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Editorial

A quick note from your Editor: Over the past week, you may noticed that Firstlinks website looks a little different. We've done two things. First, we've introduced arrows next to comments. You can now like a comment by pressing on the arrow. The comments with the most arrows ends up at the top of the comments section, and those with the least, down the bottom. This initiative was in response to feedback from readers, who wanted the most helpful comments to be at the top of the comments section.

Second, there are now 'like' buttons at the top of articles (and by this weekend, also at the bottom). This won't influence the order of articles, but if you enjoy a piece, don't be shy to give it a thumbs up.

Gold is becoming a hot ticket item. I took this photo outside the ABC Bullion store in Martin Place in Sydney this week:

Presumably, these people are there to buy physical gold rather than to sell it!

Is it a boom? Is it a bubble?



I've owned gold for 17 years and I didn't think I'd ever see scenes such as these. I also have friends who've never shown interest in gold and who are now buying the metal.

That tells you something.

I thought it would be worthwhile to recount my own journey as a holder of gold – why I bought it, why I've held onto it for so long, the mistakes I've made along the way, and what I intend to do with it now.

Why I bought gold

In May 2008, the financial world hadn't blown up though there had been a steady flow of news coming out of the US about subprime lending bankruptcies.

I was concerned enough at the time to put a reasonable amount of my net worth into physical gold coins.

I didn't do it on a whim. Up to that point, I'd acquired a significant degree of knowledge about the yellow metal. I'd been a resources analyst covering gold companies in Asia and the US. Later, I did freelance writing on gold for some of the world's largest precious metal publications and websites.

I was also a keen student of history and knew that bad things happen on a regular basis – societal breakdowns, world wars, and plagues – and gold had endured.

You'll see a lot of things written about gold and I regard most of it as bunkum.

Detractors say it's just a speculative tool. If that's the case, why has it lasted so long?

Others say that gold doesn't earn anything and therefore you can't value it. Yet, there are a lot of things that don't earn anything but still have value. And gold has held its value through history. For instance, its value has largely kept pace with inflation in USD terms through US history.

People also point to a host of drivers for gold – that it trades inversely to the USD, that it correlates to US inflation break evens and that it is an inflation hedge. All of these have been proven wrong.

I bought gold for two reasons:

1. As a store of value
2. As insurance against government stupidity

My view is that gold is principally a store of value. Whereas every major currency has come and gone through time, gold has been the lone survivor.

Also, I consider it a useful hedge against government stupidity. Students of history know that every major superpower over the past 2,000 years has declined because they ended up spending more than they were earning, used excessive debt to finance the spending, and devalued their currency in the process.

Why I held onto it

It's easy to look back in hindsight and say that I've been lucky to have held onto gold for as long as I have. Yet, it hasn't always been easy.

Through the 2010s, the gold price essentially did nothing.

Gold (AU\$/oz)



Source: ABC Bullion

This was a decade when stocks and bonds boomed, and gold badly trailed. Retail and institutional investors had no interest in the metal and mocked anyone who did.

I held onto the coins as a portion of my portfolio because I still regarded gold as a store of value. I also believed that government stupidity hadn't disappeared. That while the US had saved the financial system in 2008, it also kicked a lot of its problems down the road. The same went for Europe in 2012. The subsequent zero-bound interest rates were lunacy. Then followed Covid-19 and the extraordinary spending that governments did to help economies.

The truth was I also regarded gold as a 'set and forget' investment, and I didn't take much notice of its price through those years.

My attitude changed in mid-2024 as the gold price started moving much higher. I sold a decent chunk of my holdings then. It was partly to reduce the proportion of gold in my portfolio.

What I'm doing now

In coming days, I'm going to be lining up with those people at ABC bullion – to sell gold rather than buy it.

I intend to sell about half of my current holdings. The remainder will be a relatively small amount.

Why am I selling? Because it's clear to me that gold has gone from being a store of value that few are interested in, to being an instrument for speculation that everyone is interested in.

I'm remaining a holder of gold because I still have a high degree of scepticism about current government spending, especially in the US, which is on an unsustainable path.

Lessons from the investment

My gold investment has yielded an annual return of close to 11% per annum – decent, and better than most alternatives over that period.

It's taught me many lessons about investing, including:

- It's important to form your own opinions on investments rather than follow those of others.
- Having solid reasons for an investment helps you hang on for the long haul.

- ‘Setting and forgetting’ is the best way to keep and hold onto an investment.
- Selling is hard. I sold too early, before euphoria really hit. But I’m not going to beat myself up about it.
- When people are lining up to buy and friends are buying, it’s probably time to sell.

While my gold investment has turned out favourably, some other investments haven't gone as well, and I've documented many of those in Firstlinks previously.

In my article this week, I look at the fallout from Jim Chalmers' super tax backdown. I get [the views of six experts](#) - what they think of the changes, what still needs to be clarified, and how the new tax will affect you.

James Gruber

Also in this week's edition...

Did you know that in any year since 1875, if you'd invested in the ASX, turned away and come back eight years later, your average return would be 120% with no negative periods? The datapoint comes from **Romano Sala Tenna's** update on [four charts that every adviser and investor should see](#). It really is a must-read.

You can't freely withdraw your super before 65 as there are certain conditions that must be met. **Julie Steed** outlines the conditions and [answers other questions that she commonly gets](#).

Navigating retirement concessions is ludicrously complex. Different states have different concessions and then you have to plough through numerous government and non-government websites to find the concessions that apply to you. **Brendan Ryan** gets the frustration with it and is undertaking a new project [to help older Australians find what they're entitled to](#).

Investing is full of surprises - both rewarding and unsettling. **Dexus' Mark Mazzarella** explores [practical strategies to stay calm](#) during market shocks and manage risks during rallies, focusing on long-term, REIT investment management.

Often underestimated, bonds are a versatile and vital part of portfolios, delivering income, diversification and risk management. **Eric Souders** of **Payden & Rygel** explains [fixed income's breadth, market dynamics and its role across varying economic environments](#).

Currently, consultants are in the naughty corner. The NSW government is reducing their reliance on them. Universities have also been criticized for relying on consultants as cover for restructuring plans. But are consultants really the problem they're made out to be? **Mark Humphery-Jenner** [weighs up the arguments](#).

Lastly, in this week's whitepaper, **First Sentier** looks at increasing [merger and acquisition deals in global infrastructure](#).

