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Editorial

I've been reading Andrew Ross Sorkin's new book *1929*. It follows some of the leading players on Wall Street and Washington during the 1920s bull market, the crash, and the subsequent economic and political fallout.

Markets are complex and there is seldom a single factor that leads to a crash. Yet Sorkin shows that the magnitude of the crash and resulting economic fallout largely resulted from investors using margin to buy shares.

Borrowing money to purchase shares was common practice for nearly every type of investor. The wealthy executives running Wall Street banks and investment companies used margin. The first-time investors who fueled the bubble used margin. The possibly fictional shoeshine boy who famously gave stock tips to Joseph Kennedy probably used margin.

In the 1920s banks only required investors to put up 10% of the purchase price of a share. That 90% loan amplified returns significantly – if the market went up. By 1929 10% to 12% of the total market value of New York Stock Exchange listed shares were made up of borrowed money.

There is a cascading effect in any significant bear market. A market drop causes other investors to sell, which induces more selling. In October 1929 margin lending acted as an accelerant to the cascading effect as investors were forced to either put in more capital or have the shares sold by their broker.

Margin lending gained a well-deserved black eye after the 1929 crash. In 2025 \$16.7 billion of margin loans were outstanding in Australia which represent about 1% of the total value of local shares. But that doesn't mean that investors can't – and aren't – gearing their investments.

Gearing in 2026

Investors have far more choice today when it comes to introducing gearing into a portfolio. Leveraged ETFs are growing in popularity with the largest being Betashares Geared Australian Equities Complex ETF which has \$580 million in assets. Betashares alone has 13 geared ETFs.

There is Fundlater which allows investors to acquire one of four diversified portfolio choices by putting down 40% of the investment and borrowing the remainder. NAB Equity Builder provides loans for investing. Both products are different from traditional margin lending as they come with a set payment schedule made up of principal and interest.

There is debt recycling where investors borrow money against their home to invest while gaining a tax advantage.

Australia is one of the only countries in the world that permits contracts for difference or CFDs which allow investors to add gearing to short-term speculation on shares.

Australians are very comfortable with borrowing money and we have the second highest household debt levels in the world. Given that markets have appreciated significantly since the global financial crisis and have bounced back quickly from dips many investors see little risk from gearing.

Are markets at risk given increased gearing?

Structurally there is less risk from today's version of gearing than in 1929. The forced margin selling doesn't occur in any of the new ways that investors can gear their investments. Due to regulatory changes margin buying occurs with less debt.

That doesn't mean there isn't any risk. I suspect that many of the investors who are gravitating to these products don't fully understand how they work. For instance, geared ETFs can suffer from various degrees of volatility drag that may result in long-term returns differing from what an investor would expect from the gearing ratio.

Additionally, in any market drop gearing exaggerates losses which makes it more likely those investors will sell. After a long bull market complacency sets in and for many investors now is one of those times.

Morningstar's annual Mind the Gap study compares the returns of funds and ETFs with the returns of the investors who've owned those funds and ETFs. And yes, there is a difference.

Investor returns are influenced by the timing of buy and sell decisions. The gap between investment and investor returns is an indication of how poor we are at making decisions. Each poor decision is a point of failure.

The cumulative impact was a 1.10% gap between investment returns and investor returns over the previous decade in our latest study. Collectively investors are not up to the challenge in the best of times.

Given this is an annual study the size of the gap will fluctuate each time we run a new set of data. Over time we've noticed several patterns. The gap widens if there is more volatility - a feature of all geared products.

The behavioural issues associated with volatility are evident when different types of investments have different levels of volatility—say share ETFs and bond ETFs. The investor gap is bigger for share ETFs than bond ETFs. This suggests the gap is bigger for geared products and non-geared products.

It is also evident when different periods of time have different levels of volatility. For instance, in 2019 the gap was around 1%. In 2020 with turbulent markets in response to COVID the gap widened to close to 2%.

Final thoughts

I've been surprised at how many investors are casually using gearing as a foundational part of their long-term investment strategy. Maybe I shouldn't be. Throughout history investors have been looking for a short-cut to riches.

I don't see gearing at these levels as a systemic risk. Instead, I think the probable losers are many of the investors that are overindulging in these products. Caveat emptor.

Mark LaMonica

Also in this week's edition...

Kaye Fallick catches up with UK retirement expert Guy Opperman for some suggestions on how super funds can improve their [support for members in deaccumulation](#).

Harry Chemay with a reminder that the success of a retirement strategy is based on both the [timing of cash flows and the sequence of returns](#).

Most SMSF members have likely ignored the [new Payday regulations](#). **Meg Heffron** outlines some areas to look out for.

Media reports continue to forecast wide scale AI-related job losses. **Nick Maggiulli** looks back on the [history of technological change](#) and outlines why he thinks these forecasts are inaccurate.

The government is exploring taxes on wealth. **Chris Evans**, **Peter Mellor** and **Richard Krever** with [their take on tax policy](#).

Why aren't oil prices higher? Given the level of disruption history suggests they should be. **Jason Teh** looks at the impact of structural changes to the oil market to [explain today's prices](#).

Rachael Rofe outlines changes to [philanthropic tax laws](#).

This week's white paper from GSFM affiliate Man Group looks at who can solve the fundamental economic [problems AI faces](#).

Curated by Mark LaMonica and Leisa Bell

Do super funds need a massive wake up call?

Kaye Fallick

“While Australia is a world leader in accumulation it’s significantly behind the curve on decumulation.” So says Guy Opperman, an energetic man of many talents. His CV includes stints as a steeplechase jockey, a barrister, and a pro-bono advocate for prisoners on death row in the Caribbean. But it was during his years as the UK Minister for Pensions and Financial Inclusion, serving five different Prime Ministers (David Cameron, Theresa May, Boris Johnson, Liz Truss and Rishi Sunak), that he was able to make his greatest public contribution.

This role, which he clearly relished, came to a crashing halt in late 2022 when he was sacked by then PM, Liz Truss. But in a few short weeks (famously measured by the livestream of an iceberg lettuce) there was a new PM, Rishi Sunak, who invited Guy back to get previously planned legislation through the Commons.

What can Australian super funds learn from the UK?

A lot. During his time at the helm of the Department for Work and Pensions (DWP) Guy steered two landmark initiatives which changed the face of retirement income planning for millions of Britons.

The UK pension system is very different from the Australian super and entitlements system, but millions of savers in both nations share a fundamental similarity. As these pre-retirees enter their 50s, their primary need is to maximise their lifetime savings to provide for themselves to last a further 30 or so years in retirement. But before they can hope to improve their individual financial outcomes, first they need to understand the rules of the system. Most don’t. Put simply, individual pre-retirees in both nations are often so overwhelmed by the complexity of their options that they respond with total disengagement.

What Guy learned

While the former Minister was responsible for many initiatives and hundreds of pages of legislation, there are two public engagement policies which stand out: the ‘Wake Up Packs’ and the ‘Mid-life MOT nudge’.

According to Guy, the Wake Up Packs were designed to jolt Britons into action when it came to managing their retirement savings. A creation of Treasury and the Financial Conduct Authority (FCA), they required mandatory reminders to be issued to members by private pension providers. The packs have been regularly reviewed and improved since 2015, most recently, says Guy, with the directive “to be simple and stark, no flowery language. In a maximum of two pages to cover the short message that you are going to be retired a long time - how will you pay for this?”

Following the distribution of Wake Up Packs, Guy then developed the Mid-life MOT nudge. The MOT refers to a Ministry of Transport auto check which Australians call a ‘roadworthy’. In this case, it became a ‘retireworthy’, which Guy claims addressed evidence that the key time to talk to people about their wealth, work and wellbeing is 47 years of age - i.e. between 45-50 - the mid-life. This nudge is a much bigger proposition than the Wake Up Pack and is provided by employers, pension providers and government. It helps savers to take stock of their finances, skills and health, and enables them to better

prepare for their retirement and enhance their financial resilience. The expanded Mid-life MOTs are now delivered online, in the private sector and through the DWP's national network of job centres.

