Newsletter

Spring 2025

RBA Holds Rates

Spring has arrived in the Southern Hemisphere, the days are stretching, the air is warming, and it's a good time to look at the financial landscape as we head through the new season.

At its November meeting, the RBA elected to hold the cash rate at 3.60%, calling a pause amid mixed economic signals. The unemployment rate climbed to 4.5% in September, the highest in nearly four years, suggesting labour-market softening. On the inflation front, while inflation has settled into the target band, some services and building-cost inflation remain sticky, prompting the central bank to say it will "judge whether further easing is needed".

What this means for you:

- Borrowing costs remain unchanged for now. If you're on a variable mortgage, rate-movements are unlikely in the immediate term, though this doesn't rule out future adjustments.
- For savers and term-deposit holders: the "higher for longer" posture may mean rates on deposits don't decline just yet, a positive for those seeking yield.
- For investment portfolios: Holding rates suggests the RBA is balancing inflation risk against economic softness. Equity markets will continue to watch inflation, growth, and global developments closely.
- The Aussie dollar and broader market may take comfort in the stability of monetary policy, for now.

With spring here, it's a smart time to check your financial foundations: review lending arrangements (especially if you have fixed or variable loans), revisit your savings strategy, and consider whether your portfolio is ready for a "steady" interest-rate environment. Your Stonehouse Financial Adviser is here to help you keep your investment strategy supporting your goals and objectives.

Strengthening Our Advice Team with Matt Devin

We're thrilled to announce that Matt Devin has completed his Professional Year and is now a fully qualified financial adviser. Matt holds a Bachelor of Commerce with a major in Financial Planning from Deakin University.

Matt has spent several years supporting advisers as a paraplanner, giving him valuable insight into the advice process and a strong foundation in financial strategy and compliance. This experience ensures he delivers advice that is both technically sound and deeply client-focused.

Congratulations to Matt on reaching this milestone, we're proud to have him on board as a financial adviser.

Financial missteps can mean missed opportunities

Andrew Stewart
Founding Partner

But inaction can be costly when it comes to building long-term wealth. Whether it's leaving money in cash, delaying investment decisions or ignoring the power of regular contributions, the financial consequences of sitting still can quietly erode your future goals.

Small, consistent actions can make a significant difference over time.

Inflation is a wealth killer

One of the most overlooked risks of doing nothing is inflation. While your money might feel 'safe' sitting in a savings account or term deposit, its purchasing power is shrinking every year.

For example, if you'd tucked $10,000 under the mattress in 2014, ten years later in 2024 it was worth just $6,926.70 in real terms, thanks to the average annual inflation rate of 2.7 per cent. That's a 30.7 per cent loss in value without spending a cent.[i]

Even in low-inflation environments, the real return on cash is often negative once you factor in tax and inflation. In other words, while your account balance may stay the same or grow slightly, your ability to buy goods and services with that money is declining.

The 'cost' of cash

Holding too much cash for too long can be a drag on your portfolio's performance. While cash plays an important role in managing short-term needs and emergencies, it's not designed for long-term growth.

Consider this:

Over the past 30 years, Australian shares have returned an average of 9.3 per cent per year, while cash has returned 4.1 per cent annually.[ii]

That difference compounds significantly over time. Based on those rates, $100,000 invested in shares could grow to approximately $1.4 million in 30 years, while the same amount in cash might only reach around $330,000.

By staying in cash, investors miss out on the growth potential of other asset classes like shares, property or managed funds.

Missed opportunities

Compound interest is one of the most powerful tools in wealth creation. But compounding works best if you're consistently contributing and reinvesting.

Consider two hypothetical investors who both invest $10,000 earning an average 7 per cent per annum:

Investor A contributes an extra $5,000 each year. Investor B contributes nothing after the initial $10,000 investment.

After 30 years (and not accounting for fees and other costs): Investor A may end up with more than $500,000. Investor B may end up with around $76,000

The difference? Regular contributions and the magic of compounding.

Even small, consistent investments can grow into a substantial nest egg over time. The earlier you start, the more time your money has to work for you.

From passive wealth to active growth

The cost of doing nothing can be even more pronounced for high-net-worth investors. With larger sums at play, the opportunity cost of holding excess cash or delaying strategic investment decisions can translate into millions of dollars in missed growth over time.

While capital preservation is important, so is capital productivity. Allocating funds across diversified asset classes can help balance risk while enhancing long-term returns.

Inaction, especially in times of market uncertainty, may feel prudent, but it often results in underutilised capital that fails to keep pace with inflation or evolving financial goals.

And don't forget that tailored investment strategies such as tax-effective structures, philanthropic planning, and intergenerational wealth transfer all need regular review and active engagement. A set-and-forget approach can lead to misalignment with changing personal circumstances, regulatory shifts or market dynamics.

The key is to stay engaged. Whether it's reviewing your family trust, updating your estate plan or rebalancing your portfolio, small, strategic adjustments could have a big impact.