Curated by James Gruber and Leisa Bell

Four best-ever charts for every adviser and investor

Romano Sala Tenna

The long term is Inevitable

Firstly, the short term is unknowable, but the long term is inevitable. The stock market has good years and bad, but over the long term there is only one trend and it is up. Despite this being so obvious, I continue to be astounded at how investors behave during 'bad' years.

Calendar Year 2024 marked the 149th year of trading on the Australian Stock Exchange. That enormous amount of data provides the clearest guide to anyone willing to learn. During this period, the market (dividends plus capital growth) has risen 119 years and declined 30 years. So **79.9%** of the time, the market rises. One in five years on average, the market declines.

SINCE 1875	NEGATIVE RETURNS	POSITIVE RETURNS	TOTAL
# of Years	30	119	149
% of Years	20.1%	79.9%	100.0%
Average Return	-10.1%	16.0%	10.8%
SINCE 1979			
# of Years	12	33	45
% of Years	26.7%	73.3%	100.0%
Average Return	-11.0%	21.3%	13.0%

Source: Katana Asset Management

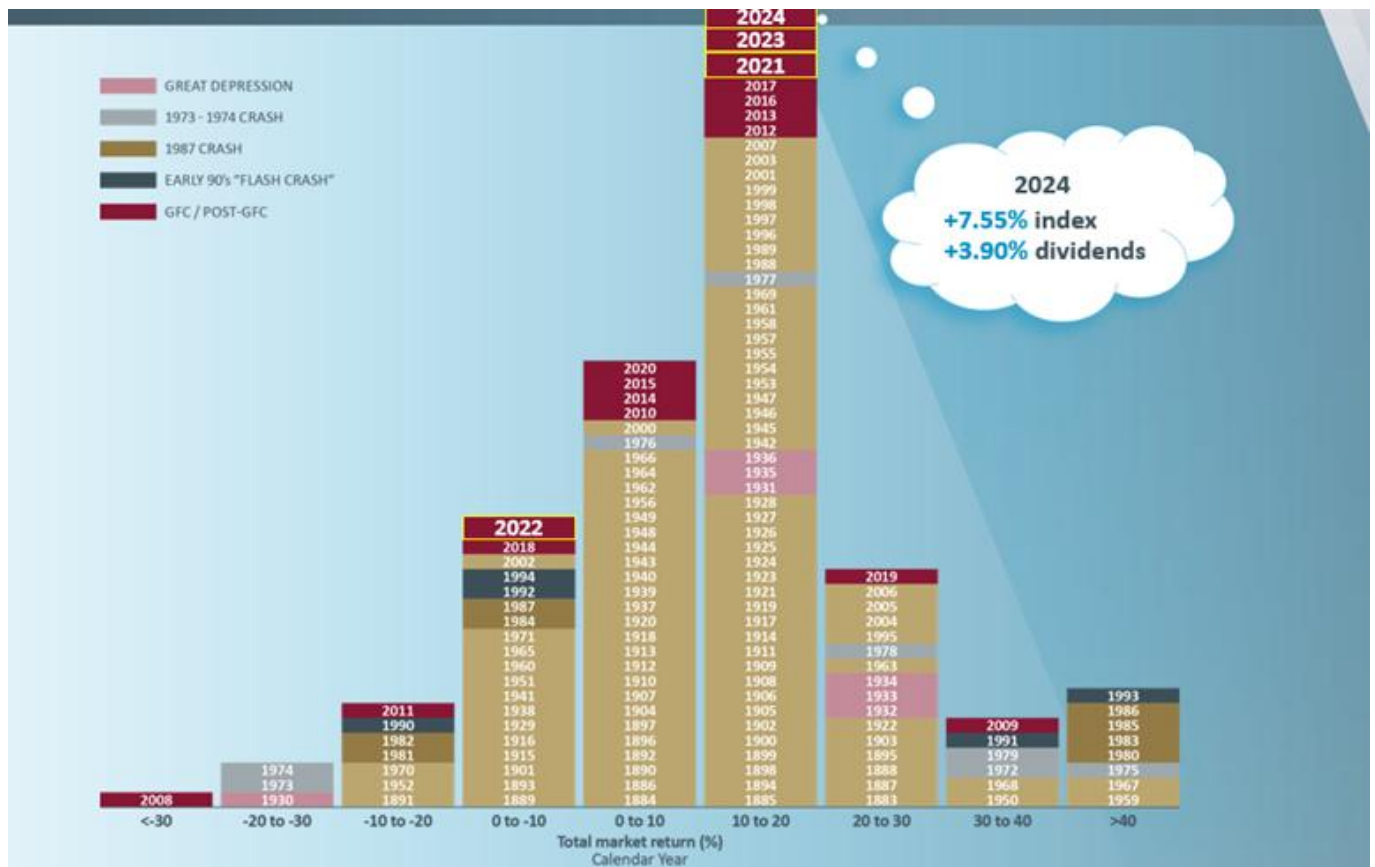
When the market rises, it does so by an average of 16.0%, and when it declines the average is minus 10.1%. When combined, we see that **over the past 149 years, the market has averaged a return of 10.8% per annum.**

Since we have become more sophisticated and introduced the Accumulation Index in 1979, the data points to an even stronger outcome. Over the 45 years since 1979, the market has risen by an average of **13.0%** per annum. And this is despite some large market dislocations, including the 1987 Stock market crash, the 1997 Asian Financial Crisis, the GFC and the fastest crash on record, Covid-19.

Volatility is the price you pay for a seat at the table

But of course in the short term – from year to year – markets are volatile.

We've all seen this distribution curve below – perhaps numerous times. But I suspect that many investors have failed to grasp the most important aspect.



Source: Katana Asset Management

And that put simply is that crashes are inevitable; be ready and don't panic at the bottom (the only time to panic is at the top).

Case in point, there has only been one (calendar) year in the ASX's 149 year history, where the market fell by 30% or more – 2008. But if you panicked and sold during that crash, you would have missed an extraordinary recovery. In 2009 the market was up by 39.6% and rose in 11 of the 14 years following the crash, including by 18.8% in 2012, 19.7% in 2013 and 24% in 2019.

One in 5 years you will wakeup and question why you invested in the stock market! Know thyself. Understand history. Forewarned is forearmed.

If there is a better table than this, send it to me...

To better understand how the market behaves over different timeframes, we can break the data into rolling periods. For example, a rolling 5-year period, is the average return over every 5-year period since 1875.

What this table demonstrates is rather extraordinary.

