PARRISH FINANCIAL

NEWSLETTER

CHRISTMAS EDITION

DECEMBER 2025

With Christmas just around the corner and another year drawing to a close, it's hard to believe how quickly 2025 has flown by. Twelve months ago, we were navigating the aftershocks of inflationary pressures and structural challenges — and while some headwinds have eased, this year has brought its own mix of surprises and opportunities.

Global markets have been shaped by moderating growth, persistent geopolitical uncertainty, and evolving monetary policy. Here at home, Australia continues to grapple with housing affordability and supply constraints, even as population growth and resilient consumption provide a measure of support. The Reserve Bank's steady hand has kept rates on hold, but inflation remains slightly above target, reminding us that the path to stability is rarely linear.

For Parrish Financial, 2025 has been a milestone year. We wrapped up renovations on The Chapel and officially moved into our new office in mid-July. Since then, we've been settling in slowly and loving the fresh new space. We hope you do too! Along the way, we've kept pace with industry changes, welcomed new clients and proudly supported local events and charities.

As we look ahead to 2026, the themes of adaptability and resilience remain front and centre. From all the team at Parrish Financial we'd like to thank you for your continued support and wish each of you peace and prosperity this festive season!

ESTATE PLANNING

Why estate planning conversations are so hard - and why waiting can be costly

Talking about estate planning can feel confronting. It's a conversation tied to ageing, mortality, money, and family dynamics — all sensitive topics many of us prefer to avoid. Yet, avoiding it doesn't make the need go away. In fact, most people leave estate planning too late, which can lead to stress, family conflict, and unnecessary financial and legal complexity.

WHY WE AVOID THE CONVERSATION

Estate planning requires us to picture life after we're gone — something few people are comfortable with. Many fear upsetting loved ones or feel unsure how to start. Others assume they "don't have enough assets" or that planning is only for the wealthy. For ageing parents, the conversation can feel like giving up independence; for adult children, it may feel awkward or even presumptuous.

There's a misconception that Wills alone are enough. True estate planning goes beyond distributing assets — it covers enduring powers of attorney, advanced health directives, tax considerations, and planning for aged care costs. These complexities make many people put it in the "too hard" basket.

THE COST OF DELAY

Unfortunately, waiting often leads to rushed, emotionally charged decisions during times of illness, incapacity, or grief. Without clear instructions, families can face:

- Disputes over assets or care decisions.
- Unnecessary tax burdens or legal fees.
- Difficulty funding aged care or managing medical costs
- Added emotional stress when clarity is most needed.

By planning ahead, you create certainty and protection — not just for your assets, but for your loved ones' peace of mind.

THE ROLE OF AN AGED CARE PROFESSIONAL

Estate planning isn't just about lawyers and accountants. An Aged Care professional plays a vital role by helping you navigate how your financial and legal decisions interact with future care needs. They can:

- Assess aged care costs and government entitlements.
- Model how different decisions impact your future income and asset protection.
- Guide you on funding residential care or home support without jeopardising your estate goals.
- Coordinate with legal advisers to ensure your plan is practical and sustainable.

Engaging an Aged Care specialist ensures your plan is future-focused — protecting you while you're alive and supporting your family after you're gone.

TOP 5 TIPS FOR BETTER ESTATE PLANNING CONVERSATIONS

1. Start Early — While Emotions Are Low
Don't wait for a health scare or crisis. Begin conversations when everyone is calm and able to think clearly. It's easier to talk about choices when there's no immediate pressure.

2. Get the Right People Involved
Include key family members, your financial planner, lawyer, and an Aged Care professional. A collaborative approach avoids confusion and ensures decisions align with your wishes and future care needs.

3. Be Clear and Document Everything
A verbal agreement isn't enough. Ensure your will, enduring powers of attorney, advanced health directives, and financial arrangements are documented, signed, and stored safely.

4. Plan for Aged Care Costs and Living Arrangements
Think beyond inheritance. Consider where you might want to live if you need support and how it will be funded. Planning ahead helps protect your assets and gives your family confidence about your care preferences.

5. Review Regularly
Life changes — births, marriages, property sales, or policy updates can all affect your plan. Revisit your estate and aged care strategy every few years or when major events occur.

