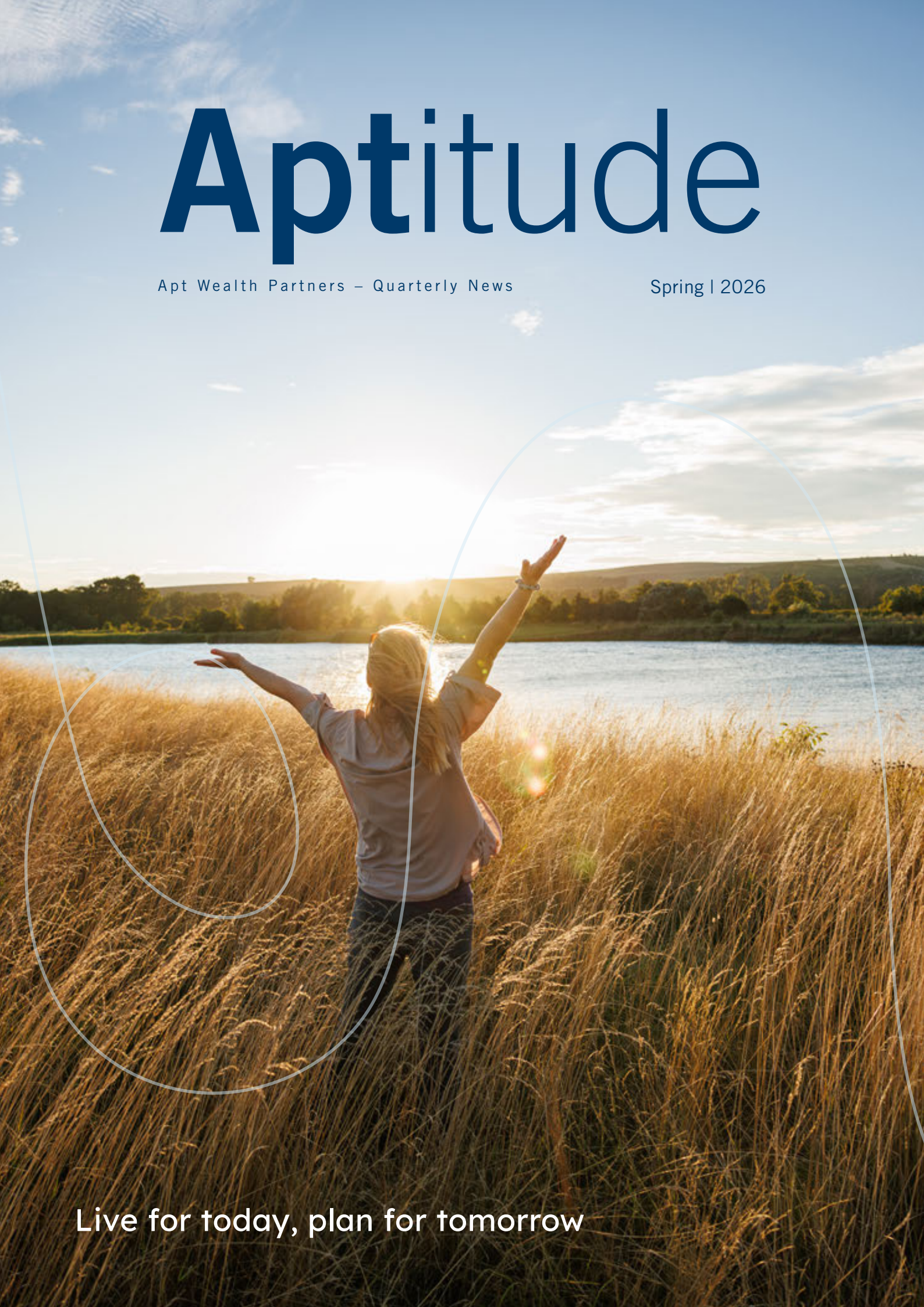


Aptitude

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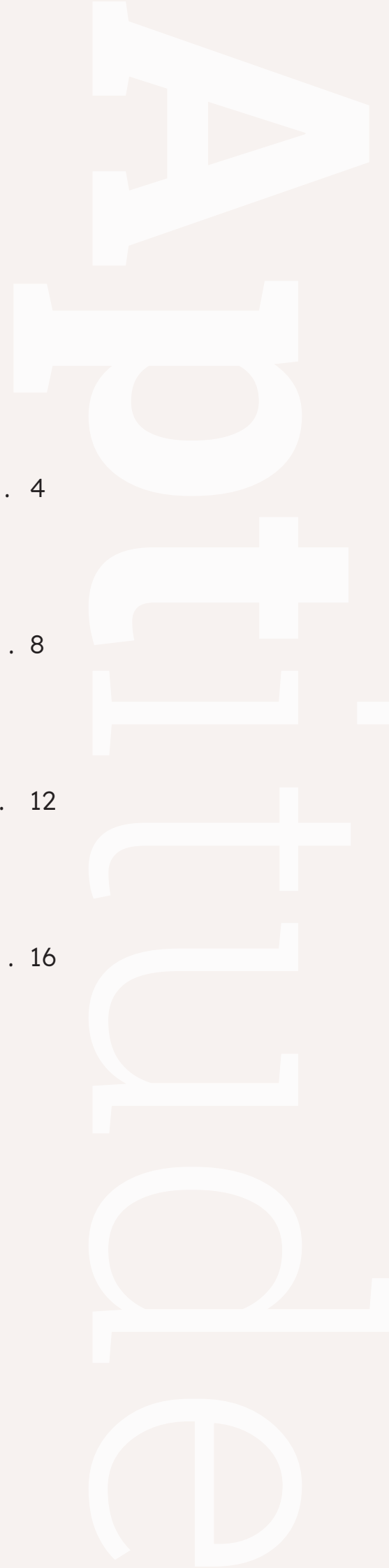
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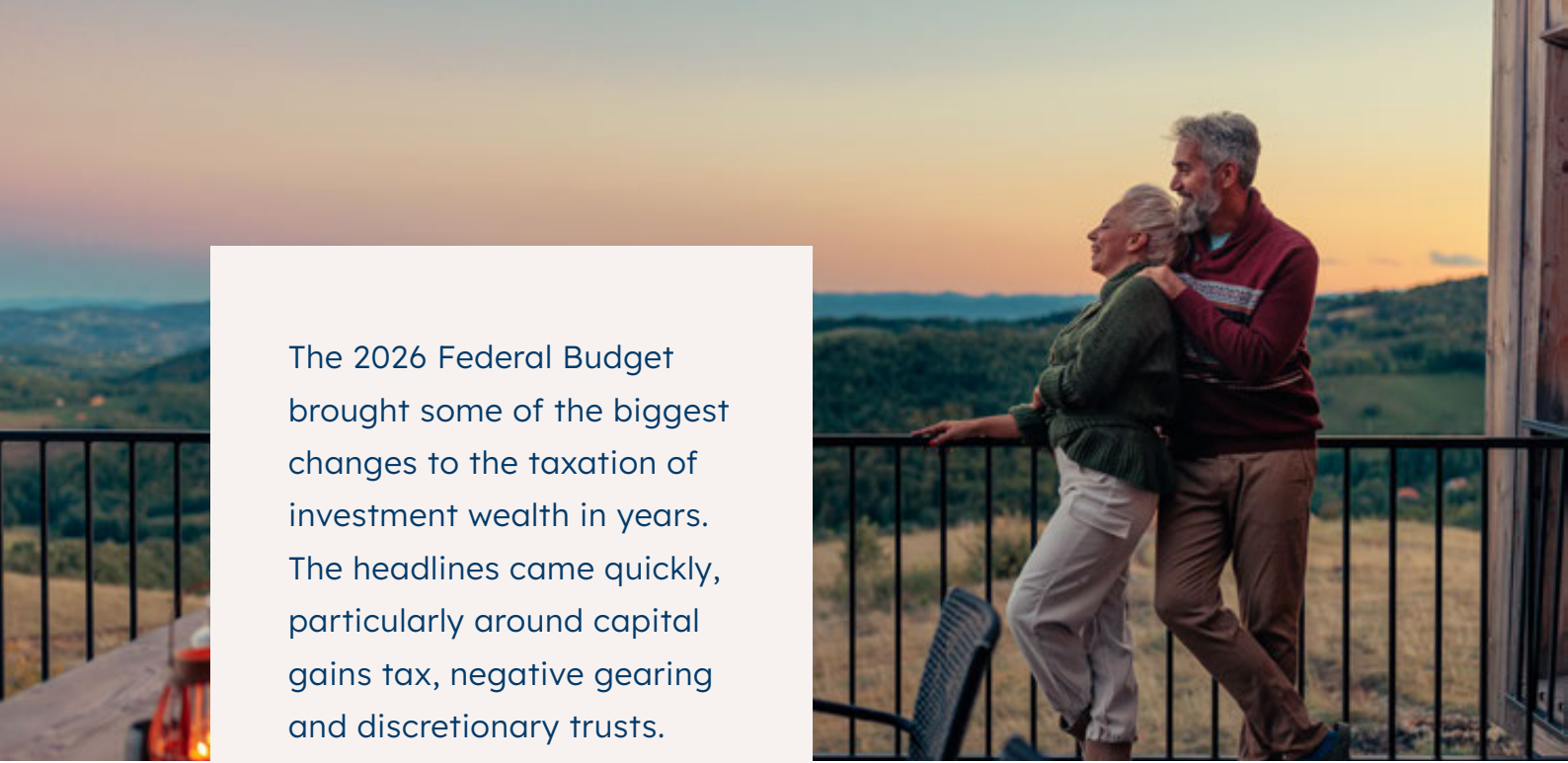
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Four months on: What Budget night actually changed, and when it starts

A photograph of an elderly couple embracing on a balcony. The man is wearing a red sweater and the woman is wearing a green sweater. They are looking out over a landscape with rolling hills and a sunset sky. The balcony has a black metal railing.