If you were to invest your money in the ASX (index), turn off your screen, go away and come back in 5 years' time, then on average you would have a

Timeframe (Rolling Average)	Average Return Since 1875	Number of Negative Periods
5 Years	64.9%	7
7 Years	100.4%	2
8 Years	120.0%	0

Source: Katana Asset Management

64.9% return, and there would have been only 7 occasions out of the 145 rolling 5 year periods where you would have a negative return.

If you were to invest your money in the ASX (index), turn off your screen, go away and come back in 7 years' time, then on average you would have a **100.4%** return, and there would have been only 2 occasions where you would have a negative return.

But even more remarkably, if you were to invest your money in the ASX (index), turn off your screen, go away and come back in 8 years' time, then on average you would have a 120.0% return, and there would have been NO occasions on record where the dividends and capital growth would have been negative.

There is only one long term trend, and it is up.

Wait...here's a better table!

Timeframe (Rolling Average)	Average Return Since 1875	Times One Year Returns	Average Return (KAEF)	Times One Year Return (KAEF)
10 Years	179%	17x	255%	24x
15 Years	366%	34x	568%	53x
20 Years	678%	63x	1,159%	107x

Source: Katana Asset Management

We've literally compiled hundreds of tables over the past 3 decades, and this is our best. There are 2 critical points.

Firstly, we see even more dramatically, the true power of compounding. Compounding for 10 years produces the equivalent of 17 one-year returns. Impressive. **But compounding for 20 years produces the equivalent of an extraordinary 63 one-year returns!**

And finally, the importance of generating an extra margin. As an example, the Katana Australian Equity Fund (KAEF) has generated close to an extra 2.7%+ per annum net of all fees for nearly 2 decades (*note past performance is no guarantee of future performance*). If we take a 2.7% per annum margin and compound it over 10, 15 and 20 years, then the effects are mind-boggling. Over 10 years, it is the equivalent of 24 one-year returns. Over 20 years, this generates the equivalent of 107 one-year returns. Difficult to believe, but true. Generating an **extra 2.7% per annum (net) generates the equivalent of 107 one-year returns versus 63 one-year returns without it.**

Romano Sala Tenna is Portfolio Manager at [Katana Asset Management](#). This article is general information and does not consider the circumstances of any individual. Any person considering acting on information in this article should take financial advice.

Past performance is not a guarantee of future performance. Stock market returns are volatile, especially over the short term.

Our experts on Jim Chalmers' super tax backdown

James Gruber

For most of this year, Labor had been resolute on the most contentious parts of its super tax proposal – namely, the lack of indexation and taxing unrealized capital gains.

That all changed this week as the government announced several changes to the tax.

Here are the key details:

- The \$3 million threshold will still exist, but there will also be a new threshold of \$10 million.
- Earnings on super balances between \$3 million to \$10 million will be taxed at 30%, and beyond \$10 million at 40%. The tax on balances in the accumulation phase under \$3 million will remain at 15%.
- The \$3 million and \$10 million thresholds will be indexed in line with the CPI in \$150,000 and \$500,000 increments respectively.
- There will be no unrealised capital gains tax, with only realised gains and earnings taxed.
- The implementation of the tax will be delayed by one year until July 2026.
- The Low Income Superannuation Tax Offset (LISTO) eligibility cap will be raised from \$37,000 to \$45,000 and the maximum payment lifted from \$500 to \$810, taking effect from 1 July 2027.

How the new tax will work

So, how will earnings on super balances be calculated? It will be up to the super funds to work out these earnings and the ATO will contact the funds on those subject to the higher taxes.

The earnings amount will be “based on its [the Fund’s] taxable income” and calculations will be “closely aligned to existing tax concepts”.

There will be room for funds to calculate what’s fair and reasonable rather than an exact amount for each individual member.

And now there won’t be the need to include unrealised capital gains in these earnings.

SMSF expert, Meg Heffron, gives the following hypothetical example of how the tax will work in practice:

“James has \$15m in super at 30 June 2027. That means:

- *80% of his super is over \$3m (\$15m - \$3m is \$12m. That’s 80% of his total super balance of \$15m), and*
- *33.33% of his super is over \$10m (\$15m - \$10m is \$5m. That’s 33.33% of his total super balance of \$15m).*

During the year his super earned a combination of income and his fund also realised some capital gains. The “share” of this attributed to James is \$500,000. The fund has already paid 15% tax on all of its taxable income. In addition, James would receive a Division 296 tax bill.

It would be:

$15\% \times 80\% \times \$500,000 + 10\% \times 33.33\% \times \$500,000 = \$76,665.$

A welcome relief

We canvassed the views of six experts who've contributed articles on the tax to *Firstlinks* over the past year – Meg Heffron, Jon Kalkman, Harry Chemay, David Knox, Tony Dillon and Ron Bird.

Most of our experts have welcomed the proposed tax changes. The general feeling is one of relief. As former actuary Tony Dillon says: "This was a tax that in its early form proved to be a bridge too far. Sanity has prevailed."

Dillon thinks the dropping off the unrealized capital gains tax is the biggest win:

"Unprecedented in Australia, it was a flawed concept. A tax on changes in asset values, it was effectively a wealth tax under another name. Assets that have risen on paper are not "earnings" and could have forced asset sales to pay the tax. It was overreach and there was real concern that if implemented, such a tax could have extended beyond super. It was economically imprudent."

Meg Heffron agrees:

"This is a better design. Taxing unrealised capital gains put people in the invidious position of receiving a tax bill when they didn't necessarily have the cash to pay for it. That was fundamentally flawed".

Harry Chemay, Principal at Credere Consulting Services, is happy that indexing has now been included.

"I had openly stated a preference for indexing, noting that it was a key component of the Reasonable Benefit Limit (RBL) system in place from 1990 to 30 June 2007, a measure that had previously constrained tax revenue leakage from the super system by high balance members."

Former Mercer Senior Partner Dr. David Knox has a different view. He believes the most important change is the extension to LISTO:

"This was long overdue and many of us have been recommending this change for some years. Its importance has been highlighted by the new income tax rates. For example, from 2027-28 the marginal rate of tax for those earning between \$18,201 and \$45,000 will be 14%, which is less than the 15% tax paid on an employee's SG contribution. This would have been an unfair outcome. The extension of LISTO will improve equity and will, in a small way, reduce the gender super gap."

The undoubted 'losers' from the announcement are those with super balances above \$10 million. It will impact around 8,000 people.

Dillon reckons the \$10 million threshold "seems arbitrary" and those affected may respond by restructuring out of super into other vehicles.

Knox says that while people with larger super balances won't be happy with the additional tax, "these changes represent appropriate additional support for low income earners without removing all the concessions received by those with very large super balances."