Both programs also push consumers to government support in the form of the MoneyHelper and Pension Wise websites. [MoneyHelper](#) is an independent government-funded information site with tools and calculators for all ages. [Pension Wise](#) is also free and impartial, providing tailored guidance to people aged 50 or over with a defined contribution pension. It helps individuals understand their options for accessing pension pots, including tax implications and spotting scams, via phone, face-to-face, or digital. Services are also available via telephone and face-to-face appointments.

Should these initiatives be replicated in Australia?

Yes, says Guy, as a way of solving our poor performance when it comes to decumulation. He also wonders if Australian super funds are so consumed with retention, that they can't see the wood for the trees. And if, ironically, in overlooking the opportunity for Wake Up packs or Mid-life nudges, members are less engaged, and so perhaps even more likely to move to another fund or platform as soon as they reach their preservation age.

We see independent corroboration of the flaws that Guy believes need fixing in the recent Connexus Institute *State of Super* report (2026) which measured increasing asset outflows from nearly all profit-for-member and commercially operated master trusts to super fund platforms which are used by financial advisers. This is no doubt fuelling the sector's concentration on retention - arguably at the expense of member education.

Separately, according to the same report, the proportion of fund assets in or approaching retirement (proxied by members aged 55+) is huge for nearly all funds.

As Connexus Executive Director, David Bell, notes, "This calls out the fiduciary need to assist members to utilise those assets effectively and also the business risk to funds of not developing well-considered retirement strategies."

And then there is the downward trend in performance of the Australian retirement system in Mercer's Global rankings from 5th (2023) to 6th (2024) to 7th last year, partly attributed to the way we (fail to) support members when they move from saving to spending.

Guy believes that funds are failing the very basic need to have a decumulation strategy. And that three policy interventions are urgently needed:

1. A proper decumulation test by the regulator
2. Scrutiny on the fund's decumulation actions
3. If no viable decumulation strategy exists, then the fund would lose its accumulation licence.

He also suggests that far earlier interventions from an industry-government-backed organisation is imperative.

"65-67 is way too late to talk. Implementation is needed much earlier – as with the Wake Up Packs in the UK at 50, 55, 60 and 65. A levy or grant would allow an independent government-backed organisation to provide free support along the lines of Pension Wise and MoneyHelper, including guidance and advice and early-stage intervention to encourage proper decumulation implementation.

This early intervention with independent assistance would ask:

- *What have you got?*
- *What is your plan?*

This would complement further development of specific products (that people can understand!) to support their long-term investment strategy – some form of Lifetime Income Streams or annuities – but with much better educational support on their features and benefits.

Perhaps Australian funds are tackling this challenge back to front. They are so preoccupied with the concept of ‘retention’ that they are ignoring the need to introduce guidance and support that could well lead to stronger retention.”

Is this the answer?

It’s foolish to think that we hold all the answers to improving our own income system for everyday retirees. An experienced and objective eye suggesting it’s time for us all to wake up is refreshing.

Despite the Howard Government’s launch of a national financial literacy program in the early 2000s, there has been little to no progress in helping middle income Australians to understand their retirement options as they move from saving to spending.

Successive federal governments haven’t wished to own this urgent need so very little has happened.

To be fair, from time-to-time Treasurers have thrown a few dollars at the Moneysmart website. But they simply hope retirees will stumble over a slightly improved calculator that shares some of the maths, but little specific information and guidance.

This hasn’t moved the needle at all.

Governments actually need to go out and find those who are saving for retirement and that’s exactly what the Wake Up Pack and Mid-life MOT nudges do well.

Neither of these programs are perfect – from the reviews it’s easy to see that they are still a work in progress. But those who work in the retirement income system realise there are no silver bullets, rather a need for a suite of programs to encourage 50-somethings to make the most of their money.

Guy Opperman is right to criticise our poor decumulation performance. The uptick in decumulation is not surprising. Nor is it surprising that 250,000 Australian boomers are retiring every year – that’s basic demographics and Australian government should have planned for this since boomers were born post-WW2.

Yet our financial regulators do seem to have been caught by surprise.

This is unforgivable.

We desperately need to create a stronger connection between retirement savers, funds, guidance, advice and support.

Now!

And, as Guy suggests, to introduce penalties for funds that fail to do so. He says he’d love the chance to help Australian super funds to work on their retirement strategy, incorporating Wake Up packs, a Mid

Life assessment and other nudges to measurably improve member outcomes and help ensure that the fund retains the member.

But it's not all on the funds. They should not have to individually recreate their own separate 'wheels'. This is the responsibility of the federal government; to create a standard retirement activation template to get the connections going. Refining the Wake-Up Pack and Mid-life nudge sounds like a good place to start.

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Sequencing risk resurfaces for retirees

Harry Chemay

In 2014, I examined [sequencing risk](#) in late accumulation with a thought experiment involving two fictional 55-year-olds, William and Edward. Both started with the same superannuation balance, earned identical salaries, and achieved the same annualised return of 7.1% per annum over ten years; yet Edward's final balance at retirement exceeded William's by some 14%.

The difference stemmed from the order in which they received those returns. Returns as experienced by individuals are *cashflow sensitive* and *path dependent*: both the timing of cash flows and the sequence of returns determine the final dollar outcome from which a retirement is funded.

The current financial market volatility, triggered by unrest in the Middle East, presents an opportunity to revisit sequencing risk, this time from the perspective of a recent retiree. Let's now rejoin William and Edward at the start of their retirement years.

Bill and Ted's unwelcome start to retirement

William and Edward's 2014 retirement plans did not unfold as hoped. The COVID pandemic of 2020-22 caused both a short-term loss of employment and relationship breakdown for each. Both delayed retirement until age 67 to qualify for the Age Pension as single homeowners. They now arrive at retirement with \$500,000 in superannuation, each moving into an account-based pension (ABP) invested in a balanced option with a large APRA-regulated super fund, with units acquired on 31 December 2025.

Both have elected to draw \$30,000 in their first year, \$2,500 per month, aware that the median ABP balanced option has returned around 8% per annum over the past decade. Combined with an estimated \$685 per fortnight in part-Age Pension, this should provide just under \$50,000 for 2026, meeting their spending needs. Neither has any other financial assets or income.

To illustrate the sequencing risk effect, actual daily unit prices from a balanced ABP are used for the first quarter of 2026, with only one variable changed: the timing of monthly pension payments. William receives his payment on the day with the highest unit price each month, Edward on the day with the lowest, thus isolating the pure sequencing risk effect.