The 2026 Federal Budget brought some of the biggest changes to the taxation of investment wealth in years. The headlines came quickly, particularly around capital gains tax, negative gearing and discretionary trusts.

Four months on, the noise has died down, but some confusion remains about what has actually changed, when the new rules begin and who will be affected.

The important distinction is that not everything announced on Budget night is at the same stage. Changes to capital gains tax and negative gearing have now become law and will take effect from 1 July 2027. The proposed changes to discretionary trusts are intended to follow from 1 July 2028. Exposure draft legislation has now been released, but the final legislation and some implementation details are still to be settled.

For investors, business owners and families, that makes the period ahead an important planning window. Rather than reacting to the headlines, now is the time to understand what is changing, what remains uncertain and which decisions are actually within your control.

Capital gains tax: What changes from July 2027?

From 1 July 2027, the existing 50% capital gains tax discount will be replaced for affected assets by a new system combining cost base indexation with a minimum 30% tax rate on net capital gains.

One of the biggest misconceptions is that this means investors will simply pay 30% tax on the entire gain. The reality is more nuanced. Under the new system, an asset's cost base will be adjusted for inflation, with tax applying to the gain after indexation.

Importantly, gains accrued before 1 July 2027 remain under the existing rules. For assets held across the transition, this creates an important dividing line between growth that occurred before and after the new rules take effect.

For some assets, this means keeping clear records and potentially obtaining an appropriate valuation at 30 June 2027 to establish how much of the gain falls under the existing rules and how much falls under the new regime.

Should you sell before 1 July 2027?

For some investors, the approaching deadline may raise an obvious question: should I sell before the rules change?

But selling purely to avoid the new tax regime could bring forward tax and transaction costs without necessarily leaving you in a better position.

Before making a decision, consider:

- Would you buy this asset today if you didn't already own it?
- Is it producing the income you need?
- Does it still offer the growth potential you expect?
- Does it provide diversification or liquidity?
- Does it have lifestyle or legacy value?

As the saying goes, the ATO doesn't refund regret. Tax matters, but it shouldn't be the sole reason to sell an otherwise suitable investment. Before making a move, it is worth knowing not only what you are selling, but what you intend to do with the proceeds.

Negative gearing: Narrowed, not abolished

Negative gearing is also changing from 1 July 2027, but it isn't disappearing altogether. Existing residential investment properties acquired or contracted before Budget night are grandfathered, meaning the current negative gearing rules will continue to apply until the property is sold.

For established residential properties caught by the new rules, investment losses will no longer be able to reduce your salary or other non-property income. Instead, those losses will be quarantined. They may be used against relevant residential property income or capital gains, with unused amounts carried forward to future years.

There are important exceptions. Qualifying new residential builds will retain negative gearing benefits, while the changes don't apply in the same way to investments such as commercial property, geared share portfolios and superannuation.

For property investors, however, the tax treatment shouldn't determine the investment.

New builds may look more attractive because of their tax treatment, but they come with their own considerations, from location and infrastructure to build quality, rental demand and potential capital growth. An established property without the same tax benefit may still be the better investment.

The tax tail shouldn't wag the dog. The quality of the asset, the return you expect and whether it fits your broader investment strategy should still come first.

Discretionary trusts: Don't rush to restructure

The proposed changes to discretionary trusts are the most significant issue for many family groups, but it is important to remember they remain a proposal. From 1 July 2028, the government intends to introduce a minimum 30% tax on discretionary trust income.

Exposure draft legislation released in early September has provided more detail, and the news is more reassuring for many families than Budget night headlines suggested. Under the draft, existing trusts would be able to avoid the new minimum tax through a one-time election that locks in distributions to individuals or corporate beneficiaries at a fixed rate.

Simple 'mum and dad' trusts that split income between partners, as well as families using bucket companies, look likely to be able to continue much as they do now, rather than facing the very high tax rates initially feared.



The trade-off is a loss of flexibility. In exchange for the fixed election, trustees give up the ability to vary distributions or change beneficiaries from year to year, and the consequences of departing from a nomination are significant. That makes this a decision to plan carefully, not one to rush.

Importantly, this is still an exposure draft. Key details, including the treatment of franking credits, how tax is collected at the trustee level, the position of unpaid present entitlements and interactions with recent case law, are still to be settled.

