



PFG Connect - Autumn 2025

As we say goodbye to the heat of summer, we can look forward to enjoying the cooler days ahead. Along with the drop in temperature, the RBA brought much relief to mortgage holders and dropped the cash rate by 25 basis points in February. The cash rate is now sitting at 4.10 per cent following the first rate-reduction since November 2020.

Inflation remained steady in February, at 2.5 per cent and core inflation at 2.8 per cent; however, the RBA remains cautious and has not guaranteed further cash rate cuts in 2025. Some economists are predicting further cuts in 2025, but time will tell.

While there is ongoing tension between Russia-Ukraine and the Middle East, and a looming trade war due to Trump's proposed tariffs, the global economic outlook continues to remain unpredictable.

US markets reacted to the lower-than-expected consumer spending and continued geopolitical issues, with another month of volatility.

It's also been volatile on the Aussie share market, with the ASX 200 losing ground earlier in the month, bouncing back to reach an all-time high, only to start falling again to close at it's lowest point in two months.

A similar pattern has been happening with the Aussie dollar, reaching a high of \$0.64US cents mid-February, then losing momentum, and now hovering around \$0.62US cents.

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Turbocharge your super before 30 June

More than half of us set a new financial goal at the beginning of 2025, according to ASIC's Moneysmart website. While most financial goals include saving money and paying down debts, the months leading up to 30 June provide an opportunity to review your super balance to look at ways to boost your retirement savings.

What you need to consider first

If you have more than one super account, look at consolidating them to one account. Consolidating your super could save you paying multiple fees and it will be easier to keep track of.

When transferring super into one account, do your homework and shop around, your current fund may not be your best option.ⁱ

How to boost your retirement savings

Making additional contributions on top of the super guarantee paid by your employer could make a big difference to your retirement balance thanks to the magic of compounding interest.

There are a few ways to boost your super before 30 June:

Concessional contributions (before tax)

These contributions can be made from either your pre-tax salary via a salary-sacrifice arrangement through your employer or using after-tax money and depositing funds directly into your super account.

Apart from the increase to your super balance, you may pay less tax (depending on your current marginal rate).ⁱⁱ

Check to see what your current year to date contributions are so any additional contributions you may make don't exceed the concessional (before-tax) contributions cap, which is \$30,000 from 1 July 2024.ⁱⁱⁱ

Non-concessional contributions (after tax)

This type of contribution is also known as a personal contribution. It is important not to

exceed the cap on contributions, which is set at \$120,000 from 1 July 2024.^{iv}

If you exceed the concessional contributions cap (before tax) of \$30,000 per annum, any additional contributions made are taxed at your marginal tax rate less a 15 per cent tax offset to account for the contributions tax already paid by your super fund.^v

The non-concessional contributions cap (after tax) is set at \$120,000 from 1 July 2024.

Exceeding the non-concessional contributions cap will see a tax of 47 per cent levied on the excess contributions.

Carry forward (catch-up) concessional contributions

If you've had a break from work or haven't reached the maximum contributions cap for the past five years, this type of super contribution could help boost your balance – especially if you've received a lump sum of money like a work bonus.

These contributions are unused concessional contributions from the previous five financial years and only available to those whose super accounts are less than \$500,000.

There are strict rules around this type of contribution, and they are complex so it's important to get advice before making a catch-up contribution.

Meanwhile, the fate of a proposed new tax, known as Division 296, applying to super balances over \$3 million is still unknown. It has yet to be debated and go to a vote in the Senate.

Downsizer contributions

If you are over 55 years, have owned your home for 10 years and looking to sell, you may be able to make a non-concessional super contribution of as much as \$300,000 per person – \$600,000 if you are a couple. You must make the contribution to your super within 90 days of receiving the proceeds of the sale of your home.

Spouse contributions

There are two ways you can make spouse super contributions, you could:

- split contributions you have already made to your own super, by rolling them over to your spouse's super – known as a contributions-splitting super benefit, or
- contribute directly to your spouse's super, treated as their non-concessional contribution, which may entitle you to a tax offset of \$540 per year if they earn less than \$40,000 per annum

Again, there are a few restrictions and eligibility requirements for this type of contribution.