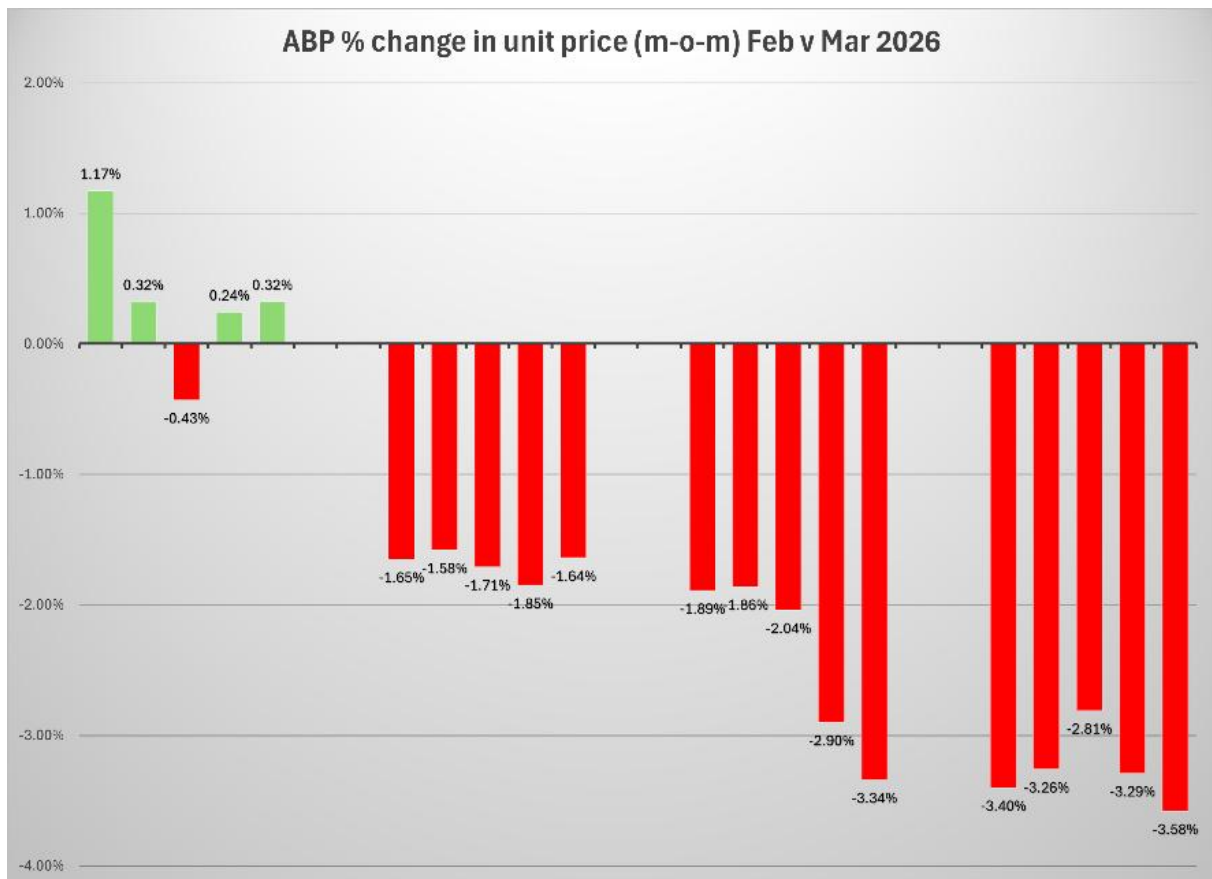
Time-weighted versus money-weighted returns

William and Edward each hold an identical number of units in the same balanced ABP on 1 January^[1]. A new unit price is struck each trading day reflecting the option's net asset value (NAV) as market movements occur.

Every pension drawing results in the sale of units at that day's price. When unit prices rise before the next pension payment, fewer units need be sold. When they fall, more units must be sold to fund the same dollar payment.

A sequence of poor returns hurts ABP holders because higher portfolio volatility (itself a function of asset allocation) increases the likelihood of negative returns. For a given pension payment, negative returns accelerate unit depletion, which, if sustained, can hasten account exhaustion ahead of the retiree's desired or projected timeframe.

A review of daily unit prices experienced by William and Edward below illustrates the point. The following chart shows the percentage change in unit prices between each trading day in February and the corresponding March day for this balanced option.



Source: author's calculations (based on daily unit prices for February and March)

The chart shows that anywhere from 1.2% fewer to 3.6% **more** units would have needed to be sold in March to fund the same dollar pension payment relative to February (depending on the day of transaction), creating sequencing risk.

The table below summarises the quarterly outcomes for both retirees.

1 January – 31 March 2026	William	Edward
1 January Account Balance	\$500,000	\$500,000
31 March Account Balance	\$486,094	\$485,892
Option's Time-Weighted Return (Quarter)	-1.33%	-1.33%
Personal Money-Weighted Return (Quarter)	-5.13%	-5.30%

Source: author's calculations (except for the option's time-weighted return)

Two differences stand out. First, despite identical starting balances and identical monthly withdrawals, Edward ends the quarter with a slightly lower balance than William purely due to the sequencing risk effect of lower unit prices on his pension payment days. Second, the fund's reported time-weighted return of -1.33% differs markedly from each retiree's personal money-weighted return, a gap of around 4 percentage points.

This distinction matters. Time-weighted returns neutralise cashflow impacts and are adopted as the [global standard](#) for fund managers to report performance, because fund managers are not in control of when investors contribute or redeem.

For the individual retiree however, money-weighted returns (IRR) capture both the timing and size of cash flows, making them a far more meaningful measure for personal retirement planning and ongoing management thereafter.

Managing sequencing risk in retirement

Of all the strategies available to mitigate sequencing risk, switching a diversified option to cash is among the least likely to succeed. In a retirement that could span two or more decades, attempting to time every significant market drawdown, by moving to cash and waiting to re-enter 'at the bottom', is not a winning approach. Future returns are simply too resistant to short-term [forecasting](#) by individual investors.

Diversification, by contrast, provides genuine benefits. Sequencing risk is a direct function of portfolio volatility, so reducing that volatility through broad diversification reduces the risk itself. A balanced option may have lost around 3.5% on a time-weighted basis during March but compare that to the 7.15% decline in the S&P/ASX 200. Diversification [worked through the GFC](#) and is working now.

At the fund level, super funds could provide money-weighted returns for their ABP members alongside time-weighted figures, helping retirees better understand their personal 'hip pocket' experience and so take earlier action to manage drawdown size and frequency if needed.

At the product level, forward-thinking funds can strengthen ABP design through improved drawdown rate guidance, smarter bucketing strategies (rebalancing triggers, frequency and directionality) and more nuanced glidepath thinking. For example, the 'V-shaped glidepath', de-risking into late accumulation followed by gentle re-risking into retirement, offers one possible new approach to navigating the retirement risk zone.

At the individual level, approximately two in three retirees will be eligible for part or full Age Pension at qualifying age. The Age Pension acts as a natural sequencing risk mitigant, rising as ABP balances fall through either pension payments or market dislocations.

Lifetime income products offer a further option, allowing retirees to transfer some or all investment/capital risk to a solution provider, and thus potentially suitable for those seeking to hedge both longevity and sequencing risk.

Account-based pensions will however remain the workhorse of the Australian retirement landscape, and sequencing risk will thus continue to test members in retirement, as it is doing right now.

The lesson from William and Edward's experience is not to avoid sequencing risk, which is largely unavoidable for retirees periodically drawing on a unitised diversified portfolio. It is to manage it appropriately, using the tools available at the individual, product, and fund level. Risk management, not avoidance, is the key to superior retirement outcomes.

[1] It is acknowledged that not all retirees are in unitised pension products with pension transactions at NAV, with APRA-regulated defined benefit pensions and SMSF trustees being two examples of those who may not be.

Harry Chemay is a co-founder of [Lumisara](#), a consultancy that assists clients across wealth management, FinTech and the APRA-regulated superannuation sector, with a particular focus on the late accumulation to early decumulation phase of the retirement journey.

Meg on SMSFs: Payday super – why should SMSF members even care?

Meg Heffron

I must admit Payday super largely passed me by until recently. Certainly I thought it was mainly an issue for me as an *employer* rather than someone receiving employer contributions into my SMSF.

As an employer, I have to make sure my company can comply with the new rules from 1 July 2026 to pay super contributions for my staff within 7 business days of paying their salaries. And it's not good enough that the money leaves my **company's** bank account within 7 days, it has to actually land in the employee's **super fund** and be ready to be allocated by the fund in that time – including passing through the clearing house we use for super.

