stonehouse

Newsletter

Summer 2025

Happy New Year

Welcome to 2025

Happy New Year! As we step into 2025, we hope you had a wonderful 2024 filled with growth, success, and cherished moments. Looking back, we are grateful for the opportunity to work alongside you and contribute to your financial journey.

The new year brings with it fresh opportunities and exciting possibilities. Whether you're looking to build on the successes of 2024, refine your strategy, or explore new horizons, we're here to provide the expertise and support to help you achieve your goals.

Stonehouse celebrated the festive season with a memorable Christmas party at the picturesque Mount Tamborine. The day was filled with stunning mountain views, visits to charming vineyards, and delightful wine tastings and lunch. Cheers to this unique and festive celebration—we hope your holiday season was just as relaxing and enjoyable!

Stonehouse Medal

We are thrilled to announce that the 2024 Stonehouse Medal was awarded to Dakota. This prestigious honour celebrates outstanding dedication, commitment, and contributions to Stonehouse Financial Partners. It recognises an operations team member who consistently goes above and beyond, making a significant impact on the business and our clients.

Awards continued on page 4.

Things to do today that your future self will thank you for

Kane Livingstone
Director

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.

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.[1]

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.[2]

The Insurance Council of Australia (ICA) says there are some common reasons for underinsurance.[3]

1. Incorrect guess of costs

When it comes to 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

Upgrades to your home such as 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

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.[4]

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.

Go to the Stonehouse Wealth Management website to book online or give us a call to secure a meeting with one of our advisers today.

1 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

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

3 https://insurancecouncil.com.au/resource/know-your-worth-and-avoid-underinsurance/

4 https://cali.org.au/financial-security-takes-back-seat-exposing-advice-crisis-as-australians-prefer-to-protect-cars-over-themselves/

Strategy to supercharge your retirement savings

Declan Baker
Partner

How to financially ease into retirement

Deciding when to retire is a big decision and even more difficult if you are concerned about your retirement income.

The average age of Australia's 4.2 million retirees is 56.9 years but many people leave it a little later to finish work with most intending to retire at just over 65 years.[1]

If you're not quite ready to retire, a 'transition to retirement' (TTR) strategy might work for you. It allows you to ease into retirement by:

- supplementing your income if you reduce your work hours, or
- boosting your super and save on tax while you keep working full time

The strategy allows you to access your super without having to fully retire and it is available to anyone 60 years or over who is still working.

Working less for similar income

The strategy involves moving part of your super balance into a special super fund account that provides an income stream. From this account you can withdraw funds of up to 10 per cent of your balance each year.

As you will still be earning an income and making concessional (before-tax) contributions to your super, this approach allows you to maintain income during the transition to full retirement while still increasing your super balance, as long as the contributions continue.

Note that, generally speaking, you can't take your super benefits as a lump sum cash payment while you're still working, you must take super benefits as regular payments. Although, there are some exceptions for special circumstances.

Take the example of Alisha.[2] Alisha has just turned 60 and currently earns $50,000 a year before tax. She decides to ease into retirement by reducing her work to three days a week.

This means her income will drop to $30,000. Alisha transfers $155,000 of her super to a transition to retirement pension and withdraws $9,000 each year, tax-free. This replaces some of her lost pay.

Income received from your super fund under a TTR strategy is tax-free but note that it may affect any government benefits received by you or your partner.

Also, check on any life insurance cover you have under with your super fund in case a TTR strategy reduces or stops it.

Give your super a boost

For those planning to continue working full-time beyond age 60, a TTR strategy can be used to increase your income or to give your super a boost.

To make it work, you could consider increasing salary sacrifice contributions into your super then using a TTR income stream out of your super fund to replace the cash you're missing from salary sacrificing.

In another example, Kyle is 60 and earns $100,000 a year. He intends to keep working full-time for at least another five years. Kyle transfers $200,000 from his super to an account-based pension so he can start a TTR strategy then salary sacrifices into his super.

This will reduce his income tax, but also his take-home pay. So, he tops up his income by withdrawing up to 10 per cent of his TTR pension balance each year.[3]

A TTR strategy tends to work better for those with a larger super balance, a higher marginal income tax rate and those who have not reached the cap on concessional contributions.

Nonetheless, it can still be useful for those with lower super balances and on lower incomes, but the benefits may not be as great.

Some things to think about

TTR won't suit everyone. For example, be aware that you cannot withdraw more than 10 per cent of your super balance each year.