These uncertainties are precisely why families should prepare and model their options now, but wait for the final legislation before irreversibly restructuring.

There is also time to make those decisions. A three-year rollover window is expected to provide opportunities to restructure with tax relief where appropriate, giving families time to assess their options as more detail becomes available.

Key dates at a glance

1 July 2027

New capital gains tax and negative gearing rules take effect. The three-year rollover window for discretionary trusts is also intended to commence on this date, subject to final legislation.

1 July 2028

The proposed 30% minimum tax on discretionary trust income is intended to commence, subject to final legislation and implementation details. Under the exposure draft, trusts generally need to be established by this date to access the one-time fixed distribution election.

Take time to plan

None of these changes calls for a knee-jerk response. For now, the priority is to understand what you own, why you own it and how the changing rules may affect your broader strategy.

There is time to model different scenarios and make considered decisions as further detail emerges. Speak to your Apt adviser about what the changes could mean for your investments, property or family structures.

Disclaimer: this article reflects information available as at 21 September 2026. Exposure-draft provisions may change before final legislation is enacted.



Borrowing when you don't have to



For many people, borrowing is a necessity. But when you have significant cash, investments or property behind you, debt can become a strategic choice. Choosing to borrow can allow you to put your wealth to work while keeping more options open.

Borrowing can increase your capacity to invest, preserve liquidity and, when structured appropriately, form part of a tax-effective strategy. But debt still needs to earn its place.

The value of keeping your options open

Using cash may seem like the simplest option. There is no loan application, no interest bill and no debt sitting on the balance sheet. But once cash has been spent, it is no longer available for something else.

Borrowing can allow you to make a purchase while retaining cash for future opportunities or unexpected needs. Depending on the circumstances, that cash may also be used to reduce the interest payable on a loan while remaining accessible if plans change.

That flexibility can become increasingly valuable as financial lives become more complex. A business opportunity may arise. An unexpected expense might appear. Retirement plans may change. Sometimes, simply knowing that cash remains available provides valuable peace of mind.

There can also be tax considerations when borrowing to invest. How the loan is structured and how the borrowed funds are used can affect its tax treatment, making it important to get the structure right from the outset. Using cash now and borrowing later may not produce the same outcome as borrowing at the time of purchase.

Where are you in your wealth journey?

The role debt plays in your financial strategy can change depending on where you are in your wealth journey.

Building wealth

Borrowing can increase your purchasing and investment capacity while allowing you to retain cash and flexibility. The right level of debt will depend on the return you are seeking, your financial position and your appetite for risk.

Funding retirement

The objective can shift from accumulating assets to making your existing wealth work for you. Strategic borrowing may provide liquidity, delay an asset sale and allow investments more time to generate income or growth.



Borrowing instead of selling

When you need access to cash, selling an asset may seem like the obvious solution. While a sale can provide immediate liquidity, it can also trigger tax and transaction costs and bring an end to the asset's potential future income and growth.

In some circumstances, borrowing against it can provide another way to access funds without giving up the asset itself. But this doesn't mean borrowing is automatically the better choice.



Higher rates change the calculation, not the principle

With borrowing costs higher than they were several years ago, debt deserves closer scrutiny. Ideally, the income and growth generated by an investment will outweigh the cost of borrowing over the period it is held. But investment returns, asset values and interest rates fluctuate, making a one-year snapshot of costs and returns of limited use.

For assets intended to be held over five, ten or more years, the longer-term position matters. The amount borrowed matters too. Using debt strategically does not necessarily mean borrowing at the maximum available level.

The cost needs to be weighed against what you stand to retain by not selling.

Consider a retiree who owns several investment properties but needs additional funds to support their lifestyle. Selling one may provide the money immediately; however, borrowing could meet those needs while allowing the property to remain invested for longer.

The same thinking can apply to someone who is asset-rich but cash flow poor. Their family home may represent a significant proportion of their wealth, but selling may not suit their lifestyle or personal goals. Lending options may allow them to access a relatively small amount of that wealth without giving up the home.

A lower loan-to-value ratio may provide some benefits of leverage while keeping repayments and risk manageable.

Ultimately, the right balance depends on both the numbers and the people behind them. A strategy that produces a stronger projected return but leaves you uncomfortable every time interest rates move may not be right for you.

Getting the structure right

How debt is structured can be just as important as how much you borrow. The right approach will depend on who owns the asset, whether it is purchased personally or through another entity, the purpose of the borrowing and how the funds will be used.

For business owners, asset finance can fund equipment or other major purchases over time, helping preserve working capital and cash flow.

For property buyers, bridging finance can make it possible to buy before selling, reducing some of the logistical pressure of moving, although temporarily holding two properties can mean higher interest costs.