Fortunately we can tick that box.

But Payday super actually has a few ramifications for SMSFs receiving employer contributions and it's worth being aware of these.

On time lodgement of the annual return just got even more important

If an SMSF's annual return is more than two weeks overdue, its regulation details are removed from an online service called "Super Fund Lookup" on the first business day of the following month.

An employer who tries contributing to an SMSF where its regulation details have been removed will generally see that payment rejected and contributions will need to go to another fund. There's a special extension (to 20 days rather than 7) when this happens. But it's still a very narrow window – and this is the bit that's new, we now have a very tight timeframe to get it right.

Of course, this is music to my ears as an administrator of 5,000 funds. I love anything that encourages my clients to respond promptly when we ask for information to complete their annual return or send it to them for signing. But it will certainly introduce some additional pressure – particularly since the vast majority of SMSF annual returns are due in a few weeks on 15 May.

It also means anyone who **knows** their SMSF return is not going to be lodged on time (perhaps there's a long running issue they need to deal with that's stopping them) should probably set up a new (temporary) super account in a public fund now to make sure their employer has "somewhere" to pay post 1 July 2026 contributions into.

Check the SMSF's bank account

From 1 July 2026, all super funds receiving employer contributions must have an "NPP enabled" bank account. This includes SMSFs, other than where the contributions are from related party employers.

NPP stands for New Payments Platform. I'd never heard this term before – although I now understand the fact that I see "Osco" on my personal banking app (and those payments happen instantly) tells me my personal bank account is NPP enabled. I've double checked my SMSF's bank account is too.

Note – employers don't *have to* pay via Osco etc (they could still use EFT or BPAY if they wanted to). But they might start because they only have 7 days to get the money from their bank account into the SMSF's. And importantly, unless the SMSF is only receiving employer contributions from related employers, it has to be ready to take payments this way.

Most major banks already offer NPP enabled accounts, so I expect most SMSFs will be fine. The ones to check would be cases where employer contributions are currently being paid to the cash accounts of wrap or platform providers.

And of course if any of this prompts a change of bank account, the details of any new bank accounts must be given to the ATO.

Can the SMSF's software support Member Verification Requests?

Payday super is not just about when a contribution is received. It's also about whether the fund can accept and allocate it.

From 1 July 2026, employers have to use the ATO's new Member Verification Request (MVR) process before making a super contribution to a fund for an employee for the first time.

The MVR allows employers to confirm whether a fund can accept a contribution for a particular employee.

Most SMSF accountants use one of three major software providers (Class, BGL or SuperMate) and they are all over this. They'll make sure the process is fully automated and the fund's accountant won't need to do anything for this process to work. But if an SMSF's accountant uses something different, it's worth checking.

Watch excess contributions

Nothing has changed when it comes to the limits on concessional contributions each year (\$30,000 for 205/26 for most people, going up to \$32,500 next year). But what might change is that employers who are getting ready for Payday super could bring more payments into this year or have more occurring next year than usual.

For example, imagine an employer has historically paid super contributions quarterly. At the end of July 2025, a payment would have been received for the April – June 2025 contributions. But as part of getting ready for Payday super, they've changed practices. They're planning to make the April – June 2026 contributions just before 30 June 2026 and then they'll start making contributions every fortnight in line with their employees' pay periods from 1 July. That means five quarters worth of contributions will happen in 2025/26. For most people it won't be a problem. But someone aiming to maximise their concessional contributions now has a problem. The Government has said they'll have measures to deal with this – but at the moment they're only talking about dealing with excesses in 2026/27.

There's certainly plenty to think about for *employers* when it comes to Payday super. But equally, a few traps to be aware of for *employees* who receive super contributions into their SMSF.

Meg Heffron is the Managing Director of [Heffron SMSF Solutions](#), a sponsor of Firstlinks. This is general information only and it does not constitute any recommendation or advice. It does not consider any personal circumstances and is based on an understanding of relevant rules and legislation at the time of writing.

For more articles and papers from Heffron, [please click here](#).

There will be no permanent underclass

Nick Maggiulli

For months now there's been an online joke that anyone who doesn't learn about AI will be a part of the "permanent underclass." The permanent underclass represents the new have-nots of society—all of those who will be left behind in the coming AI wave. While a subset of the population will have all of their work done by LLM-powered agents, the permanent underclass will be left jobless and in perpetual destitution.

It's a nice theory, but it has no historical precedent. For example, the share of the U.S. workforce employed on farms [fell from 90 percent in 1790 to less than 2 percent today](#). If I came to you in 1790 and told you that 98 percent of all farming jobs would be eliminated in the future, you'd have a difficult time predicting what all of those people would be doing today.

You'd have no clue that they'd be social media managers, real estate agents, data scientists, or the thousands of other roles that literally didn't exist at the time.

This is why the fear mongering around AI today is misguided. Because this technological shift will create many new roles and increase demand within existing ones. This explains why [software development job](#)

[postings are up over 10%](#) over the last year despite *increased reliance* on AI for creating software. As Kenton Varda, a technical lead at Cloudflare, [explained](#):

Worries that software developer jobs are going away are backwards. There is SO MUCH software to build right now, that previously wasn't possible (uses AI directly) or wasn't cost-effective (too niche). We're going to have more developers, and orders of magnitude more software.

This phenomenon is known as [Jevons' paradox](#), where the increased efficiency of a given resource (e.g., software creation) leads to an *increase*, not decrease, in its consumption. This is going to happen across a host of different jobs and industries as a result of AI. And when it does, humans will be better off in the long run.

Some will argue that “this time is different” because AI is replacing *knowledge work*, not just *physical work*. And, if this comes to pass, what will there be left for people to do?

It's a compelling argument, but people made similar arguments about the automation of physical work. There was literally a group of people in England in the early 1800s called [the Luddites](#) who destroyed weaving machines due to their adverse impact on textile workers.

The Luddites couldn't imagine what would replace their livelihoods and the same is true for us now. There will be future roles that require a different set of human skills that we can't even imagine today. These skills won't directly compete with LLMs, but will enhance them.

And while the speed of AI disruption will likely be faster than previous cycles, the recovery will be as well. Since information travels much faster today than in the past, people will be able to reorganize and re-skill at a much faster pace than in prior centuries.

David Oks [wrote a great piece](#) on why the impact of AI on the labor market won't be as harsh as people initially expect:

...the relevant question for labor impacts is not whether AI can do the tasks that humans can do, but rather whether the aggregate output of humans working with AI is inferior to what AI can produce alone.

Fortunately, we are still at the point where AI + human is better than AI alone.