Wrinkles in the proposal

Our experts have highlighted parts of the latest announcement that still need further clarification.

Meg Heffron says she's unsure whether the new definition of earnings will entail just gains that *build up* in the future (after 1 July 2026) and are *realised* in the future, or all gains that are realized in future, regardless of whether they built up before or after 1 July 2026.

She also has questions about how the discounting of capital gains will be calculated. Typically, super funds don't pay tax on the whole capital gain when they sell assets owned for more than a year – there is a discount of 1/3rd. Whether this discount remains is unclear.

In addition, Heffron says we'll have to wait for the legislation to be tabled to see how it treats members with more than \$3 million or \$10 million in super who have pensions. Normally, there's a reduction in their fund's taxable income due to some of the income – including realized capital gains – being exempt from tax. She wonders how the government will allow for that.

Meantime, former Australian Investors Association Director Jon Kalkman suggests the new proposal will create a whole new accounting problem for super funds:

“Until now, the fund member never pays personal tax on their superannuation account. The super fund is the owner of the asset that earns the investment return. The super fund pays the tax on behalf of members and that tax is reflected in the unit prices paid by all members as they switch investment options on a daily basis.

This new proposal ... would mean that the fund, as the taxpayer, will need to pay additional tax but only on behalf of some members with high balances and that would mean that the same units have different prices depending on the member's balance. That makes switching investment options impossible.

If super funds are going to account for real earnings from actual fund income and the proceeds of asset sales, as this new proposal suggests, and then apportion those earnings to individual members accounts, they then need to also calculate each member's portion of the fund's tax obligation. In an industry fund with multiple investment options and thousands of members who can switch between those options at will, that has never been done before.

In an SMSF, it is very easy. There are no more than 6 members and they are all in the same investment option together, so they are not trading assets with each other. It is very easy to determine each member's proportion of the fund's tax obligation.”

Kalkman is interested in seeing how the government resolves this issue.

The end result

Labor's backdown on the super tax will result in lower government revenues than previously projected. Treasurer Jim Chalmers says the net effect of the changes on the budget is about \$4.2 billion over the forward estimates – a large part of which is due to the one-year delay in implementing the tax.

That shouldn't be taken as gospel though given, as Tony Dillon suggests, the previous government estimates were likely inflated as the prior tax proposal would have seen more of the wealthy exit super than expected.

And Chemay believes the legislation will still lead to higher tax administration costs for all taxpayers:

“... there is no free lunch here. Of the approximately 90,000 members that will be impacted by the Div 296 tax, Treasury estimates that some 33% are in APRA-regulated funds. The system changes required by these funds to ‘undertake calculation of earnings and the share attributable to in-scope individuals’ will not be trivial. Far from it.

The ATO, gathering this information from (potentially) multiple funds for ‘in-scope’ members to then calculate the applicable Div 296 tax for balances over \$3 million and \$10 million, will also face increased resource and systems pressures. The result of these newly announced changes will thus be in lowered tax revenue and higher tax administration costs for all taxpayers, irrespective of whether they ever attain a ‘lower threshold’ total superannuation balance of \$3 million (as indexed).”

Does this make for a better superannuation system?

Most of our experts believe the changes will result in a stronger and fairer super system. Tony Dillon says the changes, if combined with a commitment to end the tinkering with super taxation “would add stability to the system, engendering predictability and confidence.”

Emeritus Professor Ron Bird is the one outlier to the positivity towards the tax changes. He says the super tax concessions still overwhelmingly favours the rich over the poor. Prior to the current changes, the tax concessions on super amounted to \$50 billion a year, while mandatory super only saved the aged pension an estimated \$10 billion a year. Professor Bird sees that’s a bad deal for taxpayers overall:

“The question of whether you think that the change is a good idea comes down to where you stand on the government handing out tax subsidies equivalent to about 7% of the total budget to encourage the wealthy to accumulate savings well in excess of what they will ever need. I guess that if you are one of these wealthy or your livelihood depends upon servicing these wealthy, then the answer is quite simple and therein lies the problem.”

Professor Bird says current problems with the system stem back to the Howard government’s decision to remove the reasonable benefit limits (RBLs) in 2007, which removed the tax-free benefits that could be drawn from the scheme in retirement.

As for a solution, he’s previously written in Firstlinks that it’s obvious: “reduce or eliminate the tax subsidies and/or redirect them to those in greater need.”

The obvious rejoinder to this is that there needs to be an incentive for making people part of their salaries into super.

Without putting words in their mouths, I get the feeling that most of our other experts would prefer the super system now be left alone rather than further tinkered with.

James Gruber is Editor of Firstlinks.

** Thanks to our six experts:*

Meg Heffron is the Managing Director of [Heffron SMSF Solutions](#), a sponsor of Firstlinks.

Harry Chemay is a Principal at Credere Consulting Services, and a co-founder of [Lumisara.com.au](#).

Dr David Knox is an actuary and has recently retired from being a Senior Partner at Mercer.

Jon Kalkman is a former Director of the Australian Investors Association.

Emeritus Professor Ron Bird (ANU) is a finance and economics academic and former fund manager.

Tony Dillon is a freelance writer and former actuary.

When you can withdraw your super

Julie Steed

Most of the conditions of release that allow members to access their super have remained unchanged for many years (excluding COVID). However, certain areas still cause confusion and ambiguity. In this article we will review the areas that can be unclear or seem contradictory.

Reaching age 65

When a member turns 65, all benefits are accessible from that point. The member can be working full-time and there is no requirement to terminate employment. This is therefore the only retirement related condition of release that applies to a person who has never been gainfully employed.

Retirement

The definition of retirement has two options, based on a member's age.

For a member who has reached preservation age, retirement is taken to have occurred if:

- a. an arrangement under which the member was gainfully employed has come to an end and
- b. the member has no intention of being gainfully employed on a full-time or part-time basis

From 1 July 2024 the preservation age is 60 for all members.

Alternatively, the retirement condition of release can be met if a member terminates a gainful employment arrangement at age 60 or older. There is no requirement to permanently retire, they could immediately move on to other full-time employment. Only the benefits accrued to the date of termination can be released, all future growth is preserved.

Where a member has multiple employment arrangements, terminating one of the arrangements after age 60 satisfies the retirement condition of release for all superannuation accrued to that date.

Multiple job termination – case study

Philip is age 62 and employed full-time with RBA Pty Ltd. In September 2025, he was employed as a by-election assistant and that employment terminated on 14 September 2025.

All of his superannuation accrued to 14 September 2025 can be accessed.