This is where coordination matters. Financial advisers, accountants and finance brokers each bring a different perspective. Bringing those perspectives together early can help ensure the lending structure supports both your immediate needs and broader financial strategy.

Debt still has to earn its place

Debt can be productive or unproductive, depending on its purpose, cost and associated risks. The distinction is not simply whether you have enough money to avoid borrowing.

Debt can serve a purpose when it is manageable and improves your financial position, preserves flexibility or supports a lifestyle outcome that matters to you. The goal is not to borrow simply because you can, but to understand what debt allows you to achieve.

If you are considering a significant purchase, asset sale or need for liquidity, speak with your Apt finance broker and, where appropriate, your financial adviser, accountant and legal adviser to consider whether borrowing has a suitable place in your broader financial strategy.

Helping adult children without giving up your own flexibility

For parents in a strong financial position, lending strategies can also help the next generation into the property market.

A cash gift towards a home deposit is straightforward, but that money is no longer available to the parents. Depending on their circumstances, gifting can also have implications for government pension eligibility.

A family guarantee offers another option. Rather than contributing cash, parents may use their property as additional security for their child's loan, potentially allowing them to buy with a smaller deposit.

That can preserve more of the parents' cash, but it is not without consequences. A family guarantee can expose the parents' property to financial risk if the borrower cannot meet the loan obligations. It may also restrict the parents' ability to sell or refinance their property until the guarantee is released. Parents should understand the extent and duration of the guarantee and consider obtaining independent legal and financial advice before proceeding.



Women and wealth: Planning when it's just you

So much of the conversation around financial planning still assumes there are always two people in the picture. Two incomes. Two super balances. Two people making decisions and, when something unexpected happens, another person to fall back on. But that isn't everyone's reality.

Some women have managed their finances independently their whole lives. Others find themselves doing so later, following a divorce or the loss of a partner.

Whatever your path, planning for yourself means building a financial strategy around your life now, while creating the flexibility and financial resilience to respond to whatever the future might bring.



Give yourself room for the unexpected

A healthy cash reserve matters for everyone, but it becomes particularly important when you're managing your financial commitments on a single income.

For women in their 50s, this flexibility can be especially important. Many are part of the 'sandwich generation', balancing the needs of ageing parents with adult children who may still need financial support. Caring responsibilities, menopause and other health changes can all affect your earning potential or require greater flexibility at work, making a healthy cash reserve particularly valuable.

How much should you keep in reserve?

There's no universal figure, but depending on your circumstances, keeping up to 12 months of expenses in reserve can provide valuable flexibility – particularly before retirement, when you may not yet have ready access to super.

Protect your greatest asset

If you're still working, your ability to earn an income may be one of your greatest financial assets, so protecting yourself against loss of income becomes particularly important.

For someone without financial dependants or a spouse, life insurance may not carry the same priority. Income protection and disability cover, however, can provide an important financial safety net if illness or injury affects your ability to earn.

The aim is to think about your financial resilience as a whole. A cash reserve can help cover shorter-term disruptions and waiting periods, while appropriate insurance can provide protection if an illness or injury affects your ability to work for longer.

Build retirement around your life

Retirement planning can also feel surprisingly couple-centric. Benchmarks and calculators can be useful starting points, but they don't necessarily tell you what your retirement will cost or what you want those years to look like.

There are some practical realities to consider. Women generally live longer than men, which can mean planning for more years in retirement. As at 20 September 2026, the maximum Age Pension rate for an eligible single person is approximately \$32,180 a year. The actual amount depends on residency, income and assets testing, and personal circumstances.

The more useful question is: what do you actually want your retirement to look like?

For some of the women we work with, that means travelling, hiking, pursuing creative interests, volunteering or staying connected to their communities. These are part of what you're building the money for.

There can also be freedom in being the sole decision-maker over how you invest, prioritise and spend. Your plan can reflect your values and the life you want without having to compromise with somebody else's.





Surround yourself with the right support

Being financially independent is one thing, but social supports are equally important. Building and maintaining a strong community around you can be just as important, particularly as you move into later life. Friends, family, volunteering, travel groups and professional networks can all become valuable sources of connection and support.

If there isn't a spouse or adult child who would naturally step in, it's particularly important to consider who you trust to make decisions on your behalf if you can't make them yourself.

That may be a family member, close friend or another trusted person in your life. Where there isn't an obvious choice, professional services can also fulfil these roles.

Putting an enduring power of attorney and other appropriate arrangements in place becomes especially important as you think further ahead. Later-life changes, such as moving into retirement living or aged care, can bring a number of significant decisions.

If there comes a time when you're unable to make those decisions yourself, having someone you trust to act on your behalf can provide an important safeguard.