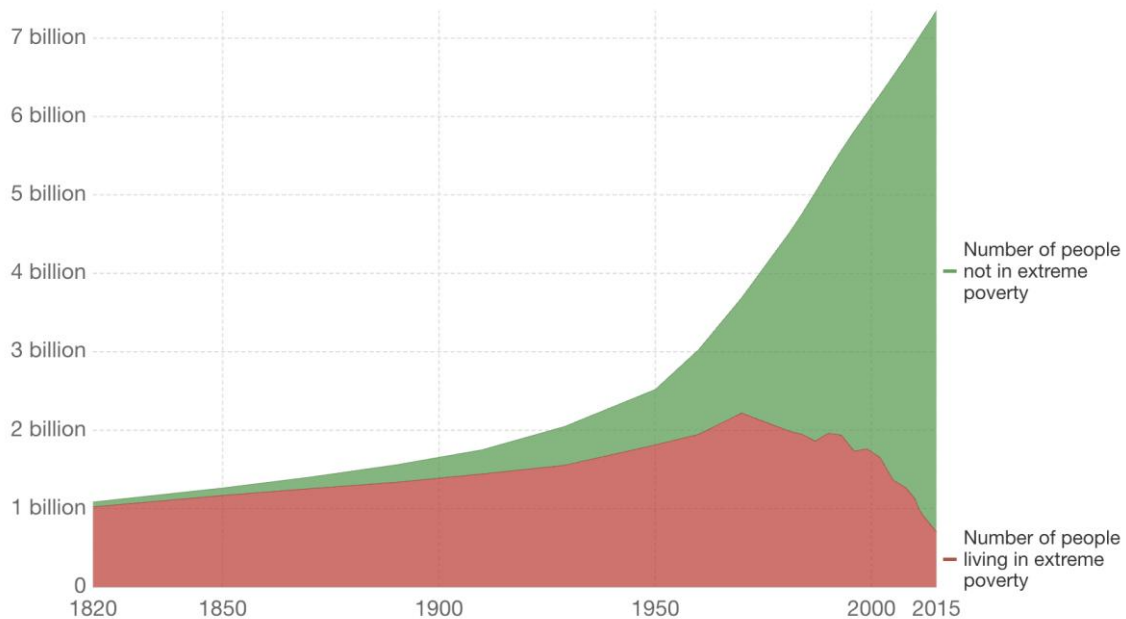
If you're still worried though, consider how prior technological changes have permeated throughout society. I know of no case in recorded history where a new technology was widely adopted *and* the percentage of people living in poverty increased over time.

In fact, over the last half century, the opposite seems to have happened. The number of people worldwide living in [extreme poverty](#) has declined by roughly 66% since the 1970s, despite many groundbreaking, technological advancements:

World population living in extreme poverty, 1820-2015

Extreme poverty is defined as living at a consumption (or income) level below 1.90 "international \$" per day. International \$ are adjusted for price differences between countries and for price changes over time (inflation).

Our World
in Data



Source: World Poverty in absolute numbers - OWID based on World Bank (2016) and Bourguignon and Morrisson (2002)
OurWorldInData.org/extreme-poverty/ • CC BY-SA

Of course, there have been short periods where a new technology has led to some local displacement/decline. The early years of the Industrial Revolution were a period where life was arguably worse for the typical laborer (e.g., the Luddites). However, such setbacks were short-lived and never resulted in a permanent underclass.

Some of you will see this data and argue that it's irrelevant because extreme poverty isn't the right metric. What matters is the *relative* difference in wealth, not the absolute difference. After all, even if we eliminated all extreme poverty, there still can be an underclass, right?

In some ways, yes. But that's already true today. We already have a small subset of the global population that flies private, owns a yacht (or two), and doesn't need to work a 9-5 job. Thankfully, such lofty positions are almost never permanent.

The temporary elite

One of the biggest reasons why I'm not worried about an AI-induced class divide (even if it does come to pass), is that it's likely not to last very long. If you look over the course of history, you will notice that fortunes tend to rise and fall within families. Some families have wealth and power in one generation, only to lose it in the next. If you are under the impression that rich families stay rich forever, consider this (from [Fortune's Children](#)):

When 120 of Cornelius Vanderbilt's descendants gathered at Vanderbilt University in 1973 for the first family reunion, there was not a millionaire among them.

Cornelius Vanderbilt was born poor, yet became the richest man on Earth. Nevertheless, even that fortune didn't last more than a few generations. The dominant industry of Vanderbilt's time (railroads) gave way to others that overtook it.

This simple example illustrates how even those in the current AI-elite will eventually lose their fortune in one way or another. It reminds me of that Warren Buffett quote:

I try to invest in businesses that are so wonderful that an idiot can run them. Because sooner or later, one will.

Well, guess what? No matter how rich or successful you are today, one of your future descendants will be the “idiot” that loses your fortune, one way or another. Attributes like talent, intelligence, and temperament exhibit mean reversion over time. This is what makes it near impossible for a family to hold onto great wealth for long.

It’s also why I’m skeptical of a future, AI-induced class divide. Because, even if there is, it won’t last.

There will be no permanent underclass because there is no permanent elite.

All such places of privilege and power are temporary. History has demonstrated this time and time again.

So, stop worrying about getting left behind and start focusing on [how to be more useful](#) in the first place.

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Reforming the taxation of wealth and wealth transfers

Chris Evans, Richard Krever, Peter Mellor

his article is based on [Asprey and the Taxation of Wealth: Where to Next?](#) by Chris Evans, Rick Krever, and Peter Mellor.

In the face of growing wealth inequality between and within nations, attention in almost all developed economies has turned to the possible use of wealth or wealth transfer taxation to ameliorate the divide. Fifty years after Australia started to dismantle its robust [gift and estate tax regime](#), and 73 years after the Commonwealth ended its principal wealth tax system, many are wondering whether it is time to reconsider the need for wealth or wealth transfer taxes in this country.

A forgotten history of wealth taxation

Ironically, Australia was once a leader in wealth and wealth transfer taxes. Prior to Federation, all Australian states imposed wealth transfer taxes as well as full or partial income taxes, and most had imposed land taxes – imposts that remained in place after 1901. And less than a decade after Federation, the new Commonwealth government adopted a wealth tax based on landholdings intended to break up large landed estates. This was followed a few years later by a [Commonwealth estates tax](#) intended, in part, to reduce large parcels of wealth transferred at death, and later matched by a gift tax aimed at transfers of wealth prior to death.

The [Federal Land Tax](#) lasted just over 40 years. The wealth transfer taxes lasted just a little longer. Beginning in 1976 with Queensland, the states and federal governments [abolished their taxes on wealth transfers at death and by gift prior to death](#). This left transfers of wealth entirely outside the tax system, apart from a very limited number of stamp duties imposed on some transfers of property and some state land taxes.

At the same time, a very weak income tax actively encouraged a skewed acquisition of wealth. It imposed high tax rates on labour income of the aspiring classes while entirely exempting the main form of income derived by the very rich: gains realised on the sale of investments.

The capital gains concession and the power of deferral

The bias of the income tax system in favour of wealth accumulation by the country's wealthiest was mitigated slightly in 1973, when gains from short-term investments were added to the income tax base. However, it was not until 1986 (with effect from September 1985) that gains from long-term investments were made subject to income tax.

The measure was applied for 15 years until its impact was dramatically reduced from September 1999 under [changes to the income tax introduced by the Howard government](#). John Howard had strongly opposed the inclusion of investment gains in the income tax initially, and his 1999 changes introduced an exemption from income tax for half of investment gains realised on assets held for at least 12 months.

The concessional half-exemption of investment gains from income taxation was compounded by a further concession that allowed investors to defer paying tax on their gains by simply electing where their wealth should be invested. Ordinary businesses and workers pay tax annually on their gains. Investors may also enjoy annual gains on the value of their investments, but each year make an evaluation – known as [portfolio choice](#) – deciding whether the assets they own are likely to rise in value at the same rate or a greater rate than alternative investments, and consequently whether they should retain their wealth in existing investments.

If they decide to change investments, they are said to have 'realised' their gains, and the non-exempt half of those gains is subject to income tax. However, if they make the choice to keep their wealth invested in the same assets for another year, recognition of the gains accrued during the year is deferred until the assets are sold.

The political hurdle of 'death taxes'

The prospects for tax reform based on the taxation of wealth or wealth transfers are dismal at best. Apologists for the wealthy have run a remarkably effective campaign equating wealth transfer taxation with unjust appropriation by the government of private property. They have created the widely accepted illusion that wealth taxes – and in particular, death taxes – will hit working- and middle-class families hard.

Labelling a tax, including any aspect of the income tax, as a ['death tax'](#) is a strategy almost certain to guarantee its demise. The reality may be far different: modern wealth and wealth transfer taxes are usually designed to apply only to the ultra-rich and can easily utilize tapering thresholds to keep all but the very rich out of the system. Still, perceptions matter, and energy spent on reviving wealth or wealth transfer taxes is unlikely to yield tangible results.

