived migrant waiting periods as can be the case with Centrelink

WRAP UP

Bringing super to Australia

Taking super from Australia

Social security and aged care

TECHNICAL ADVICE TEAM CONTACT

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NAVIGATING THE GLOBAL ECONOMY AND FINANCIAL MARKETS

NOVEMBER MASTERCLASS 2024

Daniel Stojanovski – Head of Research

DISCLAIMER

General Advice Warning

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The information provided is general advice only and does not take into account your financial circumstances, needs or objectives. Where you are considering the acquisition, or possible acquisition, of a particular financial product, you should obtain a Product Disclosure Statement for the relevant product before you make any decision to invest. Past performance does not necessarily indicate a financial product's future performance. It is imperative that you seek advice from a registered professional financial adviser before making any investment decisions.

For more information, refer to the Financial Services Guide (FSG) for Ventura Investment Management Limited (available at https://venturafm.com.au/media/1729/ventura-fsg-update-nov.pdf).

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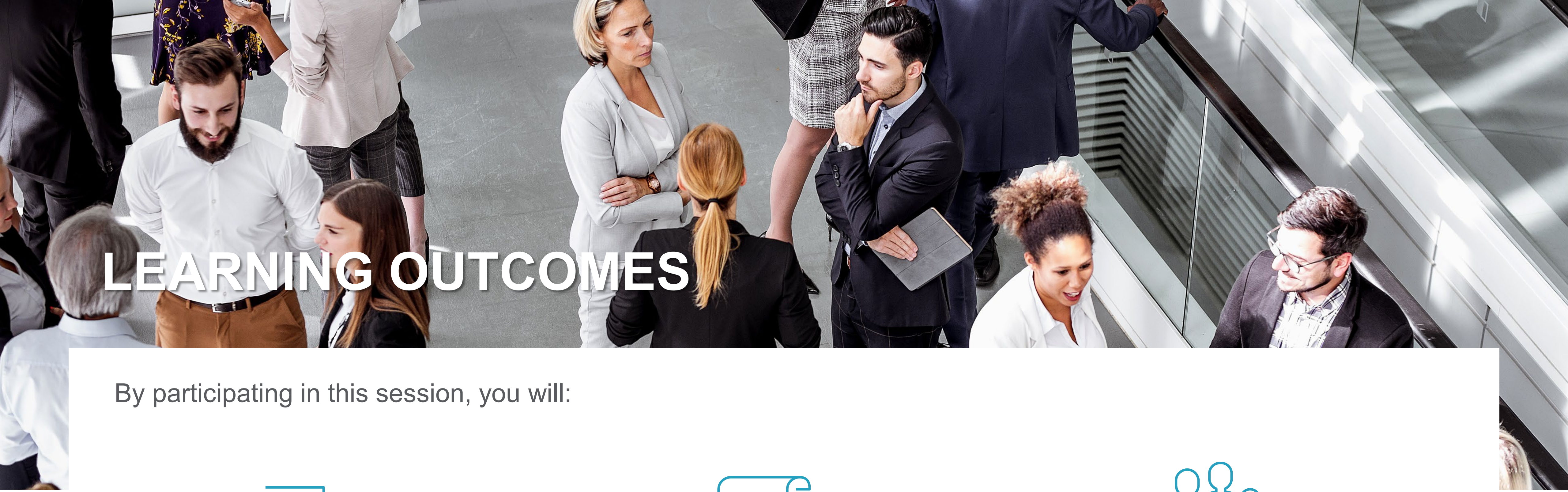


LEARNING OUTCOMES

By participating in this session, you will:

Gain insights into the current economic environment

Further understanding in what is shaping global markets and fixed income markets by insights from managers

Understand the nuances of how specific scenarios that can effect what strategies we use in portfolios

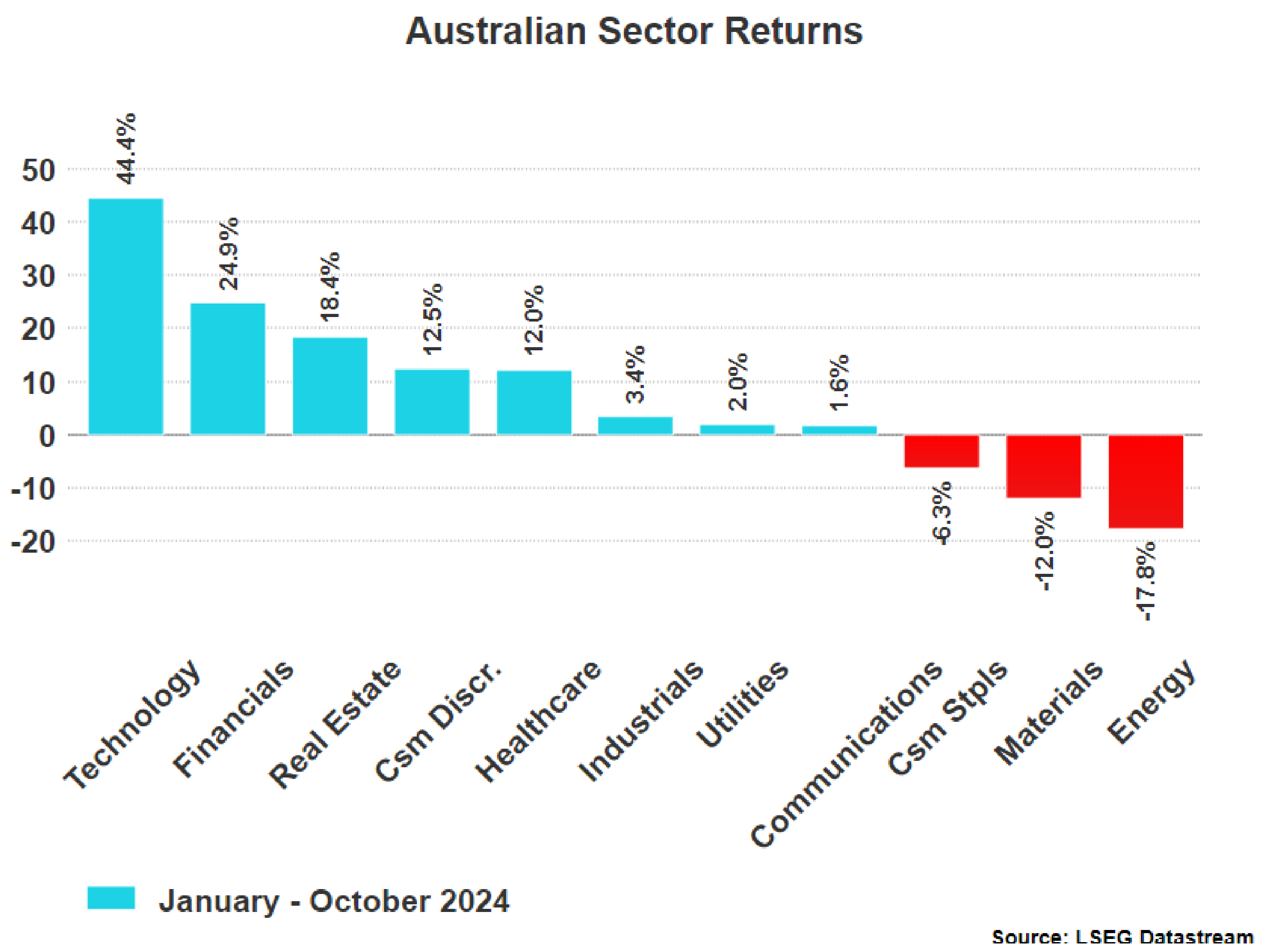
AGENDA

1. Economic Update – Current economic environment
2. Research – Industry study tour insights
   I. UK
   II. US
3. Portfolio Construction recap and portfolio update
4. Questions and Discussion