After all, your financial plan should evolve with you. A portfolio designed five years ago may no longer suit your goals, risk tolerance or tax situation. Life changes – marriage, children, career shifts, retirement planning – and your investments should reflect those changes.

The bottom line

Doing nothing might feel safe but it's often the riskiest choice of all. Inflation erodes your savings; cash underperforms over time and missed opportunities can delay or derail your financial goals.

i Inflation Calculator I RBA
ii Vanguard index chart 2025

AI: The Technology Changing Our Lives

Cath Perry
General Manager

How to Stay Safe

Artificial intelligence, or AI, is rapidly changing how we live, work, and communicate. From predicting the weather to helping doctors diagnose illnesses, AI is already part of everyday life. It can make things faster and easier, but it also brings new risks, particularly for the senior community.

What Is AI and Why Is It Growing So Fast?

AI refers to technology that can "think" and make decisions much like a human. It's behind things like smartphone assistants, online banking chatbots, and even the systems that help detect fraud. Experts predict AI could add billions of dollars to Australia's economy over the next decade, as more businesses use it to improve efficiency and customer service.

But with new technology comes new opportunity, not just for progress, but unfortunately, for scammers too.

How Scammers Are Using AI

In the past, scams were often easy to spot, spelling mistakes, odd email addresses, or strange requests for money. Now, AI allows criminals to create realistic messages, voices, and even videos that look and sound genuine.

Some scammers use AI to clone voices, pretending to be a friend or family member asking for urgent help. Others make convincing fake videos of well-known figures promoting false investments. These scams are becoming harder to detect, and many Australians have already lost money to them.

The older generation, in particular, are being targeted because scammers assume they are less familiar with new technology. In 2024 Australians aged 65 and over experienced the highest proportion of scam losses, representing 31.3% of all reports to Scamwatch, despite making up just 17.2% of the population.

Simple Ways to Protect Yourself

- **Pause before acting.** If someone pressures you to make a quick decision or payment, stop and double-check.
- **Verify calls and messages.** If a loved one calls asking for help, hang up and call them back on their usual number.
- **Don't click unknown links.** Even if an email looks official, visit the company's website directly instead.
- **Be careful with investment offers.** If something sounds too good to be true, it usually is. Check with your financial adviser before making any moves.
- **Limit what you share online.** Scammers use personal information from social media to make their messages more believable.

AI Can Still Be a Force for Good

While scams are a concern, AI can also make everyday life easier. It can help with finding the quickest route when driving, keeping track of appointments, suggesting reminders, and making daily tasks simpler. Used carefully, AI can save time, make life more convenient, and even help with managing finances.

AI is here to stay, and while it's changing our world in remarkable ways, it's important to stay alert to the risks. Always trust your instincts, if something doesn't feel right, check with a family member, friend, or adviser before acting.

At its heart, AI is just another tool. By staying informed and cautious, everyone can enjoy its benefits while keeping their money, data, and peace of mind protected.

Want to Learn More?

If you're ever uncertain about an investment offer, or the impact of new technologies like AI, your Stonehouse adviser is here to help. **Stonehouse Wealth Management – Empowering You to Stay Safe in the Digital Age.**

Read More:

National Anti-Scam Centre, Targeting Scams: Report on scams data and activity 2024, Scamwatch and scamwatch.gov.au

Top 3 scams in 2025

Investment

Over $100 Million Lost

Phishing

Over $23 Million Lost

Romance

Over $21 Million Lost

Swing Into Spring

“Swing into Spring” saw our team take to Victoria Park Driving Range for an afternoon of energy, fun, and friendly rivalry. From Longest Drive challenges to interactive games like Angry Birds and Fishing, everyone had the chance to show off their skills and share plenty of laughs along the way. It was a fantastic way to celebrate teamwork and enjoy a break from the usual office routine, both first-timers and seasoned players, showcased impressive drives, creative approaches, and the occasional “fresh air swing” that kept everyone smiling.

The event was more than just games; it was an opportunity to come together, celebrate teamwork, and enjoy a relaxed, fun-filled environment. With delicious bites of tiny pizzas keeping everyone energised, the afternoon reflected the supportive, engaging culture we foster at Stonehouse.

Victoria Park Driving range

Brisbane Lions Victory

Andrew has seen the Brisbane Lions make history!

Andrew, a long-time supporter, was lucky enough to witness the Lions’ back-to-back AFL Premierships live at the MCG. From the roar of the crowd to every thrilling goal, it was an unforgettable experience, a front-row seat to history and a memory to be cherished for years to come.

In a thrilling Grand Final at the MCG, the Lions defeated Geelong 18.14 (122) to 11.9 (75). After a close first half, the Lions came out roaring in the third quarter, kicking 13 goals to secure the win in style.

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

Facebook stonehousegroup.au
Linkedin stonehouse-wealth-management