THE BOTTOM LINE

Estate planning isn't just a legal task — it's an act of love and responsibility. By starting early and seeking expert advice, including from an Aged Care professional, you can reduce stress, preserve wealth, and protect your family's future. It's a difficult conversation, but one that brings peace of mind once had.

If this article has inspired you to think about your unique situation and, more importantly, what you and your family are going through right now, please get in touch with us on 07 4053 2888.

This information does not consider any person's objectives, financial situation, or needs. Before making a decision, you should consider whether it is appropriate in light of your particular objectives, financial situation, or needs.

CLIENT CYBER PROTECTION: TAKING CYBER SECURITY SERIOUSLY

At Parrish Financial, protecting your information is our top priority. Cyber threats are constantly evolving, and we're committed to staying ahead.

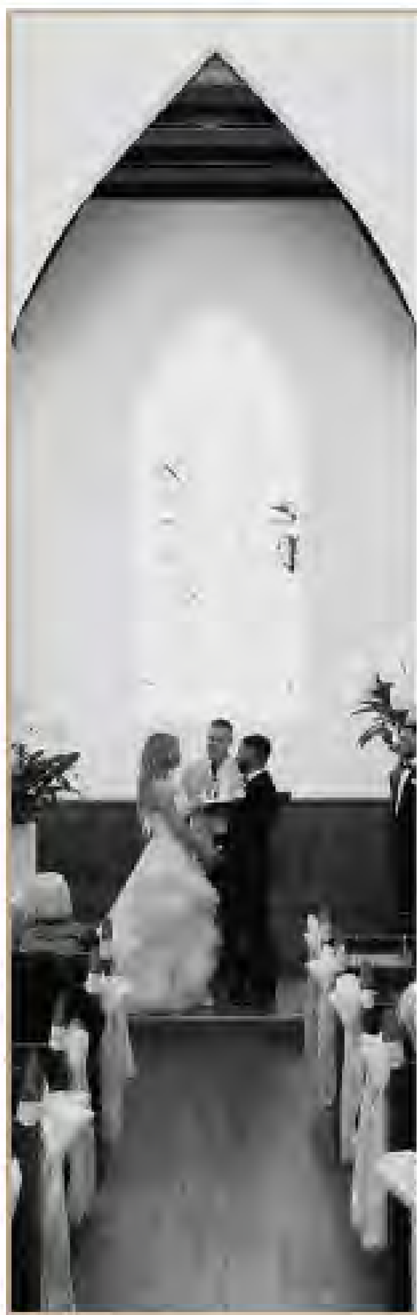
Alongside our secure Client Portal, we're adding an extra layer of protection for email communications. **All attachments sent via email will be password-protected.** The password will be sent directly to your mobile phone, ensuring your documents remain secure even if an email is intercepted.

Your trust matters, and we'll continue implementing best practices to keep your information safe.

SUPPORTING THE LOCAL COMMUNITY

We love being a small business in our community and are proud to have supported the following organisations this year:

- Red Cross
- Movember
- Mater Foundation
- Cancer Council
- Saints Netball Cairns
- Starlight Super Swim
- McHappy Day



THE CHAPEL WHITFIELD

Available for hire now

This beautifully restored chapel offers a truly unique and elegant backdrop for weddings and intimate events. Featuring stunning tropical stained-glass windows, a modern audio system, air conditioning, and bathroom facilities, The Chapel combines timeless charm with contemporary comfort.

Please help us spread the word with family and friends! All enquiries and walk-throughs are welcome—we'd love to show you around.

For bookings or more information, please contact Monique at 0400 158 686 or thechapel@parrish.com.au

GOVERNMENT UNVEILS OVERHAUL OF SUPERANNUATION TAX REFORM PROPOSAL

Treasurer Jim Chalmers has announced a significant rework of the Federal Government's stalled superannuation tax increase proposal following widespread review from industry and stakeholders.

The revised framework aims to address concerns around fairness, bracket creep, and the taxation of unrealised gains, while still targeting high-balance superannuation accounts.

Threshold adjustments

The original \$3m threshold remains, but a new \$10m tier has been introduced.

- \$3m–\$10m: Earnings taxed at 30%.
- Above \$10m: Earnings taxed at 40%.