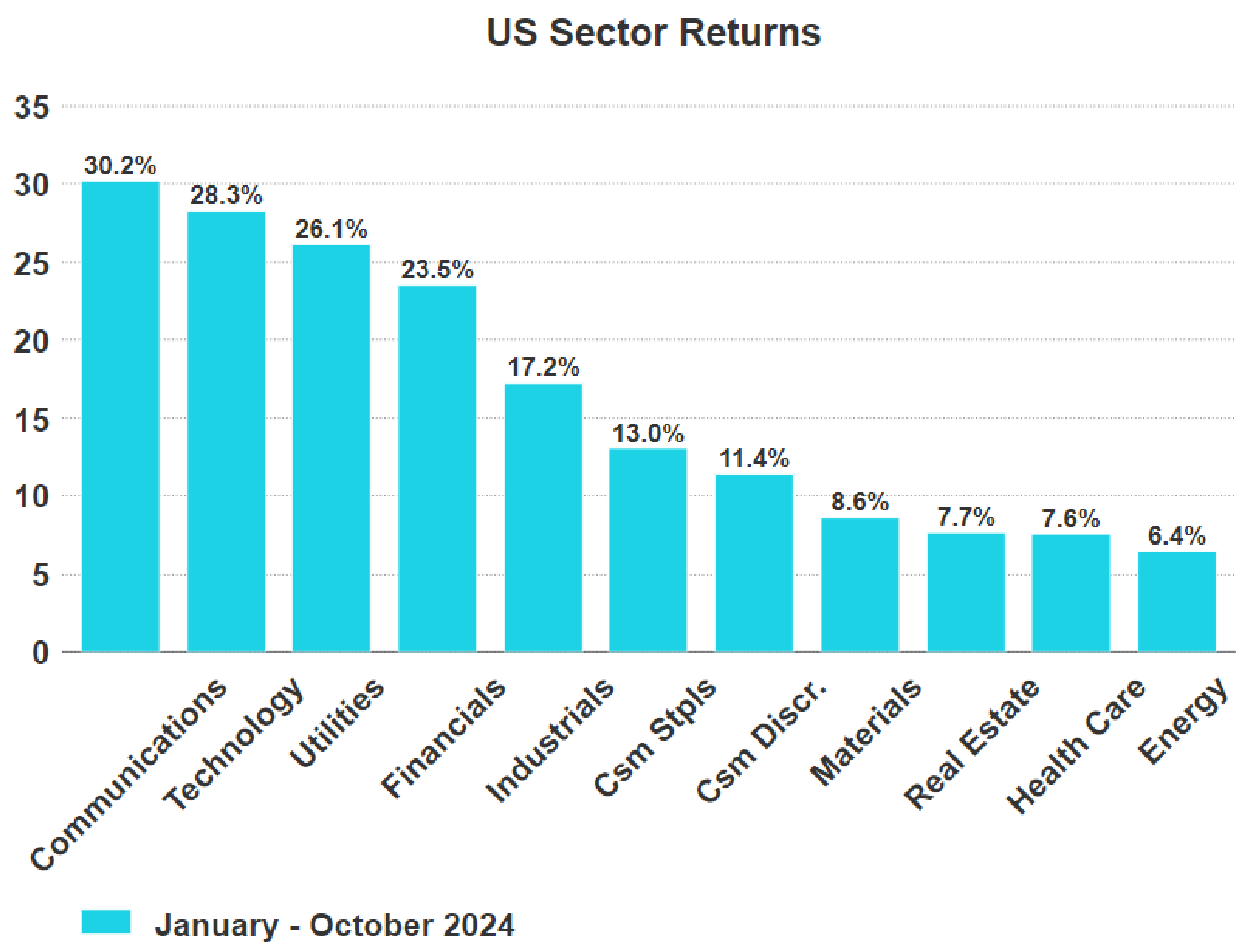
ECONOMIC UPDATE - CURRENT MARKET ENVIRONMENT

CENTREPOINT ALLIANCE

TECHNOLOGY SECTOR HAS GROWN THE MOST IN 2024, BUT FINANCIALS HAVE HAD THE BIGGEST EFFECT ON THE S&P/ASX 200 INDEX

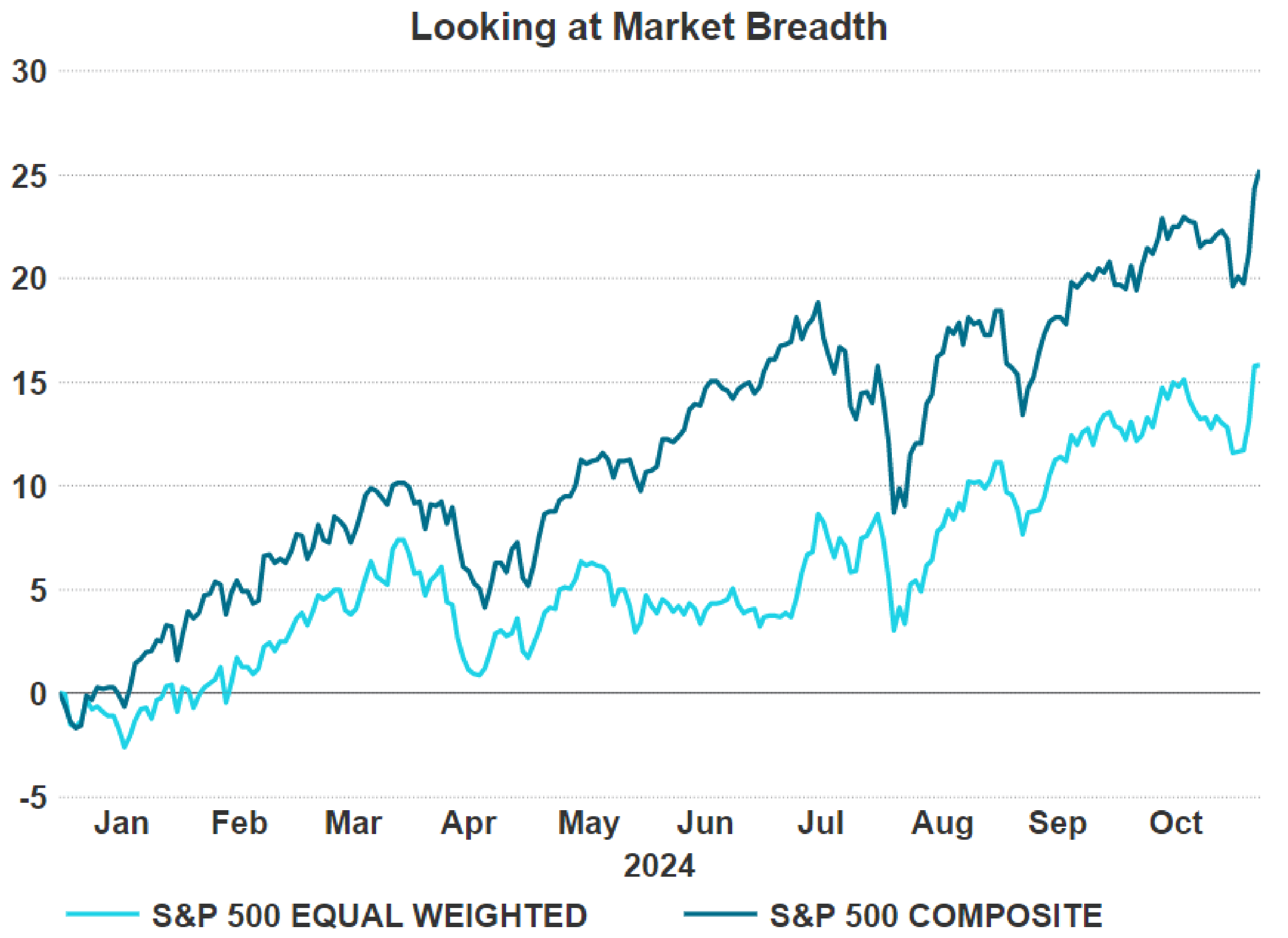


ALL SECTORS OF THE S&P 500 POSTED POSITIVE RETURNS, WITH COMMUNICATIONS AND TECHNOLOGY LEADING THE PACK



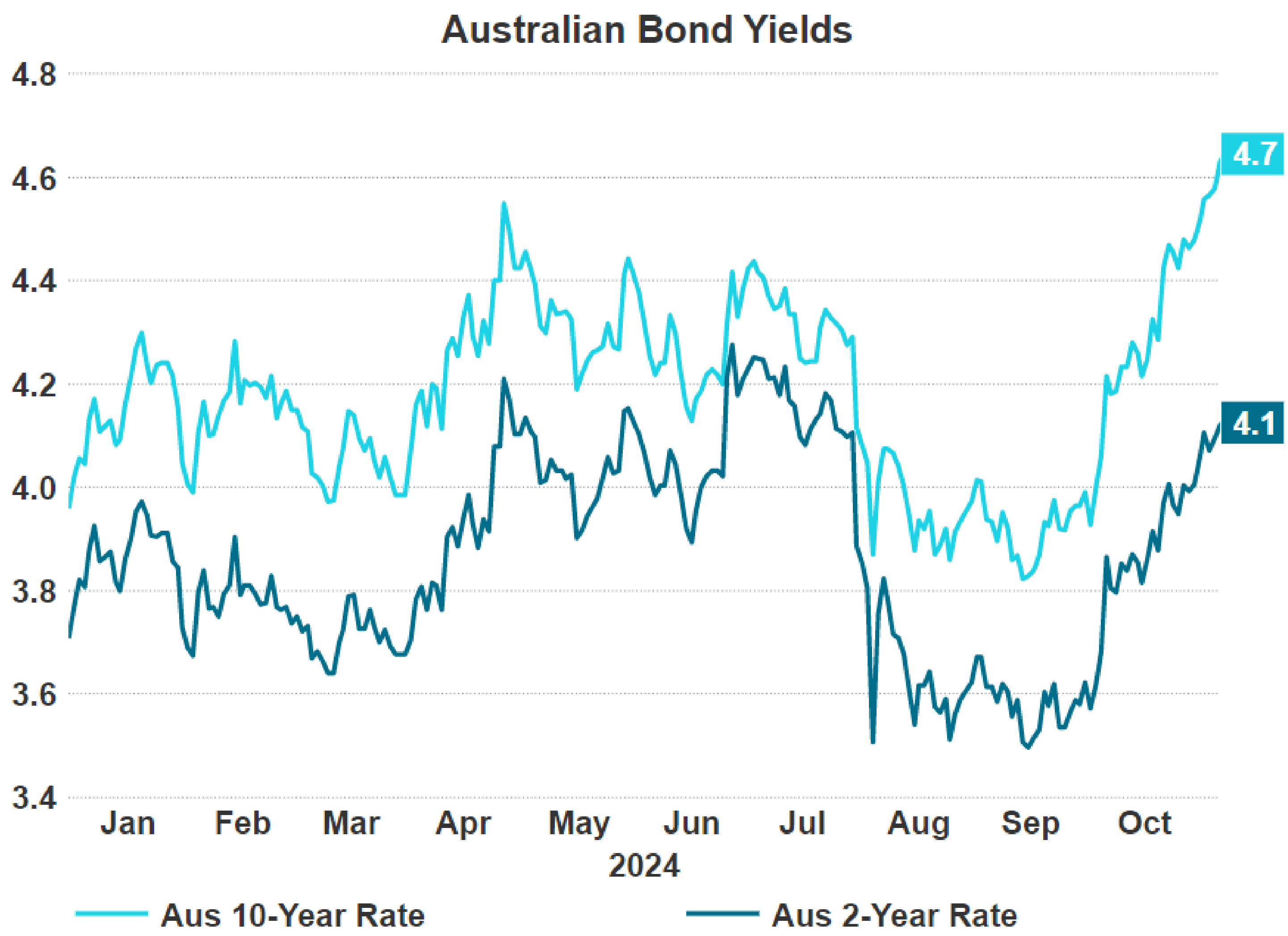
Source: LSEG Datastream

IN THE S&P500 MEGA-CAP TECHNOLOGY COMPANIES HAVE CONTINUED TO BE THE STRONGEST PERFORMERS BUT THE REST OF THE MARKET IS PERFORMING BETTER THAN IN 2023



Source: LSEG Datastream

AUSTRALIAN BOND YIELDS HAVE BEEN UP AND DOWN IN 2024, MOST RECENTLY RISING ON EXPECTATIONS OF HIGHER INFLATION IN THE US.



Source: LSEG Datastream

WHEN WILL THE RBA CUT RATES?