Gainful employment

Gainful employment is defined as being employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

Employed or self-employed

Whilst 'employed' is not defined in superannuation law, common indicators that a person is employed are an employment contract, the receipt of salary from an employer which includes the deduction of PAYG tax, payment of superannuation guarantee contributions and entitlement to leave payments.

A person who is self-employed must generally be carrying on a business. A business includes any profession, trade, employment, vocation or calling other than an occupation performed as an employee.

Members often ask if volunteering constitutes employment, which it rarely does as there is invariably no employer/employee relationship for volunteers. Likewise, activities that are of a personal or domestic nature (such as babysitting family members) will generally not qualify.

Receipt of gain or reward

The receipt of gain or reward in respect of gainful employment requires the gain or reward to be in return for personal exertion. The gain or reward may include receipt of remuneration such as salary or wages, business income, bonuses or commissions.

The receipt of passive income (for example from an investment portfolio or rental income) will not constitute gain or reward from gainful employment.

Termination of employment required – not merely a change

The retirement conditions of release require that an arrangement under which the member was gainfully employed has come to an end. This requires the arrangement to have terminated, rather than merely changed, even if the change is significant.

This is a particularly important concept as members regularly don't appreciate the technical importance of the termination – in their mind they have retired or are working minimal hours and therefore believe they have met a retirement condition of release.

Members regularly intend to fully retire however they are encouraged by their employer to remain on the books and fulfil casual or relief roles or work in an ongoing part-time capacity. If this occurs, the employment arrangement may not have terminated and therefore a retirement condition of release is not met. If this is the case, the payment will constitute illegal early access. The amount would be included in the member's personal income and taxed at their marginal tax rate, plus personal tax penalties.

Termination – case study

Joel worked full-time for 30 years with Big Company Pty Ltd. Joel retired at age 60 and commenced taking all their accrued leave. Prior to the accrued leave expiring they were convinced to accept a casual role with Big Company, working one day per week. Although Joel's hours have changed dramatically, there was no termination of employment with Big Company Pty Ltd, meaning a retirement condition of release has not been met.

Permanently retired

Permanently retired requires the member to never intend to be gainfully employed on a part-time or full-time basis. Part-time employment is defined as being gainfully employed for at least 10 hours, and less than 30 hours, each week. Full-time employment is defined as being gainfully employed for at least 30 hours each week.

When considering the permanent retirement after preservation age condition of release, the termination of employment can have occurred at any time in the past.

Members often ask what happens if they genuinely intended to permanently retire but return to the workforce after they have accessed their super or started a retirement phase pension. Provided that the intention to permanently retire was genuine and not a contrived arrangement, there is no requirement for the unrestricted benefits to return to a preserved status. However, any future contributions and investment returns in accumulation phase will be preserved.

Permanently retired – case study

Cain is 60 when in August 2023 when he agrees with his employer Medium Company Pty Ltd that he will reduce his working hours to one day per week (7.5 hours). Cain does not terminate his employment with Medium Company Pty Ltd. However, over his working life he has terminated employment with various employers. Cain meets the retirement condition of release as he has reached his preservation age, has terminated a gainful employment arrangement in the past and does not intend to be gainfully employed for 10 hours or more in the future.

Conclusion

Understanding the technical requirements for meeting the retirement conditions of release can ensure members are eligible to access their super. The superannuation definitions of retirement will differ from many members' plain English understanding of retirement.

[Julie Steed](#) is a Senior Technical Services Manager at MLC TechConnect. This article provides general information only and does not consider the circumstances of any individual.

A national guide to concession entitlements

Brendan Ryan

In 2020, I published a simple checklist of retirement entitlements in *Firstlinks*. To my surprise, it became one of the [most-read articles of that year](#). The response was overwhelming and revealing. It showed just how hard it is for Australians to access the benefits they're already entitled to.

That experience taught me three things. First, everyone loves a practical list. Second, tracking down benefits across multiple levels of government is real work. And third, people are genuinely struggling with the system. I received so many messages about delayed cards and incomplete applications that I had to shut down responses. The frustration was clear: dealing with government, getting things done, and waiting endlessly wears people down.

Fast forward to 2025 and the problem remains the same, however the barriers to building better tools are lower. Thanks to AI, it is now possible to try and build solutions that make life easier. Which is why I have started again. This time, I am aiming higher: not just another list, but a way to match entitlements to people's circumstances and where they live in a new way.

Why it's so complicated

The difficulty is not just the Federal/State/Local divide. It is the maze of agencies: Services Australia, Medicare, the PBS, Veterans' Affairs, transport authorities, and more – each with their own rules, renewal cycles, forms, and deadlines.

For many older Australians, staying on top of it becomes a job in itself. The problem is not just complexity as relentlessness. Each year brings another round of applications, eligibility checks, and new rules – just as the cost of living makes every dollar matter more.

The basics everyone should know

A nationwide hunt for concessions, benefits, rebates, and discounts shows some consistent patterns across the states.

- **Utilities:** Rebates on electricity, gas, and water are common. But if you live in a retirement village or strata scheme where utilities are on-sold, you will need extra forms and proof of residency. Applications often have narrow windows – miss the deadline, and you miss the rebate.
- **Transport and registration:** Concessions on driver's licences, vehicle registration, and public transport are available everywhere, though rules vary. Some states extend discounts to interstate visitors, while others keep them strictly for residents. Worth checking before you plan a road trip.

Regional variations

This is where customised service really makes sense, because benefits differ dramatically depending on where you live. A few examples:

- **Western Australia:** Fuel cards for remote residents, air-conditioning subsidies, and even subsidised flights to Perth for those living north of the 26th parallel.
- **Tasmania:** A special travel scheme for Bass Strait Islanders commuting to the mainland.
- **Victoria:** Extra heating concessions during winter – vital in colder months.
- **Stamp duty relief:** Several states offer this for pensioners downsizing. Why it is not national policy is anyone's guess, but if you live in the right state, it is money you do not want to leave on the table.

There is probably a travel guide waiting to be written on how pensioners can maximise discounts on transport, accommodation, and park fees by planning trips across state borders. As I have said - some states are territorial, others more generous to interstate travellers.

The medical black box

I have been a Medicare client since it began in 1984. I have raised children, been to hospital, and navigated countless claims. And I will admit it: I still do not really understand it. The out-of-pocket cost of going to hospital feels like a black box.

For senior Australians, the key benefits are the **Lower Medicare Safety Net** and **concessional PBS** (Pharmaceutical Benefits Scheme). These can save serious money, but they are not straightforward to navigate. People know to hang onto these concessions for dear life, without knowing exactly how they work.