Get in touch for more information about your options and for help with a super strategy that could help you achieve a rewarding retirement.

ⁱ <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/keeping-track-of-your-super/transferring-or-consolidating-your-super>

ⁱⁱ <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/how-to-save-more-in-your-super/salary-sacrificing-super>

ⁱⁱⁱ <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/concessional-contributions-cap>

^{iv,v} <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/non-concessional-contributions-cap>



How POLITICAL EVENTS affect the markets

From the economy bending policies of Trump 2.0 to the growing strength of the far right in Europe, the new alliance between Russia and the United States, the wars in Ukraine and the Middle East, and the US President's vow to upturn world trade rules, the markets are certainly navigating tricky times.

In recent months we've seen volatility in some areas but cautious optimism in others in a reflection of the hand-in-glove relationship between politics and markets.

Of course, economic policies, laws and regulations – think tax increases or decreases, new business regulations or even referendums – have a big effect on how investors allocate their portfolios and that impacts market performance.

In 2016, when the United Kingdom voted to leave the European Union, the UK pound plunged and more than US\$2 trillion was wiped off global equity markets.ⁱ

In the following four years until Brexit was finally achieved in 2020, the FTSE 100 performed poorly compared to other markets as domestic and international investors looked elsewhere to avoid risk. While it has risen since a massive drop during the coronavirus pandemic, the exodus of companies from the London Stock Exchange continues with almost 90 departures in 2024.ⁱⁱ

Interest rate movements and any hint of political instability can also bring about a sell off or a rally in prices, with companies holding off on capital investment and causing economic growth to slow.ⁱⁱⁱ

Global oil prices rose 30 per cent in 2022 when Russia invaded Ukraine causing European stock markets to plunge 4 per cent in a single day.^{iv} Since then, oil prices have fluctuated and are now back to pre-war levels and gold has reached new heights as investors globally look for a safe haven from high geopolitical risks.

Do elections have an effect?

Elections, which almost always cause market disruptions during the uncertainty of the campaign period and shortly after the vote is known, have featured strongly in the past six months or so.

A review of 75 years of US market data has found that, while there may be outbursts of volatility in the lead up to the vote, there's minimal impact on financial market performance in the medium to long term. The data shows that market returns are typically more dependent on economic and inflation trends rather than election results.^v

Nonetheless, the noisy 2024 US Presidential campaign saw some ups and downs in markets during the Democrats' upheaval and the switch to Kamala Harris as candidate. Donald Trump's various policy announcements on taxes, immigration, government cost cutting and tariffs both buoyed and dismayed investors.

Analysis by Macquarie University researchers of the three days before and after election day found significant abnormal returns in US equities immediately after the vote.^{vi}

But the surge was short-lived as investor sentiment fluctuated. Small cap equities with more domestic exposure experienced the highest returns while the energy sector also saw substantial gains, in anticipation of regulatory changes.

While currently the S&P500 and the Nasdaq have both gained overall since the election, there's been extreme share price volatility.

How Australia has fared

Meanwhile, any impact on markets ahead of Australia's upcoming federal election has so far been muted thanks to the volume of world events.

The on-again off-again US tariffs are causing more concern here for both policymakers and investors. Tariffs on our exports could mean higher prices and a drop in demand for our goods and services, leading to economic uncertainty.

In early February, the Australian share market took a dive immediately after President Trump's announcement of tariffs on Mexico, Canada and China, wiping off around \$50 billion from the ASX 200. They recovered slightly only to fall again later as the Reserve Bank cut interest rates. In the US, some tech companies delayed or cancelled their listing plans because of the volatility and uncertainty caused by the announcements.^{vii}

Amid a turbulent start to 2025, most economists agree the markets are unlikely to hit last year's 7.49 per cent achieved by the S&P ASX 200.