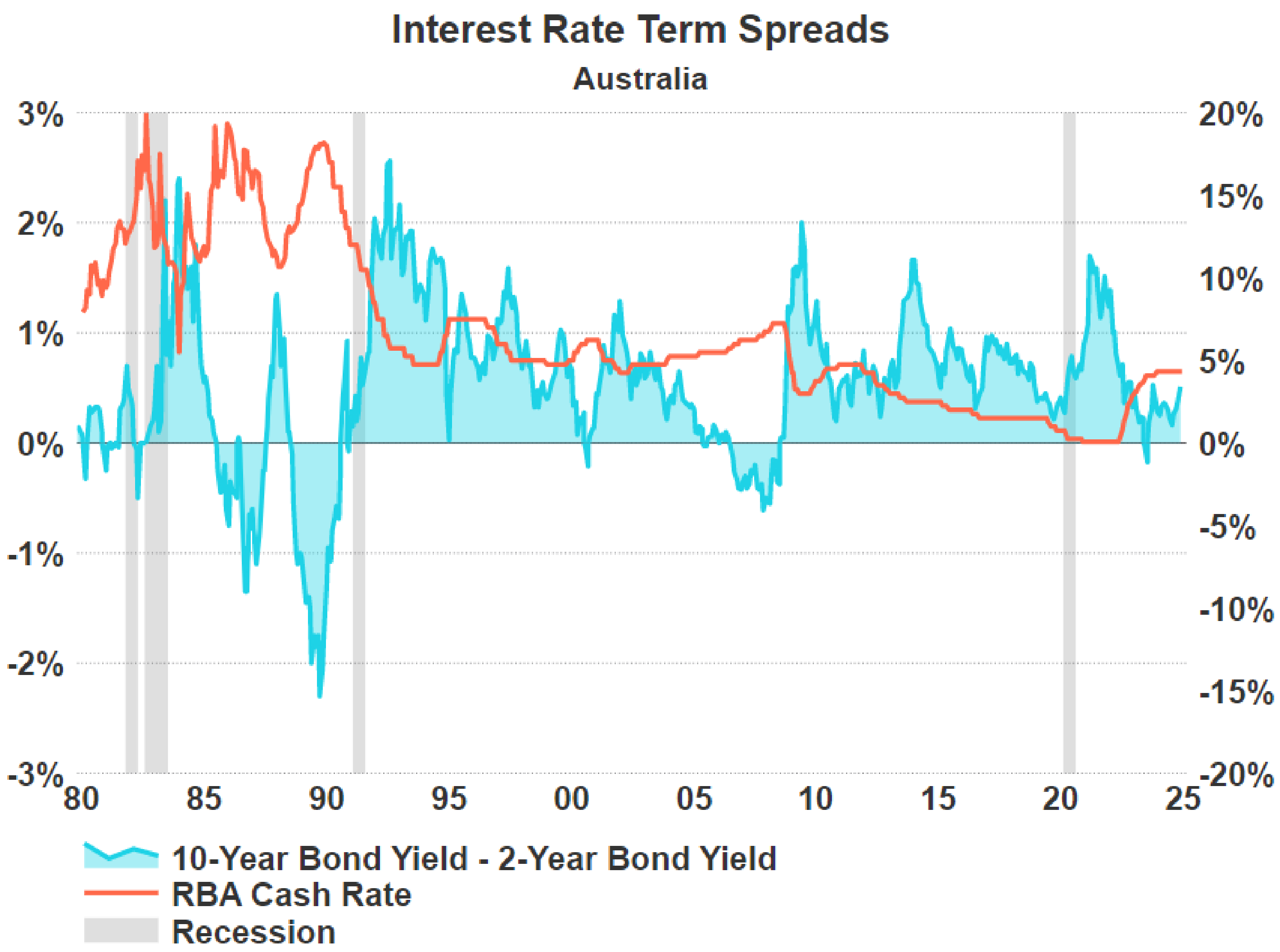
A. Q4 2024

B. Q1 2025

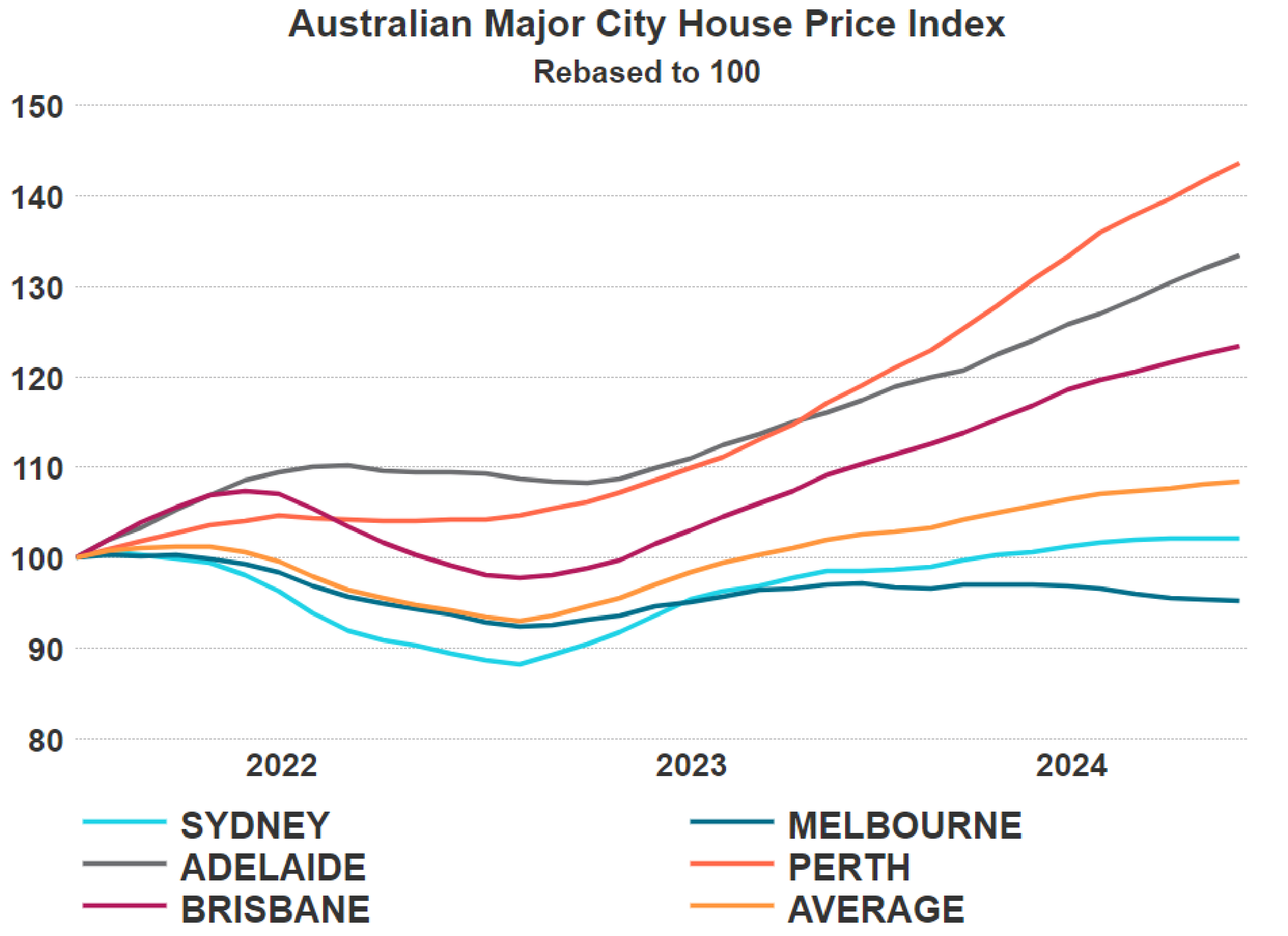
C. Q2 2025

D. Q3 2025

AUSTRALIA'S YIELD CURVE INVERSION WAS REVERSED OVER A YEAR AGO, IS A RECESSION STILL IN THE CARDS?



HOUSE PRICES IN SYDNEY AND MELBOURNE HAVE STAGNATED WHILE PERTH, ADELAIDE, AND BRISBANE PLAY CATCH UP



Source: LSEG Datastream

WHICH CITY HAS SEEN THE HIGHEST GROWTH IN HOUSE PRICES SINCE 2022?

a) Sydney

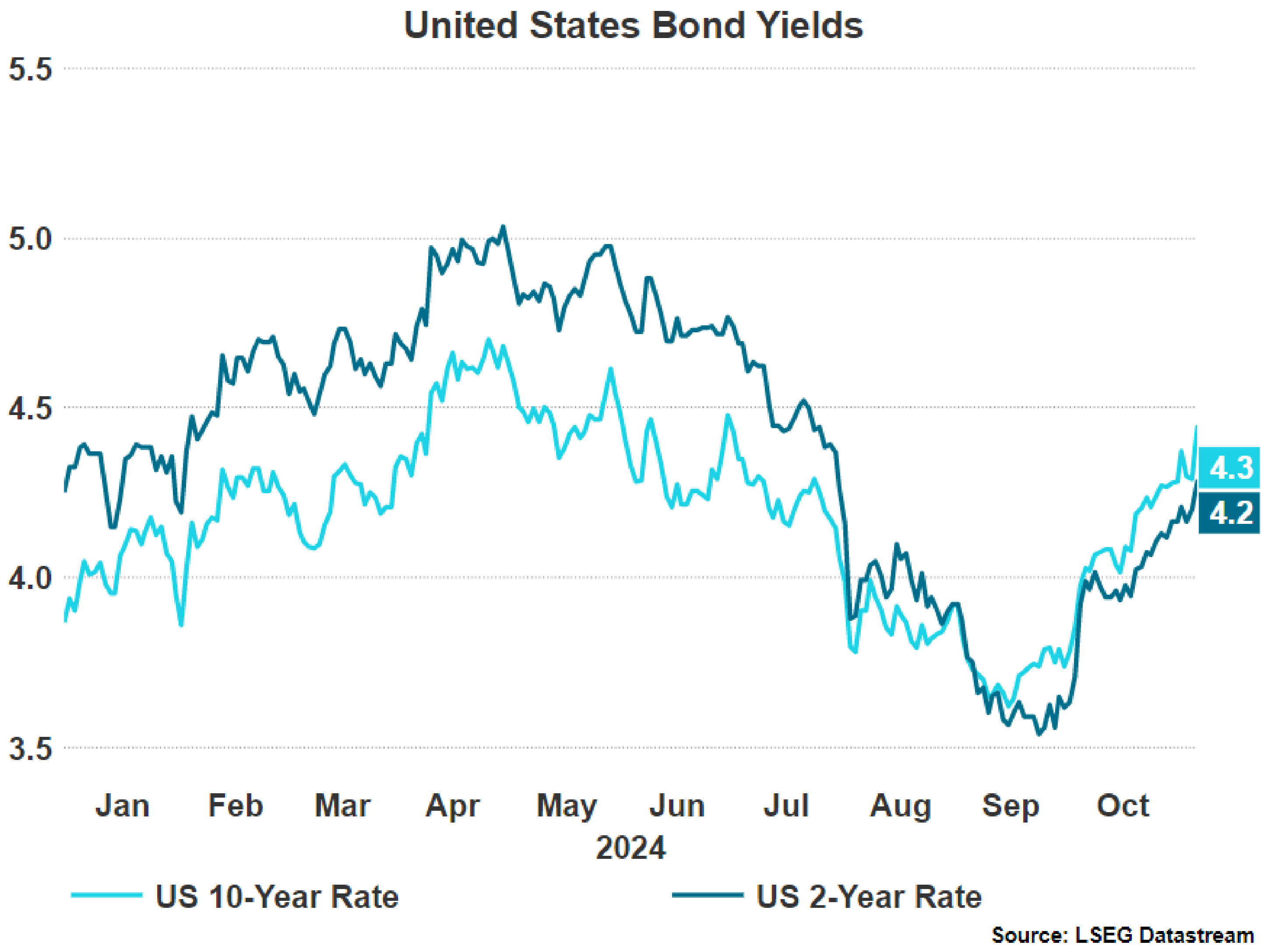
b) Adelaide

c) Brisbane

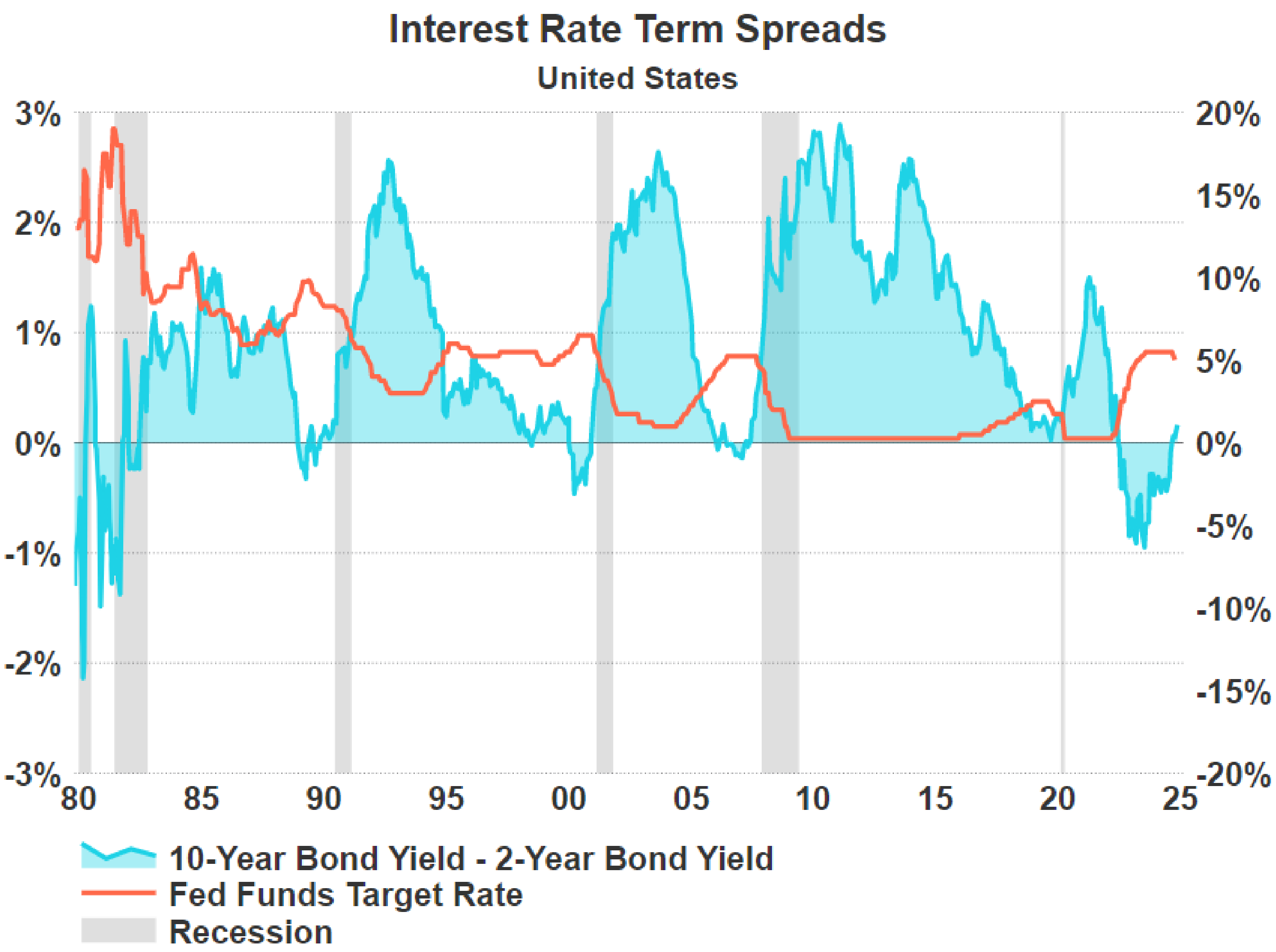
d) Melbourne

e) Perth

US BOND YIELDS HAVE FALLEN SINCE Q2 BUT THERE HAS BEEN AN UPTICK IN RESPONSE TO EXPECTATIONS OF A TRUMP VICTORY



REVERSAL OF THE US YIELD CURVE HAS OCCURRED, THIS IS SEEN AS A SIGNAL FOR A LOOMING RECESSION



HOW LONG AFTER THE UN-INVERSION DO WE TYPICALLY EXPERIENCE A RECESSION?