Questions worth considering

- Who would you trust to make financial decisions if you were unwell, injured or temporarily out of action?
- Where would you like to live as you get older?
- How would you fund retirement living or aged care if you needed it?
- Would you sell your home, or is there a reason you would want to retain it?
- Who would you trust to make these decisions about your living situation if you couldn't make them yourself?

Decide where your wealth will go

Without an obvious beneficiary, estate planning can present a different question: what do you ultimately want your wealth to do?

The answer doesn't have to be immediate family. You may want to provide for nieces, nephews, friends or others who have played an important role in your life. You might choose to support an animal welfare organisation, medical research, education or another cause that reflects your values.

For those with larger estates and philanthropic goals, structures such as a private ancillary fund may even provide a way for that support to continue over time, creating a legacy beyond your lifetime.

What matters is making that decision deliberately rather than leaving it unanswered simply because there isn't an obvious person to inherit your estate.

Make the plan yours

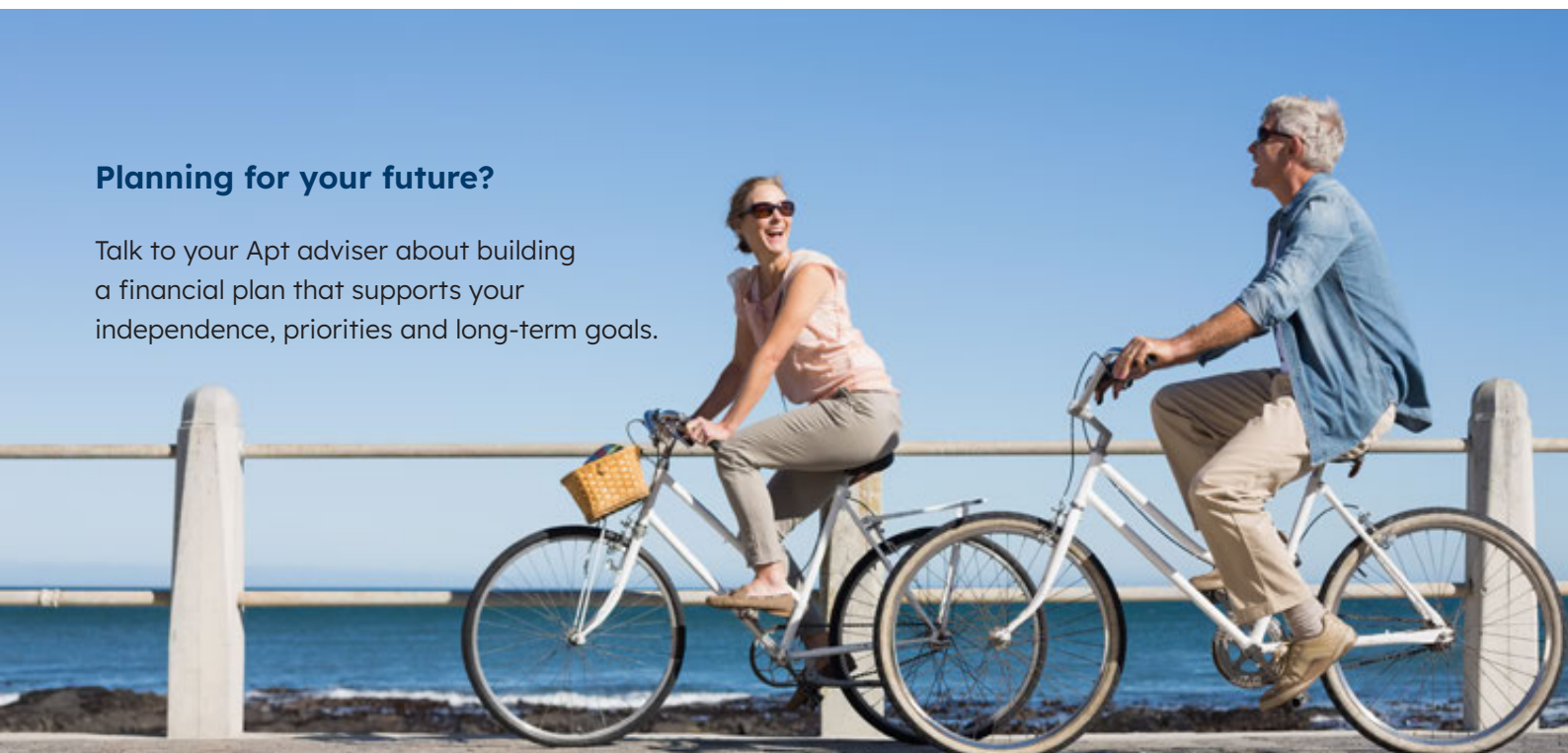
Financial independence looks different for every woman. You may have built your wealth alone throughout your career. You may have been widowed years ago and created a new life for yourself. Or you may be divorced and making financial decisions independently for the first time. Each starting point is different, and your plans should be too.