A blueprint for reform: Lessons from superannuation

There may be a more viable path to reforming the income tax on wealth accumulation, however, as illustrated by the government's [recent reform of superannuation taxation](#).

From the outset of federal income taxation in Australia in 1915, income put aside for retirement savings has been [concessionally taxed](#). The concession was adopted to encourage workers to save for retirement when it was feared young workers, in particular, might be too myopic to realise they need to put some income aside for their retirement years. This rationale disappeared once Australia adopted a compulsory retirement savings system, but the concession – a lower tax rate on income contributed to a superannuation fund and on gains realised on a fund's investments – remained in place.

Unsurprisingly, [the concessional tax regime for retirement savings was fully exploited by very wealthy taxpayers](#) who held significant parts of their investment portfolios in their superannuation funds, where gains were taxed at reduced rates. When the exploitation of this tax concession rose to unsustainable levels, [the government finally moved to reduce it](#). They first attempted to do this by increasing the concessional rate on excessive savings in superannuation funds, and secondly by removing the portfolio choice option. Consequently, had the reforms been adopted as originally presented, gains would be taxed on an annual basis, regardless of whether investments remained in the same assets at the end of the year or had been realised and shifted to other investment assets. The Government found a number of compromises were needed to secure support for its proposals in Parliament, including a retreat from the annual recognition of gains whether assets had been sold or retained. The law, as originally drafted, however, provides model legislation for a system that taxes gains as they arise, removing the option to defer tax until a later time when assets are sold.

Extending the logic to broad investment gains

While investments in their superannuation funds are an important part of the total investment portfolio of the very wealthy, [they constitute an ever-diminishing share of total investments](#) as income rises. A broader reform of the taxation of investment gains is needed if Australia wishes to address the nation's growing inequality.

The proposals for reform of the superannuation taxation regime and changes to the proposals as the reform measures progressed through Parliament provided two important lessons for those seeking reform of wealth taxation. From a law design perspective, the initial proposals showed that it is technically not difficult to tax investment gains as they accrue, regardless of a taxpayer's portfolio choice to sell or retain appreciated investments. Second, the superannuation reform that was enacted, higher tax rates for gains realised by wealthier taxpayers on very large balances in concessionally taxed funds, illustrated how the political case for reform can be made if it is presented in a convincing fashion.

A starting point might be for the government to show how the benefit of the deferral of tax now enjoyed by investors accrues primarily to the small percentage of Australians in the wealthiest slices of society.

Citation:

Evans, Chris; Krever, Richard; Mellor, Peter, (2026), Reforming the Taxation of Wealth and Wealth Transfers, Austaxpolicy: Tax and Transfer Policy Blog, 23 March 2026, Available from:
<https://www.austaxpolicy.com/reforming-the-taxation-of-wealth-and-wealth-transfers/>

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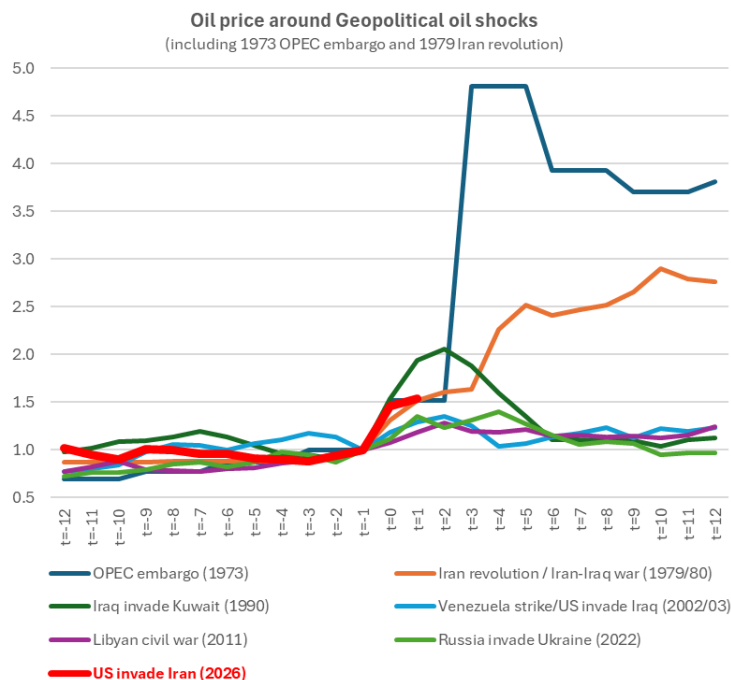
The biggest oil shock in history. Why isn't the price higher?

Jason Teh

When the Strait of Hormuz effectively closed in late February 2026, it shut off approximately 15 million barrels per day of crude oil. The IEA described it immediately as the largest supply disruption in the history of the global oil market. On a gross basis, that assessment is correct.

Yet the oil price tells a more nuanced story. Despite the scale of the disruption, the price response has been more contained than the 1990 Kuwait invasion and far smaller than the 1973 Arab embargo. Understanding why reveals something important about how oil markets have changed.

The chart below shows what happened to the oil price in the 12 months before and after each major geopolitical disruption over the past 50 years.

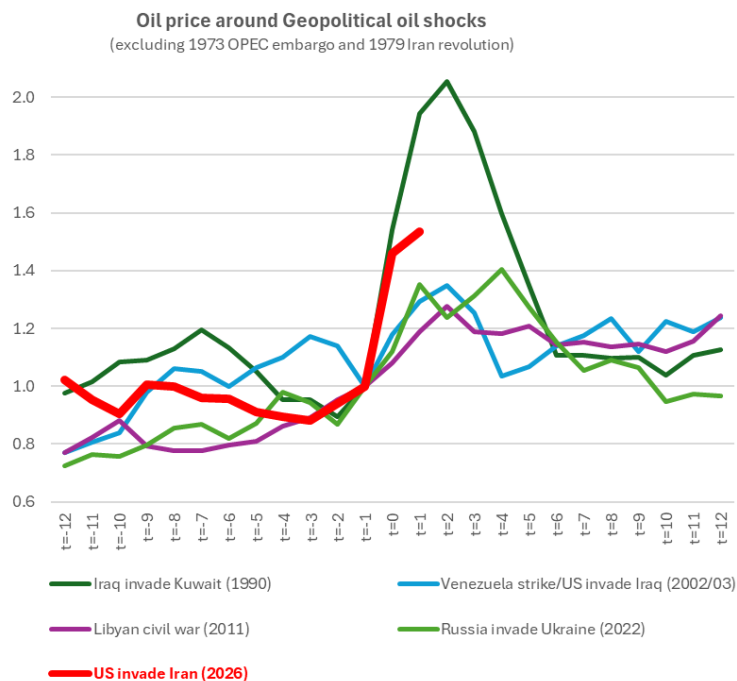


Source: Vertium, World Bank.

Note: Each line shows the oil price indexed to 1.0 at the trigger month. A reading of 2.0 means the price doubled; 0.5 means it halved. The x-axis shows months before and after, allowing each crisis to be compared on the same scale regardless of the absolute price level at the time.

The chart reveals two structurally different eras. Before the mid-1980s, the oil price was administered by OPEC, which is why the 1973 and 1979 lines did not mean-revert. OPEC's control began to unravel in the early 1980s as non-OPEC supply from the North Sea, Alaska, and the Soviet Union eroded the cartel's market share. By 1986, Saudi Arabia had abandoned its role as swing producer, switched to netback pricing, and flooded the market — collapsing prices from \$34 to \$9 a barrel and establishing the free market that has governed oil ever since.