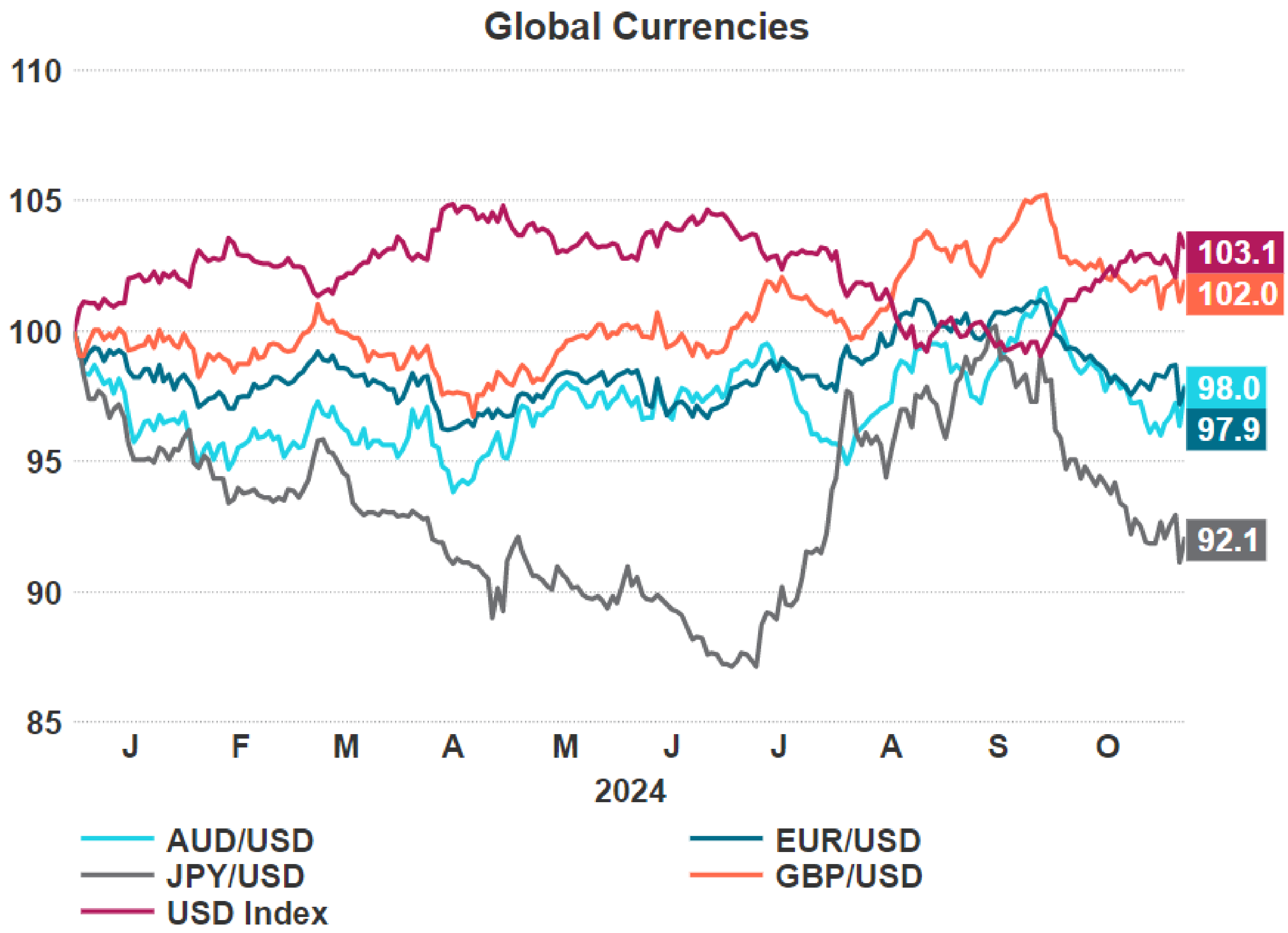
A. 1 - 6 Months

B. 6 - 12 Months

C. 12 – 24 Months

D. d) 24 – 30 Months

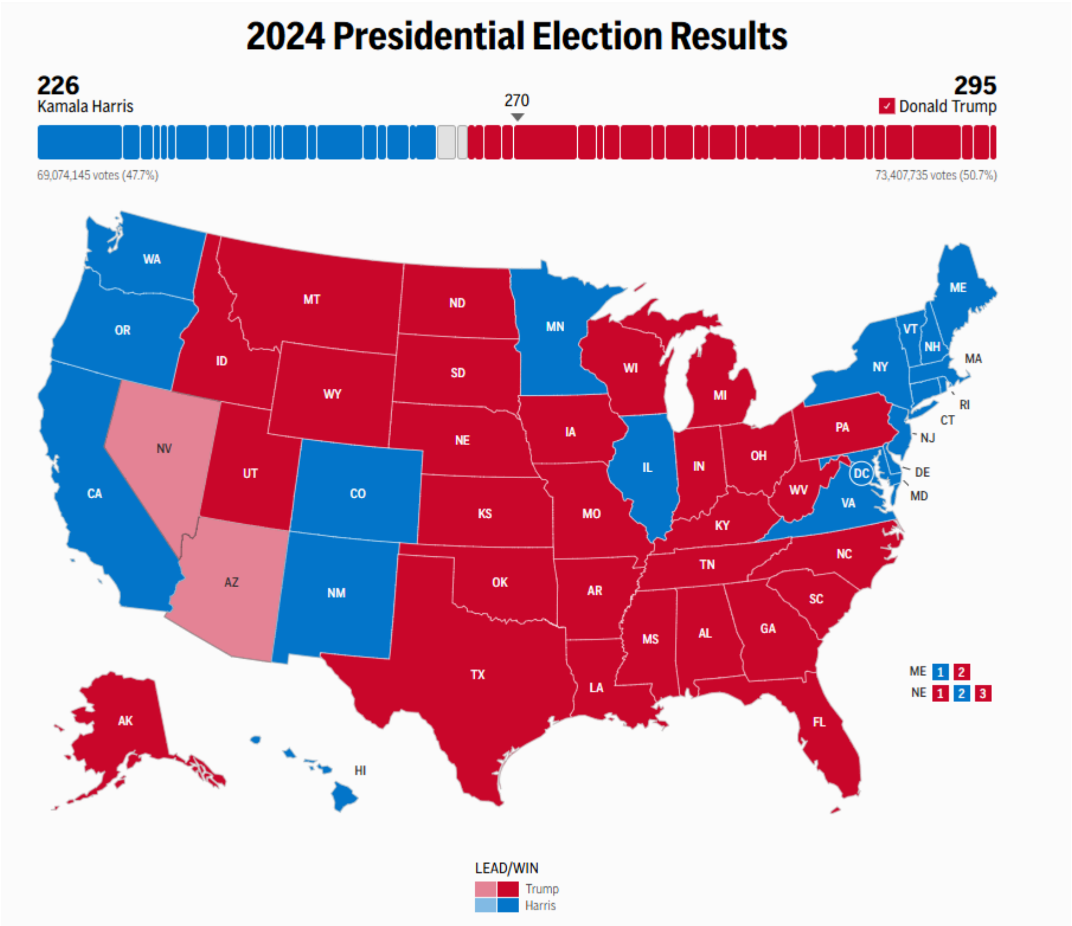
THE UNITED STATES DOLLAR CONTINUES TO BE A SAFE HAVEN AND THE JAPANESE YEN HAS HAD A ROLLERCOASTER YEAR