But wherever you're starting from, you don't need to have everything figured out at once. Start with one step. Build your cash reserve. Review your insurance. Put an enduring power of attorney in place. Start thinking about what you want retirement – and eventually your legacy – to look like.

Most importantly, don't measure your financial life against somebody else's idea of what it should look like. There is no single version of a successful retirement or a successful financial life. The purpose of planning is to give you the security and flexibility to build one that works for you.

Planning for your future?

Talk to your Apt adviser about building a financial plan that supports your independence, priorities and long-term goals.



Where retirement wealth should sit now



For Australians with larger super balances, the introduction of Division 296 has changed the retirement planning landscape.

With additional tax now applying to earnings attributable to super balances above \$3 million, the knee-jerk reaction may be to start moving money elsewhere. After all, if super has become less tax-effective, why leave more money there than you need to? But it's not that simple.

Moving money out of super may reduce tax in one place, only to increase it somewhere else. And with further tax changes affecting investments held outside super on the horizon, deciding where your retirement wealth should sit increasingly requires looking beyond any single tax rate.

The \$3 million problem

One of the biggest misconceptions about Division 296 is that once your total super balance exceeds \$3 million, the entire balance suddenly becomes subject to a 30% tax rate. But this isn't the case.

The existing tax treatment continues to apply below the threshold, with the additional Division 296 tax applying only to the proportion of earnings attributable to the balance above \$3 million. That means a person whose total superannuation balance is only slightly above the threshold will generally have Division 296 tax calculated on only a relatively small proportion of their relevant super earnings.

The overall tax outcome will depend on the person's fund, earnings and circumstances.

Crossing the \$3 million threshold doesn't automatically mean you'll be better off moving money out of super. A move that reduces tax today could leave you paying more over the next 5, 10 or 20 years as you end up building assets up over time in a higher tax environment

Consider someone with \$10 million invested, with \$6 million held in super and another \$4 million outside it. It would be useful to make a tax-effective plan and you might not need to move funds out of super to reduce overall tax.



Look at the whole portfolio

Further, the question isn't necessarily whether the investment portfolio itself needs to change. It may instead be whether the right investments are being held in the right structures.

Some assets primarily generate income, while others are held for their long-term growth potential. As the tax treatment of income and capital gains differs between super, personal ownership, companies and trusts, where each asset sits can influence the overall outcome.

This shifts the conversation from 'How do I avoid Division 296?' to a much more useful question: 'How can my overall wealth be structured as effectively as possible?'

Four places your wealth could sit

Superannuation

This generally remains a tax-effective environment, even for balances affected by Division 296. The trade-off is less flexibility and considerations around access and estate planning.

Personal name

Simple and flexible, with complete access to your investments, but earnings can be taxed at your marginal rate and upcoming changes may affect the tax treatment of capital gains.

