

Wilsons Advisory September 2025

A Macro Economic View and Superannuation Update

MACRO VIEW

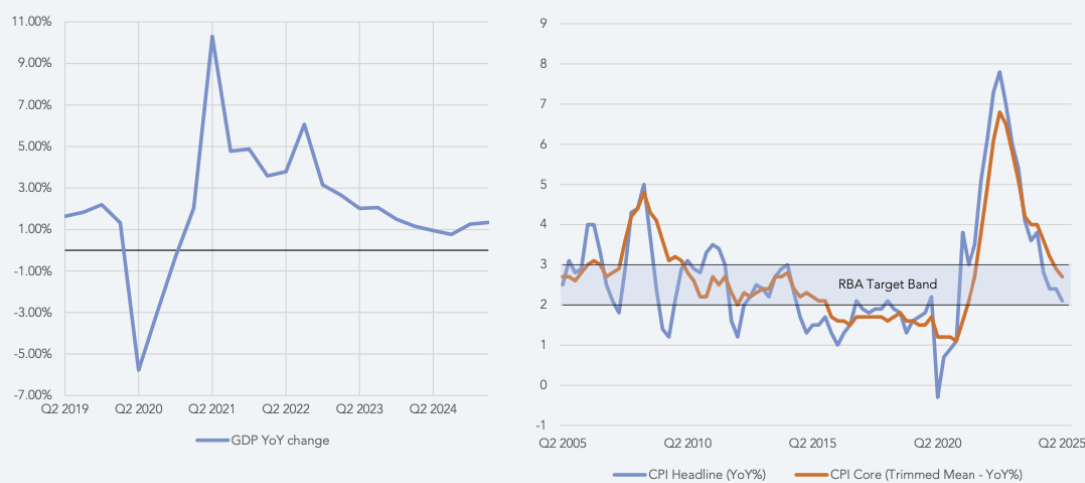
In focusing on the macro picture David Cassidy commented that equities in the US and Australia had staged a strong comeback post Trump's Liberation Day, typically up 15-20%. While Trump tariffs are settling higher than hoped (and similar to the 1900-1930 period) and there are current signs of the US economy slowing, there are a number of positive factors including corporate profits responding positively to easing interest rates, Trump's pro-growth stance and a bullish response to the AI theme leading to a neutral 12 month view on global equities, with a balanced portfolio including fixed Interest and alternative assets preferred. There might be some tariff related pullback in the short term, but overall, the environment is "not too bad."

Referring to the US twin deficits David commented that the Trade deficit (much emphasised by President Trump) was in fact a reflection of the US Budget deficit ie its over-spending and under-saving. The US debt to GDP ratio is high but not a disaster.

Australian growth has been soft but there are signs of a pick up recently with inflation back now in the target band. With the interest rate likely to be 3% in both the US and Australia David anticipates that the US/Aust dollar exchange rate will settle next year around 72-73c.

Australian GDP & Inflation – Trending Better

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PROPOSED SUPER CHANGES (DIVISION 296)

Paul Aliprandi opened by tracing the timeline of the proposed super tax changes commencing with an Exposure Draft Bill in October 2023, passage of the Bill through the House of Representatives in October 2024, its lapsing in March 2025 due to the calling of an election, the likely re-introduction of the Bill this month, with a commencement date of 1 July 2025.

In terms of the detail the current understanding is:

- the new rules will apply to individuals whose Total Superannuation Balance (TSB) as at the end of the financial year is more than \$3M.
- Unrestricted and non-preserved benefits can be withdrawn from super to avoid the Div 296 tax, though persons under 60 years are unable to do this.
- Div 296 applies an additional 15% tax on the growth in TSB in the past year, adjusted for contributions and withdrawals and moderated by (TSB - \$3M) as a proportion of the TSB. As an example, if the TSB is \$4m the 15% tax is moderated by \$4m - \$3m as a proportion of \$4m ie 25%.
- Unrealised gains are included in the growth calculation.
- Losses are carried forward; no tax is refunded.
- The \$3M threshold will not be indexed.
- The tax assessed can be paid by the super fund.

Some pointers to minimise the tax:

- Make sure assets as at 30/6/2025 are not undervalued.
- Try to equalise benefits with your spouse.
- Transfer wealth to children early ie "with a warm hand".
- Withdraw benefits and make contributions to children's super accounts.
- Using a discretionary trust with a corporate beneficiary still results in 30% tax but avoids tax on unrealised gains.
- Reducing one's superannuation balance may avoid the 17% tax where a superannuation death benefit is paid to an adult child.

After some questions and discussion re the possible impact of the US\$36 trillion dollar debt and the idea of becoming a share trader, Bill Gregerson thanked the speakers for their insightful and very informative presentations.

Alan Locke