Source: LSEG Datastream

US ELECTION BREAKDOWN

Source: Investing.com, 8th Nov 2024

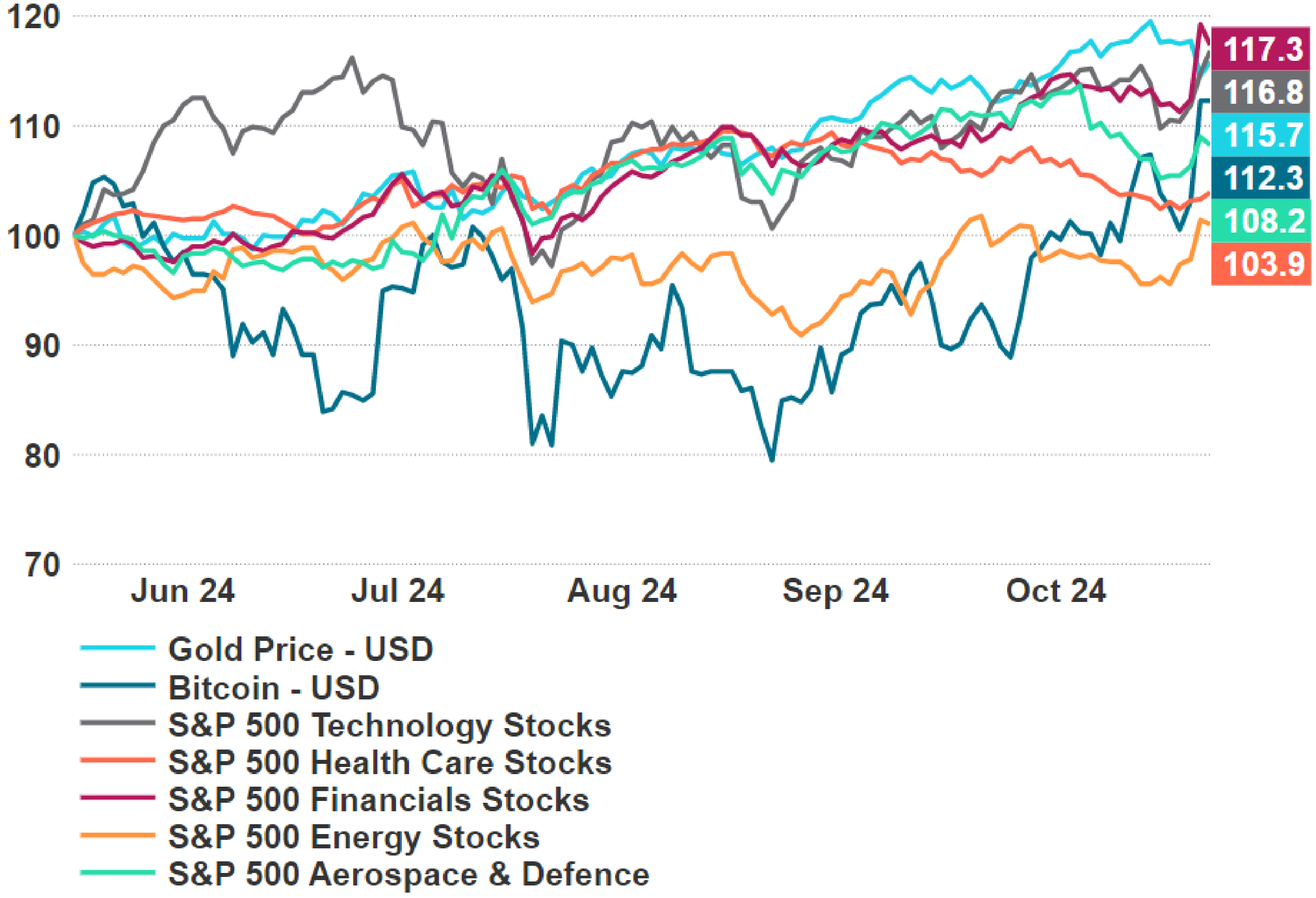


Source: Associated Press, Election results – 8th Nov 2024

MARKET BREAKDOWN POST-ELECTION

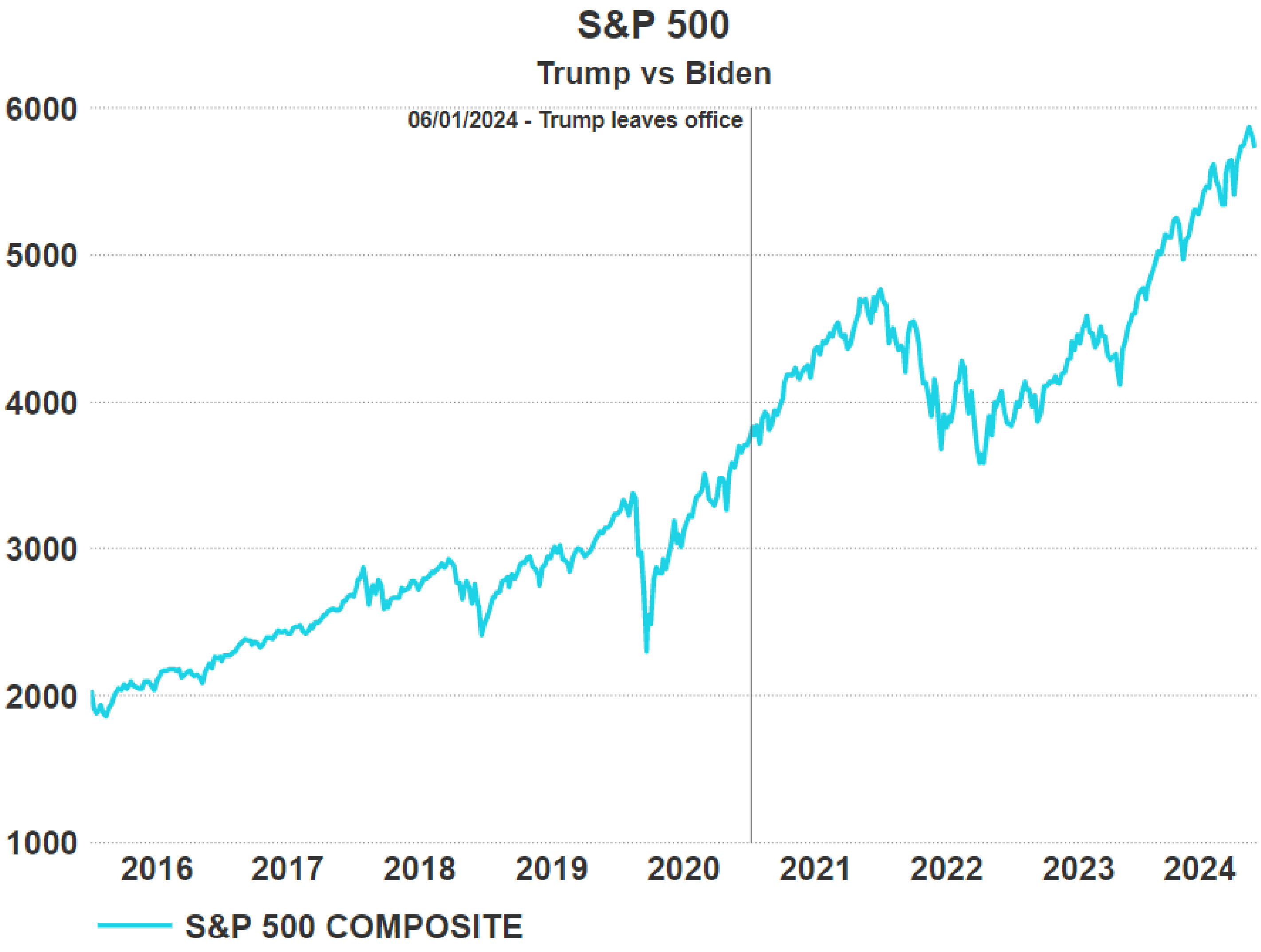
Source: Investing.com, 9th Nov 2024

US ELECTION RALLY



Source: LSEG Datastream

HOW HAS THE S&P 500 FARED UNDER BIDEN COMPARED TO TRUMP?



Source: LSEG Datastream

RESEARCH INDUSTRY STUDY TOUR INSIGHTS

CENTREPOINT ALLIANCE

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FINANCIAL STANDARD

UK INDUSTRY STUDY TOUR

Colchester GLOBAL INVESTORS

MARTIN CURRIE
A Franklin Templeton Company

COLUMBIA THREADNEEDLE INVESTMENTS

Stewart Investors

WALTER SCOTT

Schroders

WESTERN ASSET
A Franklin Templeton Company

Skerryvore ASSET MANAGEMENT

Fidelity INTERNATIONAL

AXA Investment Managers

T.RowePrice

J.P.Morgan ASSET MANAGEMENT

Brown ADVISORY
Thoughtful Investing.

CONSENSUS VIEWS ON THE ECONOMIC ENVIRONMENT

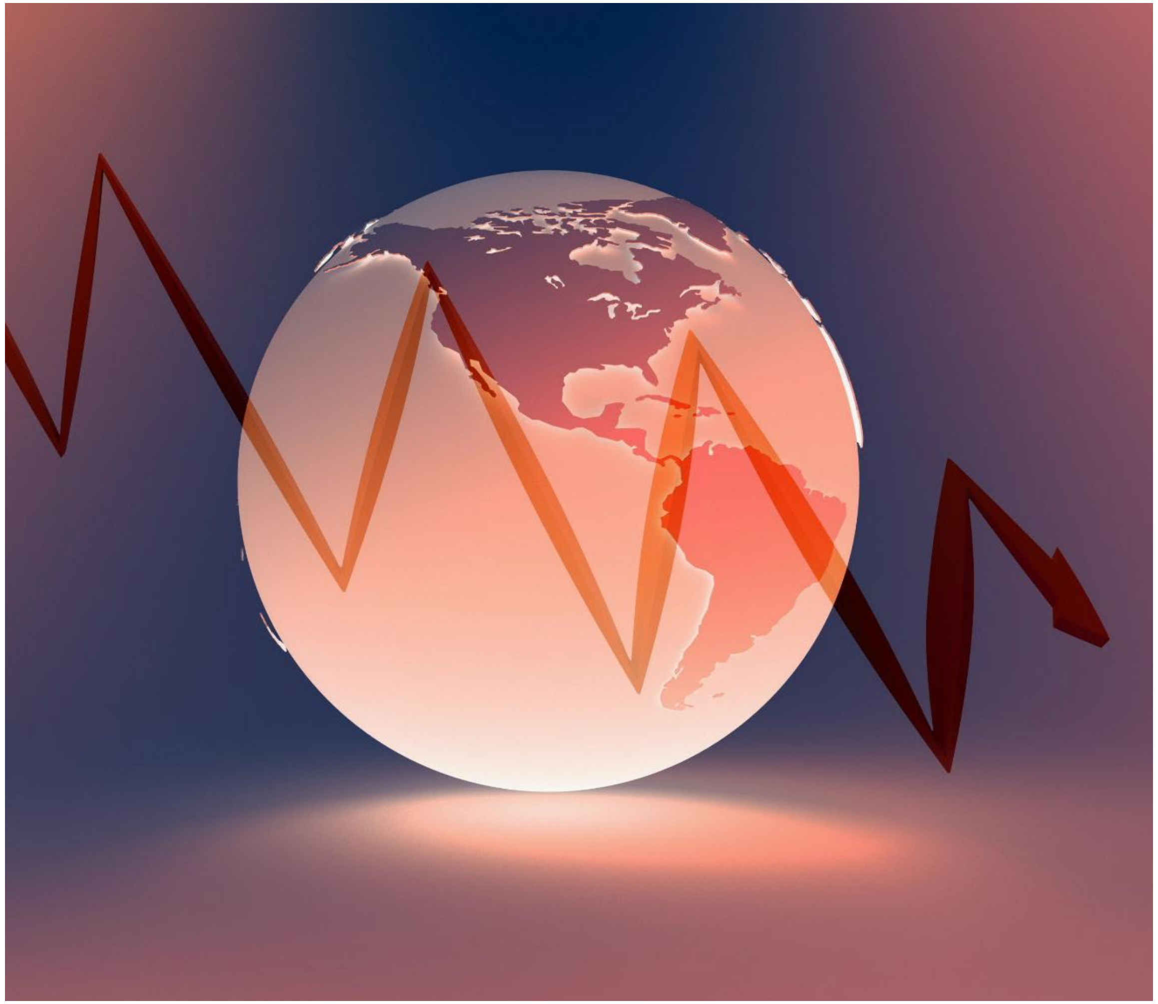
Moderating Inflation: Agreement on inflation cooling, with gradual rate reductions anticipated, primarily in the U.S.

Growth in Emerging Markets: Positive outlook on emerging markets, especially in Asia, driven by demographics and under-penetration.

Technological Innovation as a Growth Catalyst: Consensus on A.I. and digital technologies driving productivity across industries.

ESG as an Investment Priority: Widespread ESG adoption, particularly green bonds and sustainable investments, driven by regulatory and investor demands.

NON-CONSENSUS VIEWS ON THE ECONOMIC ENVIRONMENT



Inflation Volatility: Mixed views on whether inflation will stabilise or experience intermittent shocks due to global tensions and supply chain disruptions.

China's Economic Stability: Divergent views on China's market; some see regulatory risks and deflationary pressures, while others focus on growth potential.

Central Bank Rate Trajectories: Uncertainty regarding the timing of rate cuts, with some expecting a slower pace due to persistent macroeconomic challenges.

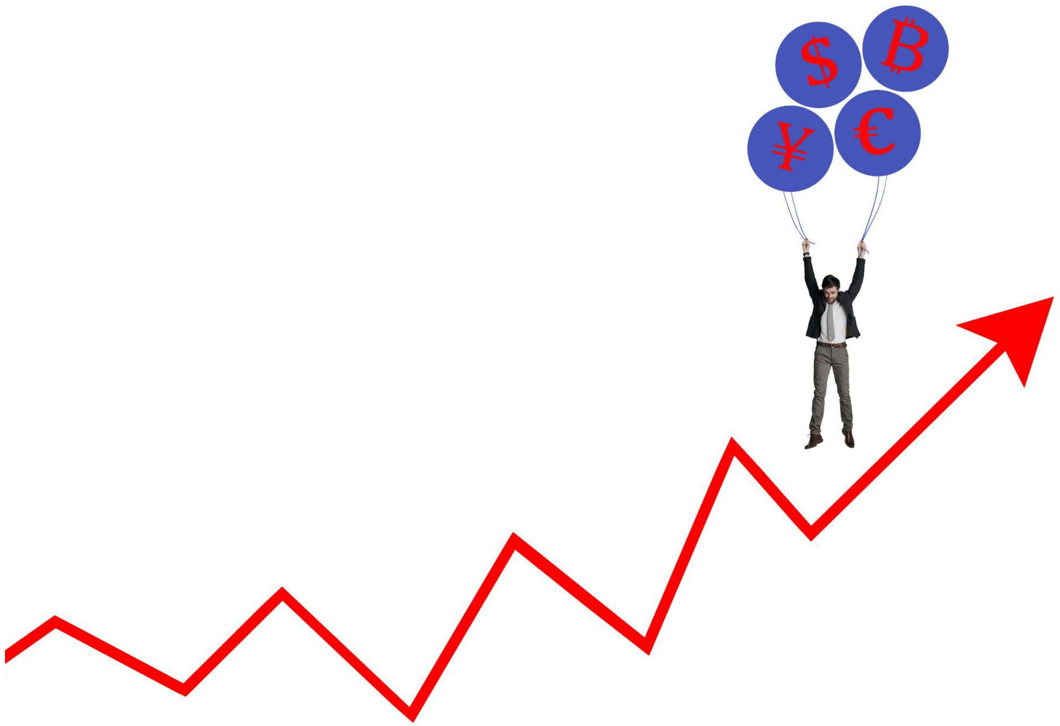
A.I.’s Long-Term Economic Impact: Differences in expectations for A.I.’s economic influence, with some foreseeing rapid productivity gains and others a slower, more complex adoption.