Company

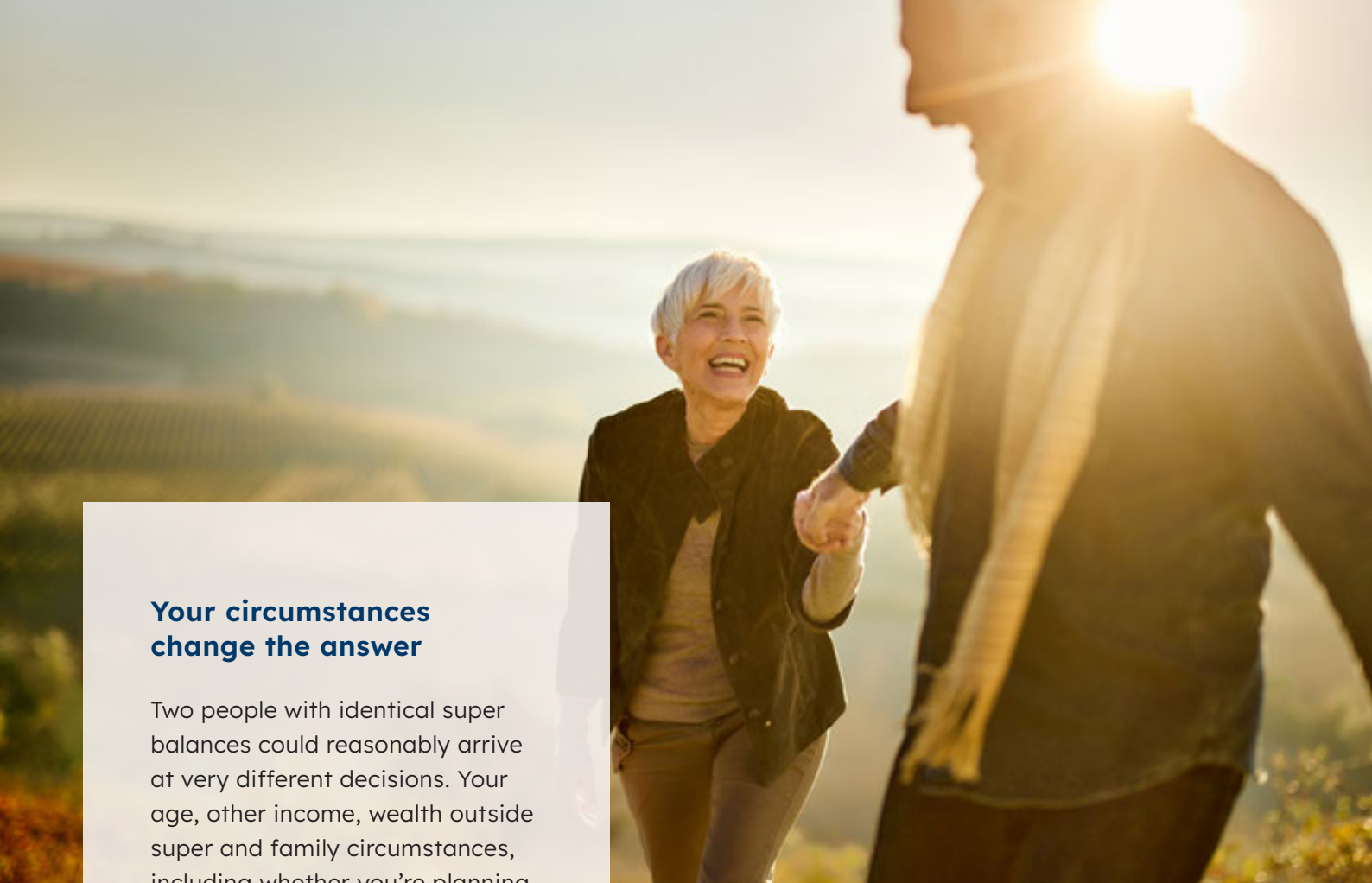
A company may provide a lower tax rate on retained income than an individual's top marginal rate, depending on whether the company qualifies for the relevant company tax rate. Companies do not generally receive the individual CGT discount, and further tax may arise when profits are distributed to shareholders.

Family trust

This can provide flexibility around how income and gains are distributed, but the tax treatment depends on beneficiaries, and upcoming reforms could change the equation.

The key takeaway: there is no universally 'best' structure. The right mix depends on your broader financial, investment and estate planning needs.





Your circumstances change the answer

Two people with identical super balances could reasonably arrive at very different decisions. Your age, other income, wealth outside super and family circumstances, including whether you're planning as an individual or as a couple, should all be part of the equation.

For someone focused primarily on funding their own retirement, keeping more wealth in the most tax-effective environment during their lifetime may be the priority.

Someone with substantial wealth who expects to leave a significant estate may need to think differently about where those assets eventually go and how they will be taxed along the way.

In some circumstances, moving money out of super may genuinely make sense. It could also create opportunities to support children or grandchildren earlier, rather than waiting for wealth to pass through an estate decades later.

Planning across two super balances

Division 296 also makes it increasingly important for couples to think about their super balances collectively.

Significant differences between two partners' balances can begin decades before retirement. Time away from the workforce to raise children, for example, can create an early super gap that becomes much larger through decades of compounding.

Where appropriate, strategies such as spouse contribution splitting can help couples manage that imbalance progressively rather than trying to correct it shortly before retirement. The earlier these conversations happen, the more options there may be available to balance things out.

Planning for when one of you is gone

The same whole-of-family thinking becomes particularly important when planning for the death of a spouse.

With a reversionary pension, the deceased spouse's pension passes to the surviving spouse and becomes part of their super balance.

Depending on a couple's circumstances, this could take the surviving spouse's balance above the Division 296 threshold.

That doesn't automatically make a reversionary pension the wrong choice, but its tax implications need to be considered alongside super nominations and your broader estate plan.

For families with substantial super balances, retirement planning and estate planning are intricately linked.

Plan beyond this financial year

There is still uncertainty around some of the tax changes expected to affect investments held outside super in coming years. But that doesn't mean planning needs to wait.

Considering different scenarios now gives you options to adjust your strategy as tax rules evolve. A strategy that costs slightly more in tax this financial year may ultimately produce a better result over the next decade or longer.

Get the right advice



For more complex portfolios, your financial adviser and tax adviser should be working together to balance potential tax savings today against the longer-term impact of any changes.

Division 296 may have changed the equation, but crossing the \$3 million threshold doesn't automatically mean your money is better off outside super. Speak to your Apt adviser before making changes to understand what makes sense for your broader strategy.







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