Once oil became freely traded, geopolitical shocks began exhibiting a consistent shape — a sharp surge at the point of disruption, a peak within four months, and a mean reversion as the market prices in resolution. The mechanism is the same each time: market participants price the supply disruption and the fear of what may happen next, adding a fear premium on top of the physical loss. But that premium is on borrowed time. Once the uncertainty resolves — through military outcome, diplomatic settlement, or simply the passage of time without further escalation — the fear component collapses and the price reverts toward the new physical reality. The following chart shows this pattern in isolation across the free market era.



Source: Vertium, World Bank.

The worst oil supply shock in history

On gross volume at risk, no prior event comes close to 2026. The Strait of Hormuz carries approximately 15 percent of global crude supply — more than three times the 1990 Kuwait invasion at 7 percent, nearly double the 1973 Arab embargo at 8 percent, five times the Russian invasion of Ukraine, and more than ten times the 2011 Libyan civil war. Yet despite being the largest supply disruption in history on a gross basis, Brent's move from \$72 to \$119 — roughly 65 percent — is smaller than both the 1973 quadrupling and the 1990 doubling. Three factors explain this apparent paradox.

1. Offsets have reduced the net disruption

In every major geopolitical supply disruption since 1986, the net market impact has been far smaller than the gross disruption suggested — almost always because Saudi Arabia stepped in. In 1990 it ramped production by approximately 3 million barrels per day to replace the lost Kuwaiti and Iraqi barrels. In 2002–03 it proactively raised output to 9.5 million barrels per day to absorb simultaneous disruptions in Venezuela and Iraq. In most post-1986 crises, Saudi Arabia's willingness and ability to act as swing producer has been the primary offset mechanism.

In 2026 that option is unavailable. Saudi Arabia's own oil is trapped behind the Strait — it cannot ramp exports through a closed chokepoint. What it has done instead is divert some of its crude down the East-West Petrolina pipeline, bypassing the Strait and delivering to Yanbu on the Red Sea. That diversion, combined with other offsets such as the ADCOP pipeline and IEA strategic reserve releases, has partially contained the net disruption — but it is a far cry from the full swing producer role Saudi Arabia has played in every prior crisis.

The table below places all seven events side by side, showing how the offset mechanism has played out across every major disruption since 1973.

Geopolitical Oil Shocks

	Gross disruption (mbpd)	Net disruption (mbpd)	Net % of global supply	Offsets
1973 OPEC embargo	~4.5	~4.5	~8.1%	None — no spare capacity outside OPEC
1979–80 Iranian Revolution & Iran-Iraq War	~6.5 combined	~1.5–2.0	~2.3–3.1%	Saudi Arabia raised production; North Sea and Alaska ramping up
1990 Iraq invade Kuwait	~4.3	0	0%	Saudi Arabia raised production only after US troops arrived; IEA SPR release
2002–03 Venezuela strike & US invade Iraq	~3.0 combined	~1.0–1.5	~1.3–1.9%	Venezuela recovered within months; Saudi Arabia raised production
2011 Libyan civil war	~1.3	~0.5–0.7	~0.6–0.8%	Saudi Arabia raised production; IEA released 60 mb from SPR
2022 Russia invade Ukraine	~3.0	~0.5–1.0	~0.5–1.0%	US SPR release; Russia rerouted exports at discount; OPEC+ did not step in
2026 US invade Iran	~15	~7.6–8.6	~7.4–8.3%	East-West Petrolina pipeline; ADCOP pipeline; IEA SPR release

Source: Vertium, IEA, EIA

The 2026 net supply disruption is the largest since 1973. The offsets explain why the price has not surged even higher. However, they do not explain why, at this level of net disruption, the price response has been more muted than history might suggest. That is where factors 2 and 3 come in.

2. Current oil price is not fixed

The 1973 Arab embargo is a poor comparison for assessing the price impact of a supply shock. OPEC fixed the oil price at that time — the quadrupling was a cartel decision, not a market response to the

physical disruption. OPEC used the physical disruption as leverage to permanently reprice oil at a level that reflected their desired revenue, not the size of the shortfall. The embargo lasted five months, from October 1973 to March 1974, and when it was removed it had no effect on the price level. In a free market, a five-month disruption followed by full supply restoration would produce a price that reverts toward its pre-crisis level. In 2026, it will.

3. The tail risk is contained

In 1990, prices more than doubled because the physical disruption was compounded by fear. Iraqi forces that had invaded Kuwait were advancing toward Saudi Arabia and threatened a further 5 to 6 million barrels per day on top of the 4.3 million already removed — a combined threat of nearly 10 million barrels per day, or roughly 15 percent of global supply. Saudi Arabia had the spare capacity to offset the disruption but refused to open the taps until American troops arrived in the Eastern Province. Once US forces were in place and the threat to Saudi infrastructure was definitively removed, the spot price collapsed to \$20 a barrel within days.

In 2026, Saudi Arabia is a victim of the Strait of Hormuz closure rather than a swing producer sitting on the fence, and the disruption is already known and bounded. The one scenario that could change this is a closure of the Bab el-Mandeb. If the Houthis were to seal the Red Sea's southern entrance, the Petrolina pipeline buffer would be negated. That tail risk is real but has not escalated.

Conclusion

Every geopolitical oil shock since the 1980s has followed the same pattern: the price spike is never permanent. The premium is driven initially by the physical disruption and amplified by fear of what might come next — and once the uncertainty resolves, it collapses.

The 2026 Hormuz closure is the largest supply disruption in history on a gross basis and the largest net disruption since 1973. Yet three factors have contained the oil price response. Offsets driven by pipeline diversion and strategic reserve releases have reduced the net gap. Unlike 1973, there is no cartel floor to hold the price elevated once supply returns. And unlike 1990, the tail risk of a further supply wave is currently contained.

The pattern may already be starting to play out. On 7 April 2026, President Trump announced a two-week ceasefire with Iran, subject to the complete reopening of the Strait of Hormuz. Brent fell more than 15 percent in a single session — the largest one-day drop since the 1991 Gulf War — pulling back from \$119 toward \$92. The market did not wait for the Strait to physically reopen. It priced the prospect of resolution immediately, exactly as the free market mechanism predicts. Whether the ceasefire holds and the Strait fully reopens remains to be seen — two weeks is a pause, not a settlement — but the direction of travel is clear. The fear premium is beginning to unwind.

For Australian energy producers, this matters directly. Woodside and Santos have benefited from the crude price surge, with earnings upgrades reflecting Brent's move from \$72 to \$119. If the mean reversion that has followed every prior free market oil shock plays out again, those upgrades will prove temporary. The picture is different for Ampol and Viva Energy. Even if crude reverts, refined product prices may remain elevated as long as Gulf refinery damage persists. The crude price may revert. The economic damage it leaves behind may not.

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Structured giving's new moment

Rachael Rofe

It has been a big year for philanthropy policy. The minimum distribution rate for ancillary funds has increased. A new tax deductible giving structure - the Community Charity Trust - has formally arrived, taking structured giving into donor communities it has never been able to reach. And Division 296 has prompted a fresh conversation about where capital goes when it leaves superannuation. At EOFY, those threads converge.

Beyond the tax advantages, this is a particularly good moment for families with genuine charitable intent to ask whether it is time to stop giving casually and start giving deliberately. Not because the fundamentals have changed, but because the available structures just got stronger.

What structured giving actually is

Think about the kinds of people for whom a year-end donation suddenly feels inadequate.

Someone who has just sold a business. A shareholder who has taken a large capital gain. An executive who has received a significant bonus. A family that has recently lost a parent and found themselves thinking differently about what wealth is actually for. A professional in their late fifties who is still earning at a high marginal rate, knows retirement is coming, and wants to bring forward deductions while they can still get full value from them.