EMERGING MARKETS AND INFLATION MANAGEMENT

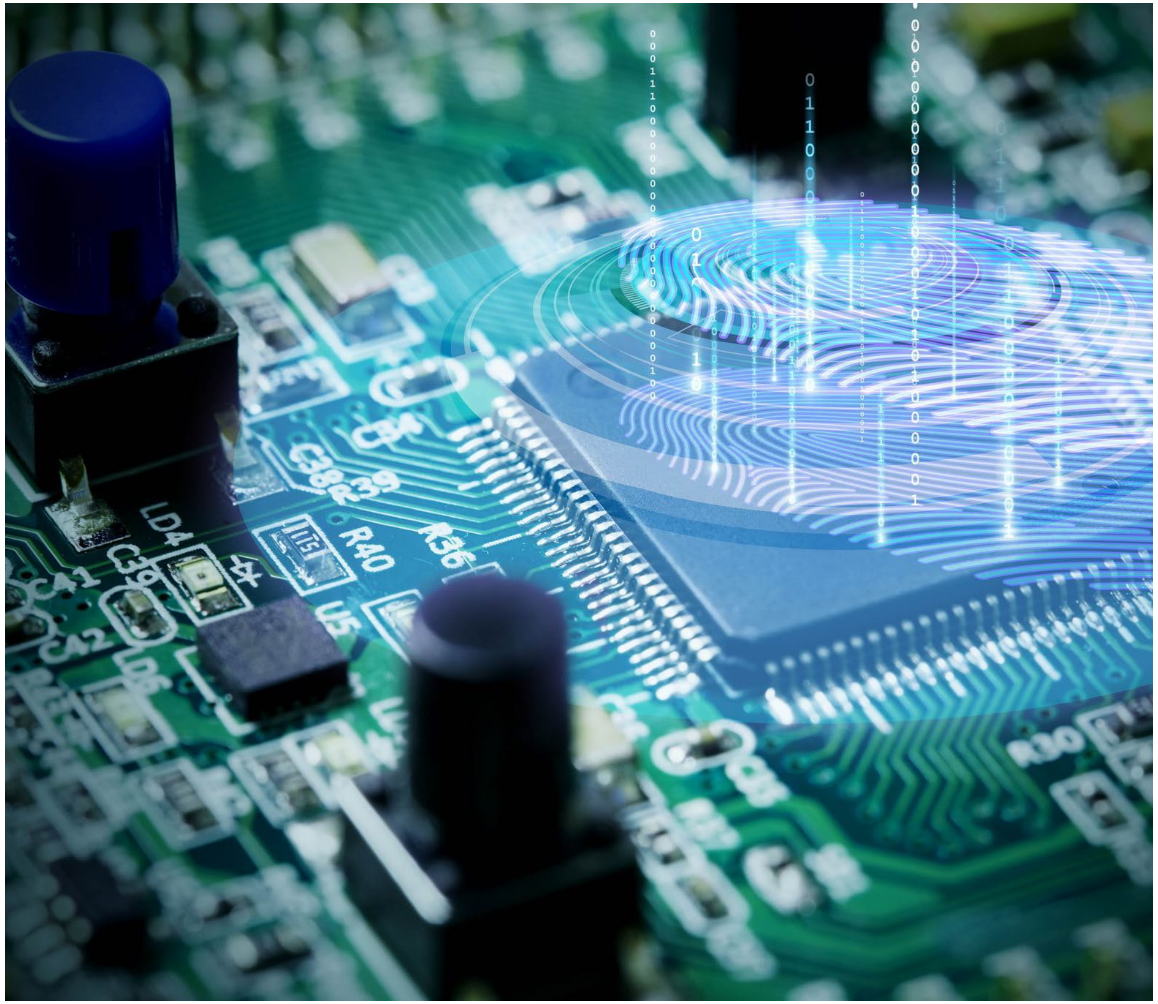
Growth Potential in Emerging Markets: General optimism on markets like India, while China presents both high potential and caution due to geopolitical and economic risks.

Inflation Management & Rate Adjustments: Gradual rate cuts anticipated as inflation stabilises, but with varied views on timing and pace.

Interest Rate and Credit Market Outlook: Lower rates expected to benefit credit markets, but caution on inflationary shocks remains due to global supply chain and resource issues.



TECHNOLOGY AND A.I. INTEGRATION AS ECONOMIC DRIVERS



A.I. and Automation

A.I. and automation technologies are driving productivity and growth across various industries, providing new investment opportunities.

Job Displacement

As A.I. and automation technologies become more prevalent, there is a risk of job displacement and a need for retraining and reskilling the workforce.

Regulatory Challenges

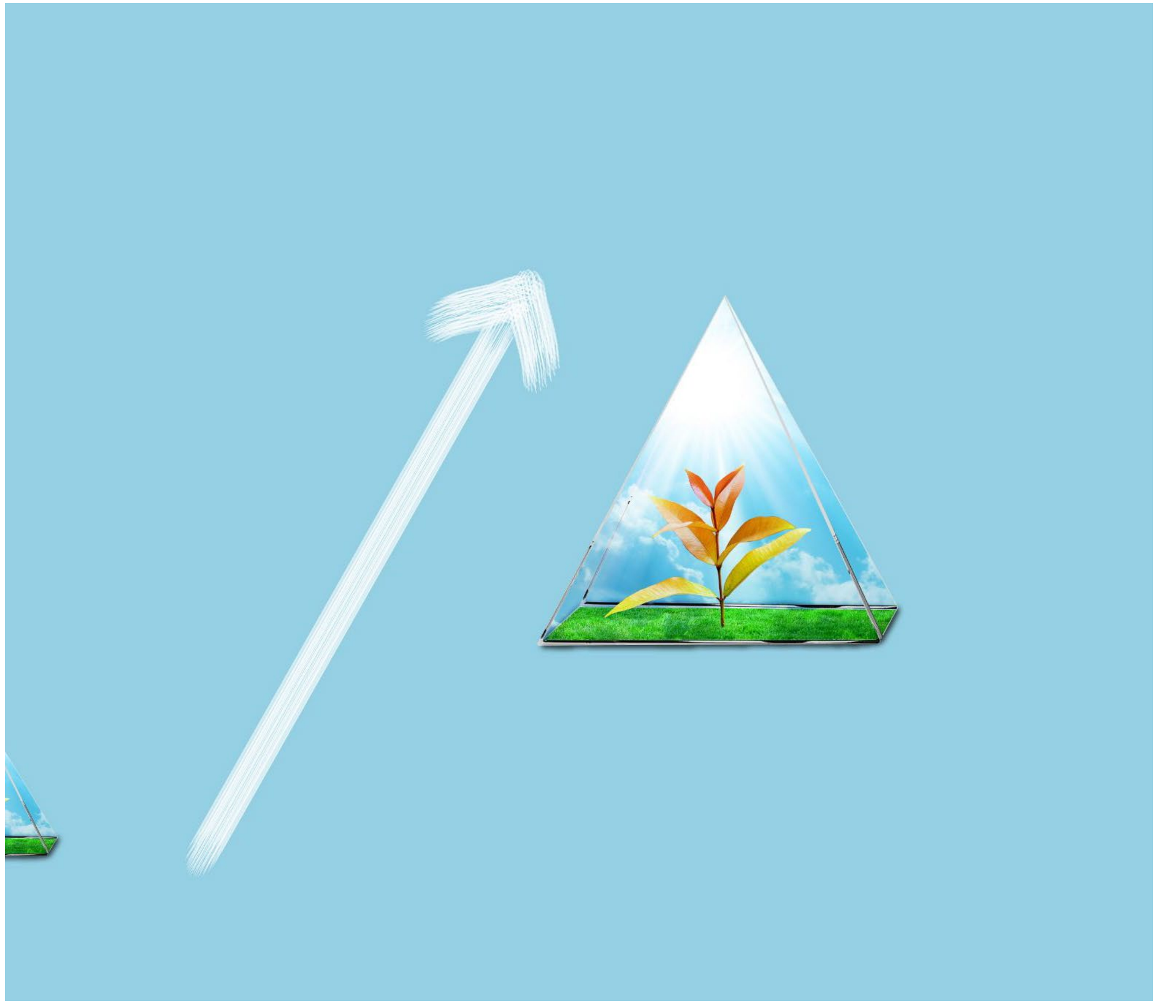
A.I. and automation technologies present new regulatory challenges and ethical considerations that must be carefully considered and addressed.

Productivity & Efficiency Gains: Consensus that A.I. will enhance productivity, but its broader economic impact remains uncertain.

Investment in A.I. Infrastructure: Substantial capital investments anticipated in A.I. infrastructure and cloud, benefiting sectors like semiconductors.

Potential Risks in A.I. Valuations: Concerns about overvaluation of A.I.-centric stocks and long-term implementation complexities

SUSTAINABILITY AND ALTERNATIVE INVESTMENTS



ESG Integration: Emphasis on ESG for risk mitigation, with broad adoption in portfolios, particularly in response to regulatory pressure in Europe and Australia.

Growth in Alternatives and Infrastructure: Increased focus on alternatives and infrastructure assets for their inflation resilience and income generation.

Private Market Risks: Interest in private markets and real assets to hedge public market volatility, though concerns persist about liquidity and overexposure.

UK INDUSTRY STUDY TOUR SUMMARY

Broad Consensus: Agreement on emerging market potential, ESG's importance, and A.I. as a productivity driver.

Divergent Views: Inflation volatility, China's outlook, and timing of central bank rate adjustments.

Portfolio Strategy Implications: Focus on diversified, quality assets across key growth areas; active management to respond to economic shifts and evolving risks.

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UNITED STATES INDUSTRY STUDY TOUR

AllianceBernstein

Allianz Retire+ powered by PIMCO

Lazard Asset Management

Loomis Sayles

Apollo

Blue Owl

Morgan Stanley Investment Management

Neuberger Berman

Capital Group™

Epoch Investment Partners, Inc.

nuveen A TIAA Company

PIMCO

Goldman Sachs Asset Management

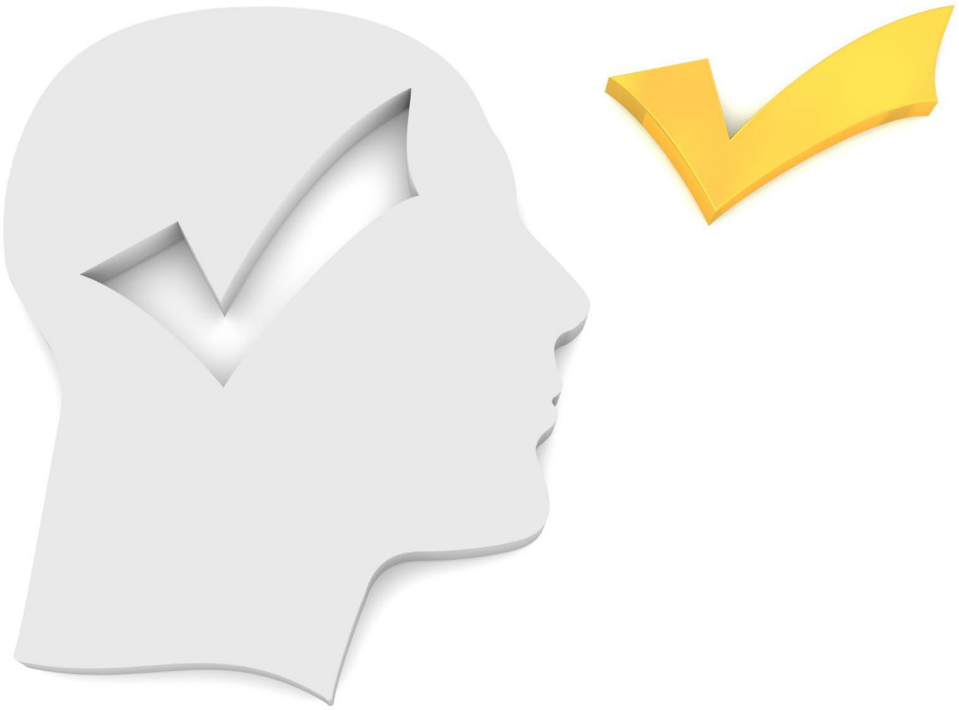
Hamilton Lane

polen capital

T.Rowe Price

WCM Investment Management

CONSENSUS VIEWS ON ECONOMIC ENVIRONMENT



High Interest Rates & Inflation Expectations: Broad agreement that interest rates will stay elevated before gradual cuts as inflation moderates.