Reserve Bank of Australia governor Michele Bullock is similarly downbeat on the prospects for the year, saying uncertainty about the global outlook remains 'significant'.^{viii}

Please get in touch if you're watching world events and wondering about the impact on your portfolio.

i <https://finance.yahoo.com/news/post-brexit-global-equity-loss-203340844.html?guccounter=1>

ii <https://www.ft.com/content/ae0f053ce-c94d-4a72-8dce-bdbf56dd67e1>

iii <https://www.stlouisfed.org/publications/review/2023/12/01/policy-instability-and-the-risk-return-trade-off>

iv <https://www.analyticsinsight.net/finance/why-financial-markets-are-sensitive-to-political-uncertainty>

v <https://www.usbank.com/investing/financial-perspectives/market-news/how-presidential-elections-affect-the-stock-market.html>

vi <https://theconversation.com/2024-presidential-election-u-s-equities-surged-then-retreated-after-trumps-victory-243778>

vii <https://www.nytimes.com/2025/02/18/technology/tech-ipo-delays.html>

viii <https://www.rba.gov.au/media-releases/2025/mr-25-03.html>



THINGS TO DO TODAY THAT YOUR FUTURE SELF WILL *thank you* FOR

Achieving your long-term financial goals doesn't need to be overwhelming. If you can put in place some basic financial steps, you are on the road to a successful outcome.

It means keeping on top of your options and devising strategies for investment, debt reduction and risk protection. The start of the year is a perfect time to take a few proactive steps, that your future self will thank you for.

Building your nest egg

Adding to your superannuation is one of the most powerful and tax-effective ways to build your wealth over the long term. If you're an employee, consider salary sacrifice to add to the mandatory contributions made by your employer. Even a small amount, paid regularly, will make a big difference over time. Don't forget that there are some limits on how much you can invest before tax is affected, so it's a good idea to keep track of any before-tax, or concessional, contributions.ⁱ

Small business owners, sometimes struggling with cash flow issues, may be tempted to neglect their own super contributions but you risk missing out on the benefits later in life.

Finding ways to cut living expenses and reducing or eliminating debt, including paying off the mortgage as quickly as possible, are also obvious ways to attain financial security, although not always easy to implement with cost-of-living pressures. But, again, any small and regular steps towards your goal are a positive contribution.

Preparing for the unexpected

Apart from finding ways to build your wealth and reducing debt, being prepared for unexpected losses is another way to secure your future.

For example, losing your home, business premises or vehicle in a catastrophic event when you're not adequately insured creates a significant financial burden.

As natural catastrophes increase in frequency and intensity so does the 'protection gap', the economic losses caused by underinsurance or no insurance. One study estimated these losses in Australia at more than \$18 billion in the nine years to 2023.ⁱⁱ

The Insurance Council of Australia (ICA) says there are some common reasons for underinsurance.ⁱⁱⁱ

1. Making an incorrect guess about how much it would cost to repair, rebuild or replace property and contents. The ICA suggests using a building insurance calculator and a contents insurance calculator. Most insurers include both types of calculators on their websites.
2. Forgetting to update your insurance after upgrades to your home and belongings. Renovations, new furniture, and upgraded appliances can all add to the value of your home. It's a good idea to reconsider the value of replacement at least every time you renew your policy.
3. Adding the extra costs such as demolition, clean-up, asbestos removal, council applications, architect, and surveyor services, and even the cost of temporary accommodation during a rebuild.

4. Not accounting for all your assets – you probably own a lot more than you realise. Have you included the contents of your garden shed and your wardrobe?

Financial protection for personal events

Protecting yourself financially against unexpected personal events is also worth weighing up.

A survey of more than 5000 working Australians shows that, on average, almost 80 per cent have car insurance while just one-third have life insurance.^{iv}

Life insurance is a valuable protection for your family if something happens to you. There is also income protection insurance and various other personal insurances that can ensure you continue to receive an income when you're unable to work.

While cost-of-living pressures might make insurance or self-insurance seem like a luxury you can't afford, making an informed choice is the best you can do. That means the financial risks associated with events that affect yourself or your property and carefully weighing your options.