What has been a pleasant surprise is the quality of some government tools and websites. They are not always easy to find, but when you do, they can help you:

- Find bulk-billing doctors in your area
- Compare hospital and specialist costs
- Check which immunisations are free
- Work out whether travelling for treatment could save money

The information is out there – it just feels like detective work to uncover it. How many tabs can you have open on your browser at once?

Government comparison tools

Government-run comparison sites for energy, health insurance, and superannuation are excellent. They are comprehensive, unbiased, and free.

The problem? Search “comparison” online and you will mostly land on commercial sites with small panels and commissions. Unless you know the official government sites that exist, you may never stumble across them.

There are also retirement calculators, important tax information, and superannuation resources. Where do you start?

The project ahead

That is why I have started building something new.

I have started with a grouping of entitlements by card and state. However there is much more to be done. There is something about a clean dashboard of government entitlements with a link to give the user confidence to act, and an explainer when necessary.

The goal is not to replace government resources, but to stitch them together into something coherent. A single place where Australians can answer the most important question:

“What am I entitled to?”

The money is already allocated. The benefits exist. The only barrier is whether people can actually find and claim them. Checkout seniorskit.com.au, register your interest, and let me know what you think.

Brendan Ryan is a Director of [Later Life Advice](#). He has more than 30 years’ experience in financial analysis, modeling, and valuation, starting with his time in Macquarie Bank’s research team in the 1990s. He holds a Certified Financial Planner qualification and have spent more than 20 years specialising in financial modeling for moves into residential aged care.

The psychology of REIT investing

Mark Mazarella

Investing, like life, is full of surprises. Whether those surprises are rewarding or terrifying, our response to them has a large bearing on future investment returns. Market shocks can be unsettling. This article will discuss practical strategies that help maintain clarity when portfolios face unexpected turbulence. Then, I'll shift focus to the other end of the spectrum - strong market rallies. It might sound counterintuitive, but periods of soaring share prices can present their own set of risks. It's critical to manage performance and sentiment when everything seems to be going right.

Not panicking during market shocks

If you can, cast your mind back to the COVID-19 pandemic. The financial sector hadn't built a model that incorporated a global economic shutdown. Private investors reliant on the income from their AREIT holdings and those advising them were in uncharted territory.

When online shopping boomed during lockdown, there were fears for the future of shopping centres while work-from-home (WFH) had the same impact on the office sector. History has proven much of these fears overdone. Retail quickly recovered and while WFH has had long term consequences, high quality, well-located offices have been performing well.

During a crisis, humans naturally gravitate to the worst possible outcome. Usually, it doesn't happen.

The same was true in 2008-09 when the AREIT sector was struggling under the weight of excessive debt and overreach, and the financial system was on the edge of collapse - parallels were being drawn with the Great Depression.

We survived the Global Financial Crisis (GFC) and the pandemic. Given the bargains available at the time, some even prospered.

We did so by maintaining a long-term view. We knew that at some point, people would return to their offices (if only two or three days a week), that they would go to their local shopping centres, drop the kids off at school and go about their daily lives. The recovery from the GFC took longer and required more patience but it did recover.

The day-to-day movements in stock prices are less important than this essential fact. At some stage, things will return to 'normal'. By focusing on this rather than how much the value of a portfolio fluctuates in any given day, week or month, we make better decisions. This is the key principle of active management. While income may or will be reduced in the short term, it will at some point return to more normal levels. At a time when many investors are panicking, being calm by maintaining a long-term perspective is a strategic advantage.

The table below, showing how AREITs have outperformed other asset classes over the past three years, supports this thesis.

Asset Class Performance to Q2 2025

Asset Class	Qtr. %	1 yr % p.a.	3 yr % p.a.	5 yr % p.a.
AREITs ¹	13.7%	14.0%	15.4%	12.4%
Australian shares ²	9.5%	13.8%	13.6%	11.8%
Unlisted infrastructure ³	2.1%	11.7%	9.9%	10.6%
Australian cash ⁴	1.0%	4.4%	3.9%	2.3%
Australian fixed interest ⁵	2.6%	6.8%	3.9%	-0.1%
Unlisted property ⁶	1.4%	2.8%	-2.8%	2.4%

Sources

¹AREITs: S&P/ASX200 A-REIT Accumulation Index

²Australian shares: S&P/ASX200 Accumulation Index

³Unlisted infrastructure: MSCI Australia Quarterly Private Infrastructure Fund Index (to Mar-25)

⁴Australian cash: Bloomberg BAUBIL Index

⁵Australian fixed interest: Bloomberg BACMO Index

⁶Unlisted property: MSCI/Mercer Australian Core Wholesale Monthly PFI (NAV pre fees)

Active, not reactive, management

It's easy to be reactive in environments when share prices are volatile. The newspapers and TV headlines seed fear because that's what grabs our attention. Constantly checking portfolio movements only feeds this further.

As public market investors, we understand the innate human tendency to act from emotion rather than fact must first be acknowledged, then countered by a tried and tested data-driven process.

First, we tend not to constantly track share prices. Instead, we concentrate on the underlying cashflow prospects of a REIT. This helps us stay grounded in the portfolio, capital structure and operating model of the REIT rather than the emotions of the market, because it's the former which drive durable earnings, asset valuation and total returns.

Second, unless they help us to act opportunistically, as we did at the beginning of the COVID-19 pandemic when we reduced our exposure to retail in the [Dexus AREIT Fund](#) and [the Dexus Global REIT Fund](#), we ignore-day-to-day price movements. Share prices capture the emotion of a market, often at the expense of the underlying fundamentals. Focus on the latter rather than the former.

Third, we recognise that there are some things we cannot control and focus on those things we can. We cannot control global trade policy, geopolitical conflict or ultimate economic data outputs. We can decide what REITs enter and exit our portfolios, the price at which they do so, their respective weightings and the cash levels we hold. This is the core benefit of active REIT management.

These factors are especially pertinent right now. As written in Dexus's recent Australian Real Asset Review, in Australia *"Real estate markets have clearly bottomed. Income growth signals a recovery in values over the next few years. The reporting of positive returns, by itself, should boost confidence and stimulate deal flow."*

We are even seeing the early stages of what a pronounced recovery in the office sector could be. Faced with a recovery in real estate returns, it will be interesting to see how quickly Fear of Acting Too Early (FATE) gives way to the Fear of Missing Out (FOMO).