> **Portfolio Impact**: Continued appeal for fixed-income assets; cautious approach to rate-sensitive investments.

Growth in Private Credit: Consensus that private credit, especially asset-based lending, will expand as banks pull back.

> **Portfolio Impact**: Shift toward non-bank lending options offers diversification benefits.

Defensive Positioning & High-Quality Assets: Emphasis on resilient, income-generating investments as economic uncertainty persists.

NON-CONSENSUS VIEWS ON ECONOMIC ENVIRONMENT

Asset-Based Lending vs. Corporate Direct Lending:

Divergence: Some managers focus on asset-based over direct lending, citing value erosion in corporate direct lending. Caution was advised in the direct lending space

Portfolio Implication: Re-evaluate private credit allocations, favouring asset-backed options for lower volatility.

Technology and A.I. in Investment Decision-Making:

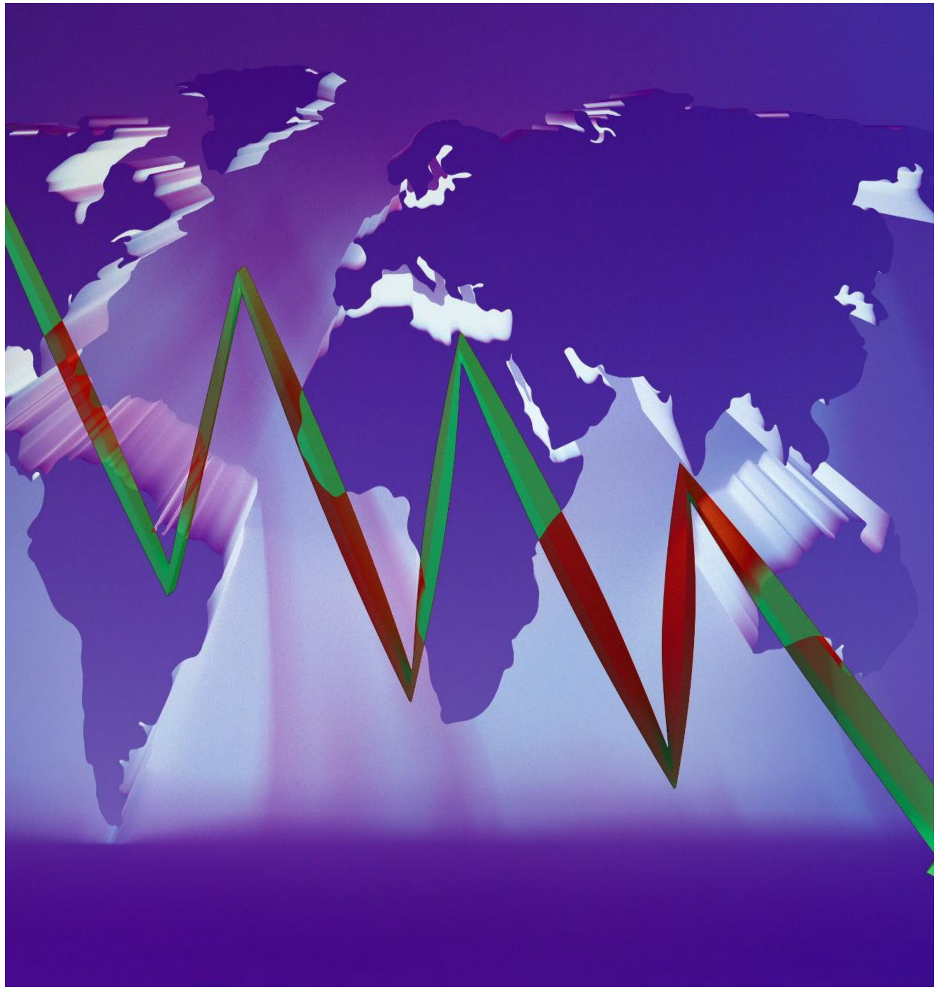
Divergence: Mixed adoption from cautious use to A.I.-driven analysis.

Portfolio Implication: Technology could enhance efficiencies but also introduce new risks.

Company Culture as an Investment Metric:

Unique Approach: WCM evaluates company culture to assess long-term competitive advantage.

Portfolio Implication: Alternative evaluation metric could reveal undervalued growth opportunities in their view



KEY THEMES IMPACTING PORTFOLIOS

Shift Toward Semi-Liquid Structures:
Trend: Rising popularity of semi-liquid options catering to retail investors needing both private market exposure and liquidity.

Rise of Non-Bank Lenders:
Trend: Regulatory and economic pressures drive private credit growth, particularly in middle-market and asset-based loans.

Public and Private Market Convergence:
Trend: Increasing overlap between public and private credit, offering relative value and flexibility.

KEY THEMES IN MACROECONOMIC LANDSCAPE

Commercial Real Estate Challenges:

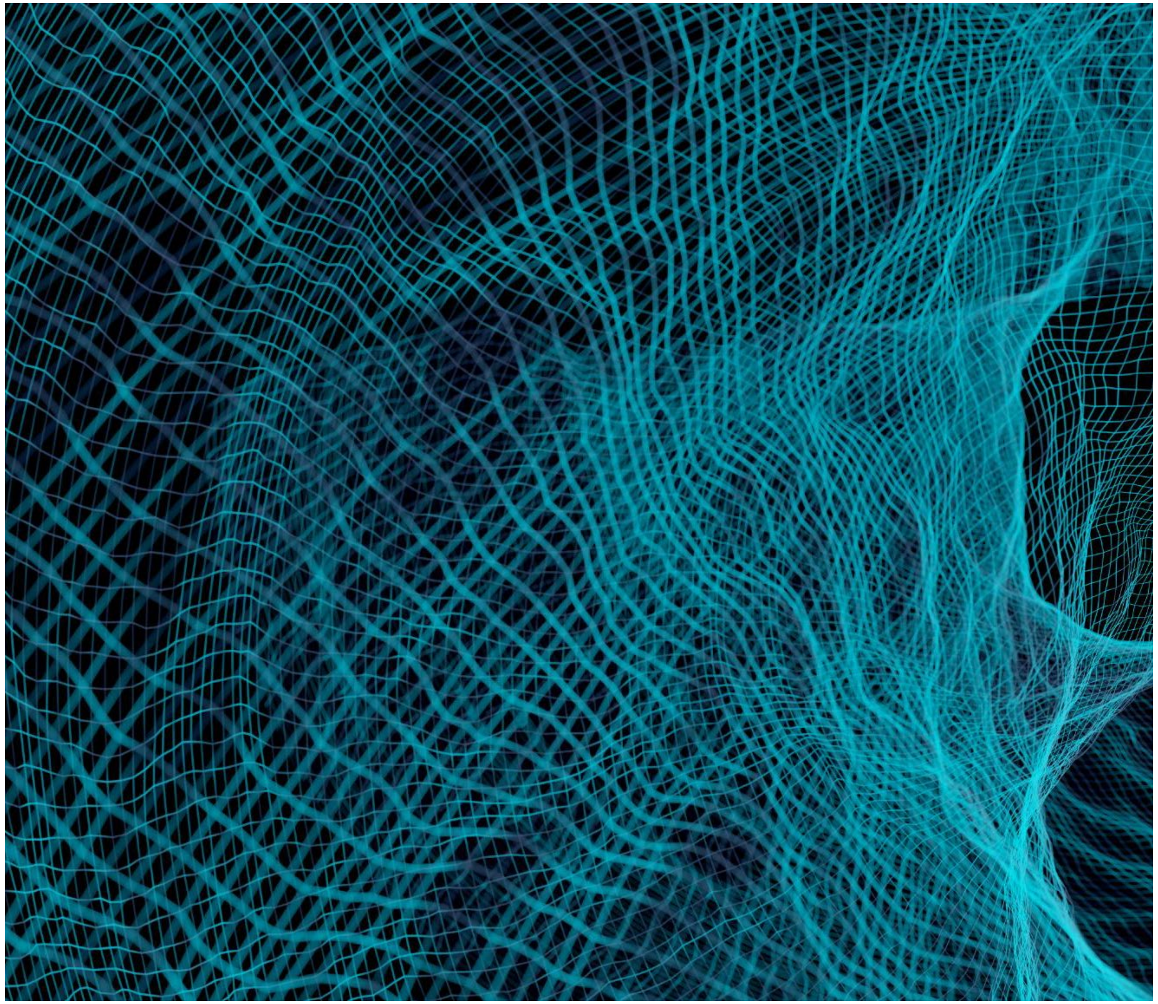
Trend: High-interest rates and banking constraints put pressure on commercial real estate, especially regional banks.

Implication: Shift portfolios away from commercial real estate to mitigate sector-specific risk.

Resilient U.S. Economy with Soft Landing Expectations:

View: Predicted U.S. “soft landing” driven by strong labor markets and productivity growth.

Implication: Maintain U.S. equity exposure, focusing on high-quality sectors.



