HEART Financial Advisers

Wealth Adviser

ISSUE 81 FEBRUARY 2024

Build to Rent is growing fast off a low base

INSIDE

BY STUART CARTLEDGE

Republished from firstlinks.com.au

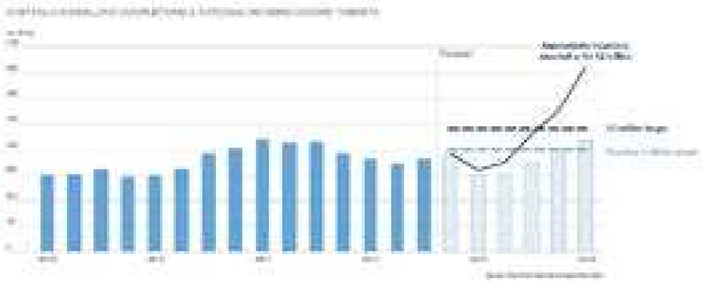
Late last year, Phoenix participated in an Investor Day, hosted by listed REIT, Mirvac Group, that focused on ‘Living Sectors’. Aside from the joy of wearing a high-vis jacket, those with an eye for detail will notice the badge, clearly indicating that the occupant of the jacket is a ‘Young Worker’.

In this article we share with you some of the lessons learned by that young worker from the day.

Our housing problem

Australia has a housing crisis. We may have had an inkling of this one before the tour, but with an estimated 1,000,000 new immigrants expected to arrive in Australia over the next three years, requiring approximately 400,000 dwellings, we're going to have to get cracking with the government's new housing targets.

The chart below puts these figures into the context of what has been delivered in the past. The key takeaway for us is that the Australian Government may well be having another Utopia moment.



With demand likely to remain robust, and rental markets as tight as a drum, the opportunity for an entity such as Mirvac Group to deliver product into this environment is compelling.

What is "Build to Rent"?

Build to Rent (BTR) is the creation of residential dwellings, typically apartments, which instead of being strata titled and sold to individuals, remain institutionally owned, professionally managed, and represent high quality rental accommodation, often including a higher level of amenity than competing product. Furthermore, a resident has security of tenure, not just through a lease, but because the entire building forms part of a long-term residential community.

An investor in BTR benefits from typically high occupancy rates, with multiple tenants delivering low volatility of income and stable valuations. Well-designed buildings should certainly benefit from relatively low maintenance capital requirements, at least initially, and certainly do not suffer from the requirement to incentivise tenants with expensive fit outs that plague the office leasing market.

While BTR may be a relatively new concept in Australia, it is a mature property sub-sector in offshore markets, particularly in the US, where it is referred to as 'multi-family'.

Mirvac is pioneering BTR in Australia

The BTR sector is embryonic in Australia, representing less than 0.5% of housing stock across the country. This compares with a ~12% penetration in the US and around 5.4% in the UK. The opportunity set is therefore large.

Mirvac has branded its BTR product with the "LIV" name, and delivered LIV Indigo, its first project in Sydney Olympic Park back in September 2020. That project is now 94% occupied. LIV Munro, opposite Queen Victoria Market in Melbourne's CBD is the second completed project which opened at the end of last calendar year and is now 70% occupied. LIV Munro is pictured below.

The tour showed investors around LIV Munro enabling us to get a feel for the amenity, including pool, gym, dining areas, podcasting rooms and rooftop BBQ and relaxation facilities and to meet the on-site staff responsible for the community experience. We were impressed.

We also visited LIV Aston, a project under construction on the corner of Spencer Street and Flinders Street West, also in Melbourne's CBD. Hard hat required! With a total of 474 apartments, the construction project was on time and budget and is expected to compete before the end of the current financial year. This project is almost adjacent to another, yet to be competed, BTR project currently being developed by Lendlease. It will be interesting to see these projects go head-to-head when they are both operational.

Alongside the three projects referred to above, Mirvac has another 2 projects under construction, one in Melbourne and the other in Brisbane, which will bring their collective exposure to BTR to approximately 2,200 apartments across 5 projects.