What these people share is not just a tax problem. They share an intention - to give generously, to support causes that matter to them, to do something with their wealth beyond accumulating more of it. The tax question is simply the catalyst that makes them ask whether there is a better way.

There is. And for the right family, it is one of the most satisfying financial decisions they will ever make.

A structured giving vehicle is a purpose-built legal container for charitable capital. A donor contributes money and receives an immediate tax deduction. That deduction can be spread over up to five years, which is useful if income is expected to vary and the donor wants to match deductions to the years where they will have most effect. The capital sits in the vehicle, invested tax-free, while grants flow out over time. The donor is not simply giving away a shrinking pool. Properly managed, the capital can continue to support future distributions while meaningful charitable work is funded.

The separation this creates is the point. Commit capital when it is most financially effective. Decide where it goes later, carefully, without a deadline.

And it is also, for many families, the beginning of a conversation that turns out to matter more than the deduction.

Andrew and Sophie Henderson farm merino sheep and dryland crops near Corowa, on the NSW-Victoria border. This financial year they sold a parcel of land and are facing a substantial capital gain. They have talked about giving something to the region for years. This is the moment. Now they need the right structure.

With a private giving fund, they could contribute a significant portion of the sale proceeds this financial year, securing a deduction now when it matters most. The capital is then invested and grants flow out

over years - to the local hospital auxiliary, the rural fire brigade, a mental health service operating in the area. They bring their children into the grant decisions each year.

Over time, the Henderson Family Fund becomes part of how the family understands itself. Philanthropy stops being a line item and becomes a practice. In the great intergenerational wealth transfer - trillions of dollars moving between generations over the coming decades - that kind of deliberate handover of values alongside assets is not a small thing.

Until very recently, two main options

There have been two principal vehicles for structured giving in Australia, and they suit different kinds of donors. Both share an important limitation worth understanding from the outset: private and public ancillary funds can only make grants to organisations endorsed by the ATO as DGR Item 1 recipients - a restriction that, as we will see, matters more than it might sound. Pending legislation will rename private and public ancillary funds as private and public giving funds. For ease, I use that terminology here.

A private giving fund is essentially a family's own charitable foundation. The donor sets it up, controls it, and makes all the decisions about where grants go. It carries real administrative weight: there is a trustee structure to establish, an annual audit requirement, and ongoing investment and compliance obligations. Most advisers regard a starting corpus of around \$2 million as the level at which those costs make sense relative to what the fund can do.

For families who want a distinct philanthropic identity, a long-term structure they control, and the ability to involve children and grandchildren over decades, it is a powerful option - and for many, that control is not a feature to be weighed against administrative cost. It is the point. A private fund bearing the family name, governed by family trustees, making grants that reflect family values, is itself an act of intergenerational wealth transfer. The structure becomes part of what is handed down.

A public giving fund is a lighter-touch option. Rather than building their own entity, the donor places their capital in a named sub-fund within an existing organisation that handles all the administration, compliance, and governance. The donor can advise on grant-making from the sub-fund, without needing to operate a separate structure themselves. Entry can be as low as \$10,000. For someone who wants the benefits of structured giving without the administrative burden of another structure, this is often the more practical place to start.

What has changed: the distribution rate

Both types of giving funds are now required to distribute more. The minimum annual distribution rises to 6% of net assets for both private and public funds - up from 5% and 4% respectively - with a two-year transition for existing funds. Trustees now have the flexibility to average distributions over three years, which helps with larger grants or weaker investment years. For existing funds, the practical question is whether the investment strategy still supports the higher baseline comfortably. For new funds, it is simply the starting point.

The third option: Community Charity trusts and organisations

Now suppose the Hendersons want to support something harder to fund: not a single institution, or even a single cause, but the broader health of a region. They have lived through the drought, fire and

flood cycles that shape life in their area and want to back local efforts led by people with deep knowledge of the community.

They want to support flood recovery in Indigo Shire. They care about Indigenous-led land care programs connected to the country they farm. Much of this work is practical, valuable and deeply local. But many of the organisations doing it do not hold DGR Item 1 status.

That is where the problem arises. Private and public giving funds can only make grants to DGR Item 1 recipients. So while the Hendersons have the means to give, and a structure through which to do so tax-effectively, the organisations they most want to support sit outside the rules of both vehicles. In some cases, a giving fund can reach non-DGR organisations indirectly by granting to a DGR-endorsed intermediary that then supports them. But that adds a layer and a cost, and not every intermediary exists for every cause.

The vehicle exists. The intention exists. But the destination does not fit the structure.

This is where Community Charity trusts and organisations change the picture - and why advisers who think they already understand the structured giving landscape should pay attention.

A Community Charity trust can operate in much the same way as a public giving fund. Donors establish named sub-funds, advise the trustee on their giving preferences, and the foundation handles everything else. But it represents a genuinely new DGR category, created specifically to enable place-based and community-embedded giving. The critical difference is grantee flexibility: a community charity trust can grant to organisations that do not hold DGR status at all - provided the grant furthers a purpose consistent with the Community Charity's own charitable objects - and can directly carry out charitable activities itself, which a giving fund cannot. This is not an unlimited discretion, but within that framework the reach extends well beyond where giving funds can go.

In February 2026, the government added 34 organisations to the Community Charity category since it was first established in 2024. Among them is Border Trust, the Community Charity trust for the Albury-Wodonga region, exactly where the Hendersons farm.

Had the Hendersons established a named sub-fund within Border Trust rather than a standalone private giving fund, the deduction would have operated in much the same way. But the structure could have reached the flood recovery group and the Indigenous land care program. Their fund would also sit within a foundation that has been embedded in the region for decades - one with the local knowledge, relationships and institutional memory to keep giving well after the Hendersons themselves are gone.

That is the place-based advantage a Community Charity offers that a giving fund, for all its considerable strengths, cannot replicate: proximity. Giving directed by people who understand the nuances of a community, and the organisations doing the work within it.

Community-based giving is not confined to regional Australia

It would be a mistake to read Community Charity trusts and organisations as a purely regional phenomenon. They span the full geography of Australian giving.

For example, both Sydney Community Foundation and Australian Communities Foundation offer Community Charity trusts that can fund organisations across metropolitan and regional Australia, meaning donors are not limited to DGR-endorsed charities. When bushfires hit Strathbogie in January

2026, ACF helped establish a community-led relief fund within days, directing support to affected households and businesses directly, without waiting for DGR intermediaries. It is an example of what community giving can look like when the geography is national and the infrastructure exists to move quickly when it matters.

The right vehicle depends on three things: control, flexibility, and purpose. A private giving fund gives the family a philanthropic entity of their own - the structure itself becomes part of the legacy. A public giving fund removes that administrative weight while preserving the ability to advise on grants, at a much lower entry point. A Community Charity trust sub-fund goes further still: broader grantee reach, place-based infrastructure, and giving that can reach the organisations closest to the cause. The tax advantages and outcomes across all three are comparable. The differences are in what the giving becomes.

Why this EOFY matters

The Hendersons are not an unusual family. They are representative of a generation of Australians sitting on significant accumulated wealth - in property, in businesses, in superannuation - who have charitable intentions they have never quite organised into a structure.

Division 296 adds another layer to the EOFY conversation for some clients, particularly those already thinking about whether capital should remain in superannuation or be deployed elsewhere. That does not make philanthropy the answer to a superannuation tax problem. But where genuine charitable intent already exists, it may make the timing of structured giving more relevant than it was before.

The tools are better than they were. The higher distribution rate is manageable. And the Community Charity framework has opened up a genuine third option for donors whose giving is rooted in place, community or causes the traditional giving fund structure could not directly reach.

The Hendersons had the intention all along. Most families like them do. The structure is what turns intention into something that outlasts the tax year - and, with the right vehicle, outlasts the family itself.

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