Indexation introduced

Both thresholds will now be indexed to inflation, preventing bracket creep and ensuring fewer Australians are unintentionally captured over time.

No tax on unrealised gains

The revised proposal removes the controversial element of taxing unrealised capital gains, with the Treasurer announcing that the Division 296 tax will only apply to future realised earnings.

Implementation date

The revised tax framework is scheduled to commence from 1 July 2026, allowing time for consultation and strategic planning for those affected.

It's critical to wait until the final legislation is passed rather than withdrawing funds prematurely in anticipation of the tax, as re-contribution may not be possible if the legislation does not proceed as expected.

ECONOMIC UPDATE

This economic update has been provided by Evergreen Consultants – an external investment consulting business who work with financial advisory firms and institutions to provide a range of bespoke investment solutions designed to deliver flexibility, efficiency and an enhanced client experience. Parrish Financial work closely with Evergreen to obtain external and quality investment and portfolio research.

AUSTRALIA'S INTEREST RATES MIGHT BE STUCK ON PAUSE

- Australia's most recent inflation data has stopped the Reserve Bank's (RBA) interest rate cutting cycle in its tracks.
- The RBA now expects consumer inflation to reach 3.7% by June 2026, which is above the current official cash rate of 3.6%.
- Underlying inflation is also anticipated to remain above the top of the RBA's target inflation range of between 2%–3%.
- The impact of higher inflation on monetary policy can already be seen in financial markets. Domestic bond yields have spiked, while the ASX has underperformed global peers.

As recently as June 2025, Australia's annual headline inflation rate had fallen to just 2.1%. A triumphant Federal Treasurer Jim Chalmers rejoiced that his program of energy rebates had helped lower electricity prices, and that inflation was a far cry from the punishing 6.1% seen when the government took office. The RBA seemed equally pleased and proceeded to cut its target cash rate for the third time this year by 0.25% at the August meeting.

Less than three months later, RBA Governor Michele Bullock was firmly on the back foot at the press conference following the decision to pause rates at the November meeting. "We are alert to the risk that we have misjudged the gap between demand and supply in the economy," she said. "It is possible there are no more rate cuts, possible there are more."

At the same time, the RBA revealed in its *Quarterly Statement on Monetary Policy* that inflation is not expected to be back within the 2%–3% target until 2027. The official data for October (released a few weeks after the RBA's November meeting) showed that headline annual inflation had accelerated to 3.8%, with underlying inflation running at 3.3%. And the key culprit to the sudden spike in consumer inflation? The removal of those 'temporary' power subsidies.

It would be comical if it were not so serious. The implications are already being felt across financial markets. Increased inflation is an unwelcome development for investors in a myriad of ways. For example, it eats into real returns. This is especially pronounced in fixed interest markets, where defensive investors often look to diversify their exposures and earn income from less volatile sources. Such investors demand higher yields as compensation, which in turn sees analysts typically apply higher discount rates to company earnings, thereby hurting valuations and returns.

High inflation also renders bonds less useful as a buffer to mitigate losses from violent moves in risk assets, such as during sharemarket sell-offs. And while bond markets don't always provide downside protection to investors, a sharp rise in bond yields can result in capital losses from fixed interest just as returns in growth assets are retracting.

For instance, the ASX 200 lost 2.7% in November 2025 during a month when global shares were relatively flat. At the same time, domestic bonds also reacted negatively to the inflation shock, pushing 10yr government bond yields above 4.5% by month's end. Overall, the Australian composite bond index lost 0.9%. Global bonds, on the other hand, posted small gains in November.

Futures traders are now positioned for no change to interest rates in 2026. Traders often get it 'wrong' and are forced to reposition their rate bets. We saw this as recently as July on the local front when the RBA unexpectedly paused. And while it currently appears unlikely that another cut could take place over coming months, a sharp deterioration in the jobs markets would reignite debate. It is not currently our base case, but history shows that just about anything is possible.

MERRY
Christmas
& HAPPY NEW YEAR

THANK YOU FOR YOUR CONTINUED SUPPORT THIS YEAR
AND WE WISH YOU A SAFE AND HAPPY HOLIDAY SEASON

CLOSING | 12:00noon Friday 19 December 2025
OPENING | 8:30am Monday 5 January 2026

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