We'd be happy to help you review your wealth building and risk strategies and solutions for a financially safer 2025 and beyond.

ⁱ <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/concessional-contributions-cap>

ⁱⁱ https://insurancecouncil.com.au/wp-content/uploads/2024/08/21100_ICA_Catastrophe-Report_Print-2024_Final-single-pages.pdf

ⁱⁱⁱ <https://insurancecouncil.com.au/resource/know-your-worth-and-avoid-underinsurance/>

^{iv} <https://cali.org.au/financial-security-takes-back-seat-exposing-advice-crisis-as-australians-prefer-to-protect-cars-over-themselves/>

Forget forgetting

– simple ways to improve your memory



We've all heard the old saying 'an elephant never forgets' – but unlike elephants, we humans certainly don't have flawless recall. Forgetting where you left your keys or the name of the person you met last week, is all too familiar. Memory lapses happen to the best of us, but there are ways to sharpen your memory and boost brainpower.

How are memories formed?

Memory works through three key stages: encoding, storage, and retrieval. Encoding is when the brain processes information from your senses and turns it into a format that can be stored. Next, short-term memories are stored briefly, while long-term memories are kept in the brain called the hippocampus. Finally, retrieval is recalling stored memories, triggered by cues such as sights, sounds, or emotions. While memory helps us navigate life, it can sometimes be imperfect, influenced by a range of factors.

The good news is there are things you can do to help your brain stay sharp.

Tips to improve memory

Sleep: your brain's power nap

We know that feeling when we're sleep-deprived: foggy and wondering why we walked into a room in the first place. Well, there is a reason for that, your brain processes and stores new information while you sleep and deep sleep helps to consolidate memories, so the more restful your slumber, the better your memory.

Exercise: more than just physical gains

It's not just your muscles that benefit from a good workout—your brain does too! Studies have shown that regular physical exercise can improve memory and

cognitive function. When you move, your heart pumps more oxygen to your brain, and new brain cells are formed. Plus, exercise helps to reduce stress, which can negatively impact your memory.

You don't need to run marathons or lift massive weights, a simple brisk walk can work wonders.

Stress less: your memory needs it

Stress is like that annoying cold caller who just won't leave you alone. It messes with your ability to think clearly, hampers memory recall, and can even damage your brain over time. Stress, especially chronic stress, can interfere with the part of your brain responsible for memory so finding ways to unwind, like taking a warm bath, or simply taking deep breaths, can help support memory.

Keep your brain engaged: never stop learning

Your brain functions in a similar manner to a muscle—the more you use it, the stronger it gets. Keep your brain engaged; do crosswords and jigsaw puzzles. Learn new things, whether it's a new language or a musical instrument to build neural connections and keep your memory sharp. The trick is to constantly challenge yourself – by the time you sound OK on that instrument, your brain is not working as hard, so step things up a notch or take on a new endeavour.

Memory techniques help

Did you know that ancient Greeks used to memorise long speeches using specific techniques? One popular method is called the memory palace technique. It's creating a vivid mental image of a place you're familiar with, like your house, and mentally placing the things you want to remember in different rooms or corners.

For example, if you need to remember a list of groceries, imagine placing bananas in the kitchen, milk in the living room, and bread in the hallway. When it's time to recall the list, you just "walk" through your memory palace and pick up the items. It may sound a bit wacky, but it works!

Or, who better to look to for memory techniques than Dave Farrow, Guinness Record holder for memorizing 59 decks of shuffled cards, which is an astounding 3,068 cards. In addition to the memory palace technique, Dave uses a quirky trick: looking up. Nobody knows why looking up works when we are trying to recall something, but we do know that it sends more energy to your cerebral cortex and hippocampus, the memory centres of the brain.

Remember, your brain is your most valuable asset—treat it well and try some of these strategies. Before you know it, you might be impressing your friends with how sharp your memory is (and avoiding turning the house upside down to find your keys!).