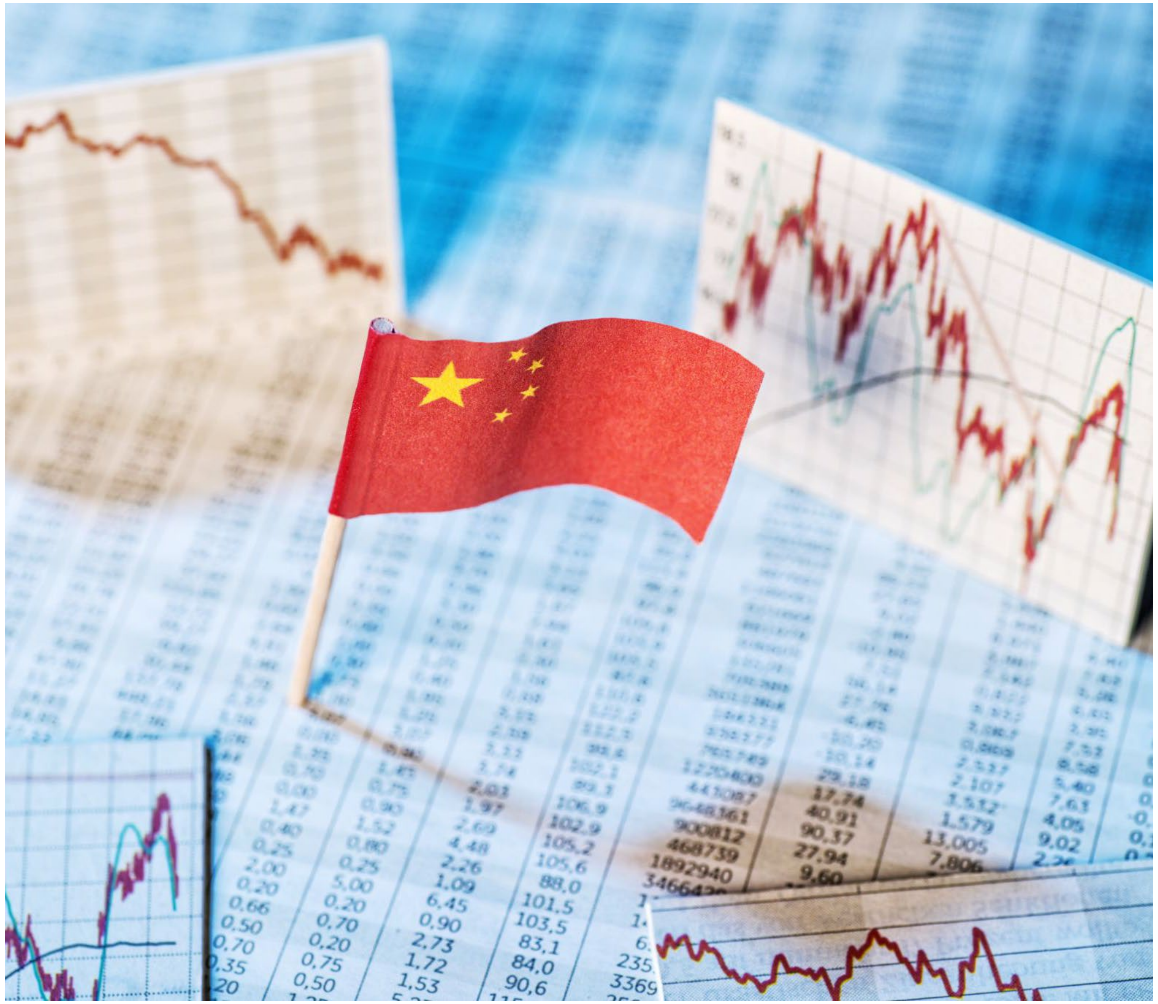
CONTINUED EXPANSION OF PRIVATE MARKET INVESTMENTS

Trend: Institutional interest in private markets continues to grow, with private equity and credit offering attractive diversification.

Portfolio Impact: Private markets expected to play a larger role in multi-asset portfolios, delivering uncorrelated returns and income potential.

Challenge: Heightened need for investor education on liquidity constraints in private assets, particularly for retail investors.

HIGH LEVEL VIEWS AROUND THE GLOBE



- General optimism in emerging markets
- India shows significant growth potential
- China’s dual nature – Both parties see China as a risk
- High potential for growth globally and in the U.S.
- Geopolitical and economic risks present caution

US INDUSTRY STUDY TOUR SUMMARY

Consensus Views: Elevated rates, private credit expansion, and defensive positioning in high-quality assets.

Non-Consensus Insights: Divergence on asset-based vs. direct lending, tech use in investing, and company culture as an investment factor.

Portfolio Strategy: Emphasise flexibility, leverage non-bank credit, and incorporate defensive, income-generating assets.

Macro Impact: Navigating commercial real estate risks, capitalising on U.S. resilience, and expanding private market allocations for diversified, stable returns.

HOW WE DESIGN THE PORTFOLIOS

GROWTH ASSETS

Equities

Market risk premia
(i.e. the index return – not expected to outperform but a powerful return driver)

Size risk premia
(buying smaller cap stocks)

Momentum risk premia
(buying stocks that have recently gone up)

This is not practical in a model portfolio context as it is not a pure risk premia

Value risk premia
(buying cheaper stocks)

Profitability risk premia
(buying stocks with high returns on capital).

Low volatility risk premia

Quality risk premia

- When constructing portfolios, we seek to balance the above factors within the equities asset classes by providing a blended exposure.
- All equities managers provide access to the market risk premia to the extent they are fully invested.
- Most equities managers provide access to the valuation risk premium if they are skilful, and some deliver more explicit exposure to this factor than others.

Remember DIVERSIFICATION is key.

HOW WE ALLOCATE WITHIN EQUITIES

Diversification is key – This is why we make sure to understand the role the managers play within our portfolios.

Australian Shares	Investment Style
	Low Vol - Core/Style Neutral
	Growth
	Value
	Small Caps

International Shares	Investment Style
	Fundamental Growth
	Low Vol - Quantitative - Active currency
	Quantitative (Hedged)
	Value - Active currency
	Global Small and Mid Cap
	Emerging Markets

BREAKING DOWN DEFENSIVE ASSETS VIA RISK PREMIA

Fixed Interest (Bonds)

In the bond section of the portfolio, we are seeking to harness risk premia in excess of the risk-free rate. These are;

The Maturity or Duration Risk Premium
(compensation on longer term bonds for value fluctuations in response to interest rate changes)

The Liquidity Risk Premium
(compensation for a bond that cannot be quickly converted into cash at a fair market value)

The Default Risk Premium
(compensation for risk that a government or corporate will default on its payment obligations)

The Inflation Risk Premium
(compensation for inflation risks)

The best way to break fixed income up is via its Duration.

DEFENSIVE ASSETS – SHORT VS LONG DURATION

Short / Shorter Duration Fixed Income

Short Duration -These are typically fixed income strategies that are more unconstrained and absolute return in nature having flexible investment guidelines to invest broadly within fixed income markets.

Short Duration	Long Duration
Absolute Return Bond Funds Multi Asset Absolute and Real Return Funds	Traditional Bond managers Credit managers

Fixed Income	Investment Style
Traditional Fixed Income	
	Global Bond and Credit
	Australian Bond and Credit
Defensive Alternative Fixed Income	
	Aust. Unconstrained Bond
	Global. Alternative Income
	Aust. Absolute Return

STRATEGIC ASSET ALLOCATION WEIGHTS

Risk Profiles	G15 Defensive SAA	G30 Conservative SAA	G50 Balanced SAA	G70 Growth SAA	G85 High Growth SAA	G95 High Growth Plus SAA
Australian Shares	5%	10%	18%	25%	31%	38%
International Shares	7%	12%	21%	30%	38%	46%
A-REITs	0%	0%	0%	2%	3%	0%
G-REITs	0%	2%	4%	3%	4%	4%
Global Infrastructure	3%	3%	4%	6%	6%	4%
Diversified Alternatives	0%	6%	6%	8%	6%	6%
Australian Bonds	31%	25%	20%	12%	5%	0%
International Bonds	26%	21%	17%	10%	5%	0%
Cash	28%	21%	10%	4%	2%	2%
Growth Assets	**15.00%**	**30.00%**	**50.00%**	**70.00%**	**85.00%**	**95.00%**

OUTCOMES

Scenario	What Investment styles do well in the portfolio
Central Bank cuts interest rates and begins quantitative easing.	Growth, Small Caps, Deep Value, Long Duration, EM, Credit
Central Bank raises interest rates.	Short Duration, Value, Growth Quality, Infrastructure
War breaks out in the Taiwan	Risk off event - Alternatives
China releases strong economic growth and jobs data or Stimulus	Deep Value, Growth, EM, Quality, Small Caps, Credit
The Australian Government announces a new plan for investment in renewable energy.	Infrastructure, Growth, Quality, Value, Small Caps
We receive continued global supply chain stress	Value, Quality, Diversified Alternatives, Short Duration,
Recession – hard landing	Risk off event – Alternatives
Recession – soft landing	Diversified portfolio

CAUTION IS THE KEY

FirstChoice Portfolio Update

FIRSTCHOICE PORTFOLIO – CPI BENCHMARK COMPARISONS

Name	1 month	3 months	6 months	1 year
FC Sup Centrepoint Defensive G15	0.63%	2.67%	2.84%	7.83%
Australian CPI	0.22%	0.22%	1.24%	2.81%
Over / Under Performance	0.42%	2.45%	1.60%	5.02%
FC Sup Centrepoint Conservative G30	0.90%	3.27%	3.29%	9.86%
Australian CPI + 1%	0.30%	0.47%	1.74%	3.84%
Over / Under Performance	0.60%	2.80%	1.55%	6.02%
FC Sup Centrepoint Balanced G50	1.23%	3.98%	3.79%	12.30%
Australian CPI + 2%	0.38%	0.72%	2.25%	4.87%
Over / Under Performance	0.85%	3.26%	1.54%	7.43%
FC Sup Centrepoint Growth G70	1.61%	4.68%	4.24%	15.14%
Australian CPI + 3%	0.46%	0.97%	2.75%	5.90%
Over / Under Performance	1.15%	3.72%	1.50%	9.24%
FC Sup Centrepoint High Growth G85	1.92%	5.13%	4.61%	17.04%
Australian CPI + 4%	0.54%	1.21%	3.25%	6.93%
Over / Under Performance	1.38%	3.92%	1.36%	10.12%
FC Sup Centrepoint High Growth Plus G95	1.99%	4.90%	4.49%	17.25%
Australian CPI + 5%	0.62%	1.46%	3.74%	7.96%
Over / Under Performance	1.37%	3.45%	0.75%	9.29%

Data as at 30 Sep 2024

Macquarie iQ Growth Portfolio Update

IQ GROWTH PORTFOLIO – CPI COMPARISON

Name	1 month	3 months	6 months
iQ Portfolio Growth 30	1.03%	3.31%	3.49%
Australian CPI + 1%	0.30%	0.47%	1.74%
Over / Under Performance	0.74%	2.84%	1.75%
iQ Portfolio Growth 50	1.23%	3.88%	3.70%
Australian CPI + 2%	0.38%	0.72%	2.25%
Over / Under Performance	0.85%	3.16%	1.46%
iQ Portfolio Growth 70	1.50%	4.34%	3.93%
Australian CPI + 3%	0.46%	0.97%	2.75%
Over / Under Performance	1.04%	3.37%	1.18%
iQ Portfolio Growth 85	1.67%	4.66%	3.98%
Australian CPI + 4%	0.54%	1.21%	3.25%
Over / Under Performance	1.13%	3.45%	0.74%

Data as at 30 Sep 2024

Macquarie iQ Defensive Portfolio Update

IQ DEFENSIVE PORTFOLIO – CPI COMPARISON

Name	1 month	3 months	6 months
iQ Portfolio Defensive 70	0.75%	3.72%	3.74%
Australian CPI + 1%	0.30%	0.47%	1.74%
Over / Under Performance	0.45%	3.25%	2.00%
iQ Portfolio Defensive 50	0.82%	4.79%	4.40%
Australian CPI + 2%	0.38%	0.72%	2.25%
Over / Under Performance	0.44%	4.08%	2.15%
iQ Portfolio Defensive 30	0.97%	5.74%	5.02%
Australian CPI + 3%	0.46%	0.97%	2.75%
Over / Under Performance	0.51%	4.78%	2.27%

Please note – this portfolio takes on less risk

Data as at 30 Sep 2024

WHAT REPORTING AND DOCUMENTATION SHOULD I EXPECT?

- Portfolio weights table
- Factsheets
- Client facing documents (why iQ portfolios)

- Portfolio performance reporting
- Monthly economic reporting

- Performance and attribution reports
- Bespoke risk profile commentary client pack
- Quarterly economic-outlook reporting

IMPORTANT INFORMATION AND AVAILABILITY

iQ Portfolios are ***currently*** available on:

Further improvements

Underlying manager costs will come down – we are currently in the process of organising rebates and/or access to lower cost fund classes of the existing manager line up – passing this onto clients

Coming soon

THANK YOU

Questions

THANK YOU TO OUR EDUCATION PARTNERS

generation life

FRANKLIN TEMPLETON

Australian Retirement Trust

MLC

MORNINGSTAR®

TAL

BT

ZURICH®

MACQUARIE

challenger | fidante

Insignia™ Financial

Loftus Peak

ClearView

BELL FINANCIAL GROUP

Dimensional

Allianz Retire+ POWERED BY PIMCO

Russell Investments

HUB24

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To ensure we continue to deliver relevant content please provide your feedback by scanning QR code to take our 2-min survey.

CENTREPOINT ALLIANCE