Not being reactive and focusing on the long-term leads to a degree of equanimity in times like these, knowing that we're doing the right thing for our investors long term.

Resisting the temptation to chase markets

Navigating the fear of missing out (FOMO) when markets are booming is a difficult emotional hurdle that most fail to mount.

In the U.S., [Dalbar research](#) from the *Quantitative Analysis of Investor Behavior Study* shows that between 2001 and 2020, the S&P 500 produced annualised returns of 7.5%, real estate investment trusts (REITs) delivered 9.5% and average investors achieved just 2.9%. In Australia, Morningstar's '[Mind the gap' research](#) reaches similar conclusions.

Typically, retail investors will sell out at, or near, market lows and buy in at, or near, market peaks due to fear of missing out. With REITs now showing improving returns across office, retail, industrial and logistics, and alternative property sectors, for many investors the temptation to chase the return is back.

On the surface, FOMO looks like greed: A rush to buy because others appear to be making easy money. Underneath lies a deeper emotion - the fear of being left behind. Behavioural finance research shows that [loss aversion](#), or the pain of missing out, often feels twice as strong as the pleasure of making a gain. This is often how bubbles form.

Since 'Liberation Day' in early April 2025, the shift from caution to optimism is evident in many areas of the market. These factors risk triggering a classic FOMO cycle.

For REIT investors, it's a little different. After a bruising 2022–23 when rising interest rates depressed valuations, the recovery is gathering momentum. Cap rates have stabilised, rents are firming in logistics, shopping centres are crowded, and the office recovery is underway.

Focusing on long-term compounding, not short-term excitement

FOMO thrives on short-term enthusiasm, often backed by what the professionals call 'hockey stick' charts. REIT investing is different or at least should be. Conservative investors instead focus on the steady compounding of income and capital because they know the power of it.

Had you invested \$10,000 in the ASX 200 AREIT index in 2000 and reinvested distributions, it would now be worth roughly \$45,000. During that time, you would have endured the dotcom crash, the global financial crisis (GFC) and the COVID-19 pandemic; each of which offered the temptation to sell at the bottom.

Mark Mazzarella is Head of Real Estate Securities at Dexus, a sponsor of Firstlinks. This article is for general information purposes only, does not constitute financial product advice, has been prepared without taking account of the recipient's objectives, financial situation and needs, and does not purport to contain all information necessary for making an investment decision. Accordingly, investors should seek independent legal, tax and financial advice before acting on this information.

Bonds are copping a bad rap

Eric Souders

Often described as the 'cardigan and slippers' of the investment world, bonds are perceived by some as conservative or unremarkable. In practice, fixed income serves as one of the most versatile and vital building blocks of portfolio construction, contributing income, diversification, and resilience across market cycles.

The asset class is notable for its breadth. Investors can access government, corporate, and securitised markets across regions and sectors, each offering distinct risk and return characteristics. This variety allows fixed income to complement equities and alternatives while contributing to risk reduction and income generation.

Despite these strengths, bonds are often overlooked by individual investors. The fixed income market is large and complex, with less transparency and liquidity than equities, making direct access more challenging. Extended periods of low yields and the media's emphasis on equity markets have also contributed to perceptions of limited appeal. However, current yield levels and evolving market dynamics have reinforced the critical role that fixed income can play in portfolio construction.

The traditional 60/40 equity and bond allocation has long been considered a benchmark for balanced investing. The challenges of 2022, however, underscored the importance of re-examining this framework. Investors should carefully assess both the composition and scale of their fixed income and equity allocations, while also considering complementary exposures such as gold, real estate, or commodities to strengthen diversification. Importantly, these developments have not diminished the relevance of fixed income but rather highlighted the need for a more thoughtful application of the asset class.

Across environments, fixed income demonstrates its versatility. When interest rates decline, longer-duration bonds can deliver meaningful capital appreciation. In periods of rising rates, shorter-duration and floating-rate instruments can help preserve capital and mitigate volatility. More broadly, bond performance is shaped by the path of growth, inflation, and monetary policy; factors that ensure fixed income remains both a source of dependable income and an effective counterbalance to equity risk.

Different types of bonds

The fixed income universe spans a broad range of instruments, including cash, government bonds, investment-grade corporates, high-yield bonds, emerging-markets debt, and structured finance such as commercial mortgage-backed and asset-backed securities.

Cash serves as the ultimate source of liquidity and stability, but holding excessive balances can leave portfolios overly conservative and constrain long-term returns. Beyond cash, the major fixed income categories share certain common characteristics: they provide diversification, income, and in many cases liquidity. At the same time, they expose investors to risks such as interest rate sensitivity, credit deterioration, inflation, and in some instances, currency fluctuations.

The balance of these traits varies by sector. Government bonds are typically the most liquid and carry lower credit risk, but they remain exposed to interest rate and inflation risk. High-yield and emerging-market bonds offer higher potential returns, though with greater credit and currency volatility.

Structured finance instruments can deliver differentiated exposures and yield opportunities, but often with more limited liquidity.

Crucially, no bond is entirely risk-free. Even government securities, often perceived as safe, can lose value when interest rates rise or inflation erodes real returns. This spectrum of benefits and risks underscores the versatility of fixed income and highlights the value of active management in calibrating allocations across sectors to align with evolving market conditions.

Interest rates and bonds

A defining characteristic of fixed income is its sensitivity to interest rates. Because bonds pay fixed coupons, their prices move inversely with prevailing yields: when rates decline, existing bonds with higher coupons become more valuable, and when rates rise, their prices fall. The magnitude of this effect is a function of duration, with longer-maturity bonds exhibiting greater price sensitivity.

For government bonds, which carry minimal credit risk, this relationship is generally straightforward: falling rates typically translate into higher prices. For corporate and other credit-sensitive bonds, however, the outcome is more nuanced. The reason rates are moving matters. If yields are declining due to expectations of slower growth or higher default risk, credit spreads can widen, offsetting or even reversing the positive impact of lower base rates.

Understanding this dynamic is critical for portfolio construction. Interest rates not only shape return potential across the spectrum of fixed income assets but also influence how bonds interact with equities and other asset classes in different market environments.

The outlook for bond markets

The starting point for global fixed income is more attractive today than in much of the past decade. Yields remain above their five-to-10-year averages, creating a stronger income foundation and a larger cushion against potential volatility. At the same time, credit spreads are narrower than average, suggesting limited compensation for credit risk in some segments. This highlights the importance of selectivity, particularly in areas that may be vulnerable if growth slows or inflation reaccelerates.