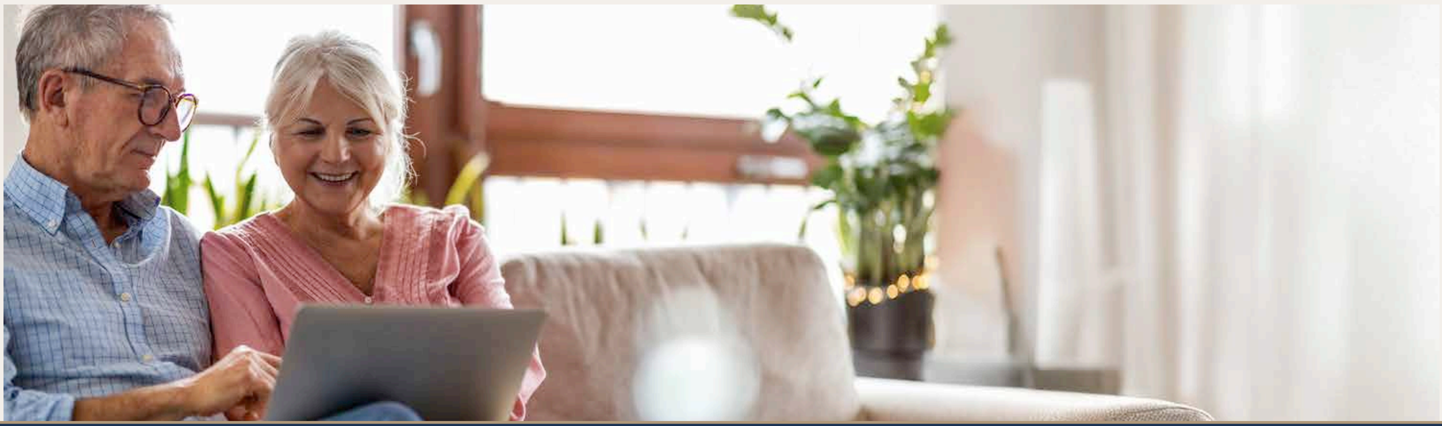
Also, if you start withdrawing your super early, you will have less money when you retire.

The rules for a TTR strategy can be complex, particularly if your employment situation changes or you have other complicated financial arrangements and investments. So, it's important to seek professional advice to make sure it works for you and that you are making the most of its benefits.

If you would like to discuss your retirement income options, give us a call.

1 https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/latest-release#

2,3 https://moneysmart.gov.au/retirement-income/transition-to-retirement



Stonehouse Awards 2024

Star of Year

The Star Awards are a celebration of teamwork, collaboration, and gratitude—a way to honour the countless ways we support one another and contribute to the success of Stonehouse. What makes these awards truly special is that they are driven by peer nominations, a heartfelt acknowledgment from those who witness the effort, dedication, and positive impact made each day.

In 2024, Kyle earned the well-deserved title of Star of the Year. Consistently recognised by peers for exceptional problem-solving, leadership, and unwavering support - Kyle embodies the values that make Stonehouse great. From improving workflows to tackling challenges with heart and determination, Kyle's contributions have left a lasting impact. Congratulations, Kyle, and thank you for making Stonehouse a better place for us all!

Kyle Perry
– Star of the Year 2024

Top Rock

We are proud to announce that the esteemed "Top Rock" Award for 2024 was presented to Ben. His achievements have been nothing short of remarkable, delivering exceptional financial results while navigating a whirlwind of personal and professional milestones.

From tying the knot and embarking on a European honeymoon to completing a study tour in South Africa and attending key industry events and conferences, Ben has exemplified dedication, balance, and excellence. His ability to excel in both his career and personal life serves as an inspiration to all. Congratulations, Ben, on this well-deserved recognition!

Ben Hancock
– Top Rock 2024

Navigating Changes Ahead in 2025

As we step into 2025, we are preparing for significant changes in the way clients engage with our services, particularly around documentation and reporting. The Australian Government is making strides to simplify the required paperwork and processes, which will help make your experience with us more seamless and efficient.

These changes are designed to streamline the way you interact with us, receive advice and retain our services, reducing the complexity of required documentation while maintaining transparency and compliance. We are excited about these improvements as they will not only make the process more effective but also easier for you to understand.

Our team will continue to keep you informed and guide you through these updates. While the necessary adjustments will take place, you can rest assured that we are here to ensure a smooth transition and provide you with the support you need to stay informed and in control of your financial future.

2025 also brings the uncertainty of a federal election, which may lead to further changes in insurance, financial and taxation policies. Whether it's navigating new legislation, adjusting your financial strategy, or simply answering any questions you have, we're committed to providing you with the guidance and expertise you need to succeed. As we embark on another year, we remain focused on delivering the highest level of service to you. We're excited for what's to come and look forward to working with you in 2025.

Stonehouse Financial Partners Pty Ltd
E service@stonehousegroup.com.au
W www.stonehousegroup.com.au

Facebook stonehousegroup.au
Linkedin stonehouse-wealth-management