Regionally, the backdrop differs between developed and emerging economies. Relative growth, inflation dynamics, and policy settings appear more supportive for select emerging markets, while developed economies continue to face challenges from slower growth momentum and evolving policy responses. In the US, headwinds from trade tariffs and a softening labour market remain key risks to growth. These conditions argue for caution in higher-risk credit exposures such as high-yield debt, while reinforcing the role of quality fixed income as a stabiliser.

Final word

Fixed income has often been characterised as unexciting, but in portfolio construction, stability and predictability are valuable traits. Beyond their defensive qualities, bonds offer a wide spectrum of opportunities across sectors, maturities, and geographies. When thoughtfully combined, these exposures can provide reliable income, enhance diversification, and mitigate portfolio risk, while also offering potential for capital appreciation in shifting market environments.

The challenges of 2022 underscored the need to revisit traditional portfolio frameworks and consider a broader set of asset classes. Yet they also reaffirmed the enduring relevance of fixed income. Far from

being a “boring” allocation, bonds remain a dynamic and versatile asset class, one that continues to serve as both ballast and opportunity within well-constructed portfolios.

Eric Souders is a director and portfolio manager at [Payden & Rygel](#), a specialist investment manager partner of GSFM Funds Management, a sponsor of Firstlinks. The information in this article is provided for informational purposes only. Any opinions expressed in this material reflect, as at the date of publication, the views of Payden & Rygel and should not be relied upon as the basis of your investment decisions.

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Is it time to fire the consultants?

Mark Humphery-Jenner

Suppose you hire a painter to slather your Victorian-era house in bright red paint, with purple accents. The painter’s brow furrows as they warn you that such colors are rarely a good look. But, you proceed: you just want a red house and you’re sure Vogue said that purple is in this season. Your painter proceeds with love and care while your neighbours look on in shock.

When it’s finished, you gaze lovingly at the creation. You adore how the purple pops against the red. Passersby recoil in shock. Neighbours give you incredulous glances. After a few months of people snickering, you start to feel self-conscious. You tell neighbours that the painter chose the wrong shade. You really wanted a subdued yellow with lilac highlights. The painter messed up. You’ll hire another one to fix it.

Is it the painter’s fault that your house is ugly? Or is it your fault for setting a ridiculous brief?

That’s precisely the question we face with consultants. Consultants are often blamed for giving bad advice while charging princely sums. To this end, the NSW government is attempting to reduce the use of consultants. Universities have been criticized for relying on consultants as cover for, and to prepare, restructuring plans.

But are consultants really the problem? Or do they get a bad rap? And, here, I want to focus on three core issues.

1. What do consultants do?

Let’s start with what exactly consultants do. Much like the painter in that example, the company, government department, or university hires the consultant to perform a specific task. Sometimes the task is relatively self-contained, such as advising on making a building energy efficient. Sometimes the task is significant, such as how to turn a structural deficit into a surplus.

Regardless of how large or small the task is, the task always starts with the brief. The client tells the consultant what they want to achieve. The consultant is beholden to the client’s parameters and requirements.

Thus, if the client incompetently allocates expenses between departments, then the consultant is stuck with shoddy accounting. For example, if different departments have different capital expenditure requirements; and thus, different depreciation expenses, but the depreciation is treated at the parent level, you will get an incorrect picture of each departments' actual costs. This, allegedly, is how universities come up with the nonsense suggestion that business schools are more expensive to run than hard sciences.

Garbage in, garbage out thus describes the situation: set a bad brief or give bad information, and you will get a bad result.

2. Why do you hire consultants?

The next issue is precisely why you hire consultants. Sometimes it is necessary. For example, a heritage consultant for a development application provides essential skills. But, in the corporate context, you hire them because you want to make an unpopular decision.

Want to cut a department without wearing the blame? Hire a consultant. Want to put off making a decision until your term is up? Hire a consultant. Want to promote a pet project that really makes no economic sense? Hire a consultant to tell you how to do it, while pretending the consultation also justifies why you are doing it in the first place.

In all cases, the consultant gets a brief. They can perform the brief competently, but they will still be blamed if the implementation is bad or if the brief was unpopular to begin with.

In short, consultants exist so you can blame someone if things go wrong or if the decision is unpopular.

3. Can you replicate consultant work in-house?

What about when the consultant is hired for their expertise, rather than to blame shift or to justify a terrible decision: could you not just internalize the role and do it cheaper?

This is the logic underlying the NSW government's push to reduce its reliance on consultants. It is inherent in the question of 'if universities have so many experts, why don't they just use their own academics'.

Leaving aside the problem with a bloated public service, and a nebulous bureaucratic blob that can entrench political parties, there are clear issues with internalizing consulting functions.

The short answer is incentives. If you want the best, most motivated, hard-working people you must incentivize them. It's basic economics that when you own your own business, you work harder. Various academic studies confirm that if you want people to go above and beyond, then they must have incentives, preferably tied to the value they create.

Consultants have those incentives. Internal hires typically have little, if any, upside to working hard. There is no incentive mechanism. A public servant has no incentive to, and is not paid to, work late nights or weekends. A consultant is. The difference in workload is clear. Furthermore, if we work on the premise that people like money, then many of your top workers will go to the private sector unless they prefer a more stable job, with greater job security, and better hours. In short, the private sector will always be more productive because the incentives in the public service do not motivate people. Indeed, a rational public servant *should* 'quiet quit' given the incentives in play.

To use an analogy: suppose you run a superannuation fund. You can choose either: (a) internalize portfolio management and pay portfolio managers a fixed salary, with minimal bonus, (b) pay those portfolio managers like at Macquarie Group, with high unlimited bonuses, or (c) outsource to an external fund manager whose fees and industry reputation are directly tied to their performance and whose pay scales align with their skill. It is very obvious that if you choose (a), then many of your talented portfolio managers will defect to the likes of Macquarie or will establish their own fund.

Consultants also have significant expertise and limit insular group think. By working for multiple clients, consultants see myriad different projects, workplaces, and outcomes. This enables cross-learning. To use an analogy, it is well-documented that directors learn skills and expertise by sitting on other companies' boards. Similarly, a consultant can improve outcomes by seeing what works, and does not work, at other companies.

The net result is that consultants are not useless or disposable. Rather, consultants serve a useful purpose. They wear the blame for unpopular decisions. They can be a scape goat. They can also perform good work. Consultants are necessary.

Mark Humphery-Jenner is an Associate Professor of Finance at the [UNSW Business School](#) and is Founder and CIO of [Otso Capital](#).

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