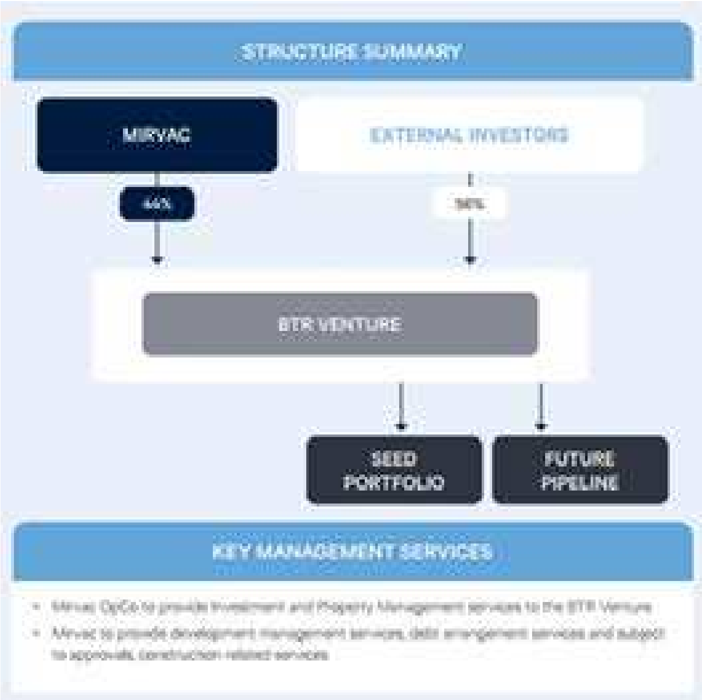
Financial metrics are interesting

Financial modelling for BTR is made a little tricky by some big movements in construction costs over the last few years, which ordinarily would lower returns, combined with some offsetting and also significant market rental increases in the residential sector. For Mirvac, the end result is a stabilised yield on cost of 4.5-5.0%. Along with rental growth, maintenance costs and ancillary income, the investment return (Internal Rate of Return) is estimated to be around 7-7.5%.

Mirvac's investment in the sector is structured in a joint venture as shown in the diagram below.

External investors sit alongside Mirvac, and enjoy investment returns that benefit from active management of the assets.

In addition to the returns on capital invested in the joint venture, Mirvac also earns funds management, development management and asset management fees across the platform. This fee stream is more volatile but adds to the returns that Mirvac's shareholders enjoy.



Phoenix assumes that Mirvac is able to build out its current pipeline of BTR opportunities and will be able to identify future projects to reach its medium-term target of 5,000 apartments on the platform. Importantly, we also assume that the company will be able to continue to partner with external investors to deliver a solid outcome for all stakeholders.

We expect the BTR market to get more competitive, but with penetration rates so low and the demand for housing so high, we forecast a solid runway for the foreseeable future. The only sad thing about the day was the discovery that BTR is typically targeting the affluent renters, aged between 25 and 39. The "young worker" on this tour is more likely a target for the over 55 land lease portfolio, which we will write about in future.

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How much do inflation expectations matter?

KEY POINTS

- The theory is that inflation expectations influence future actual realised inflation.
- Central banks pay close attention to inflation expectations, especially in the recent period of high inflation, out of concern that inflation expectations will become "unanchored" and lead to prolonged high inflation.
- But, recent RBA research showed that consumers have a relatively low understanding of the RBA's 2-3% inflation target, with the unemployed, females and those not engaged with economic news the least likely to know the RBA's inflation target.
- Measured short-term consumer inflation expectations also massively overstate actual inflation outcomes and bounce around a lot, reflecting changes in volatile items like petrol.
- Market derived measures are a better guide to actual inflation outcomes and remain well anchored in Australia, indicating that the RBA inflation target remains credible.
- The RBA needs to build better community understanding of inflation and the inflation target, to be able to better influence consumer spending decisions through monetary policy.

BY DIANA MOUSINA

Republished from amp.com.au

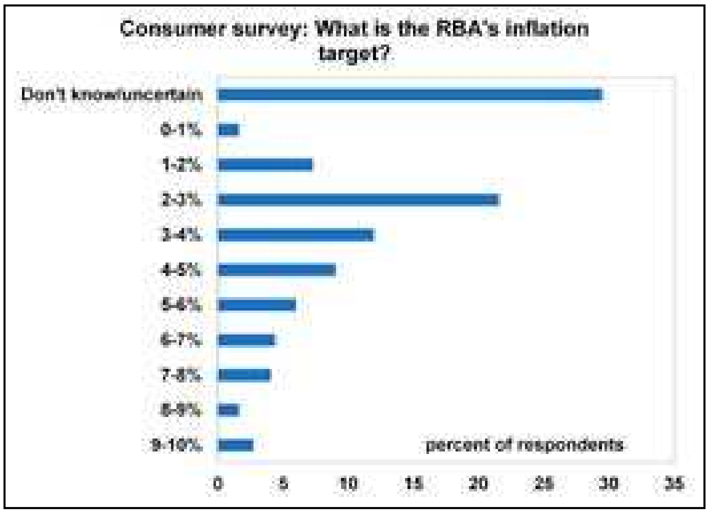
Introduction

In recent years, central banks have been increasingly focused on inflation expectations. Fears that inflation expectations will become "unanchored" (which means deviate too far from the inflation target) and lead to prolonged high inflation has been one reason behind the aggressive stance on inflation through numerous interest rate increases across global central banks.
But some interesting research in the Reserve Bank of Australia Bulletin recently shows that consumers may not have a strong understanding around the RBA's inflation target which challenges the importance of consumer inflation expectations.

Economic literacy around the RBA inflation target

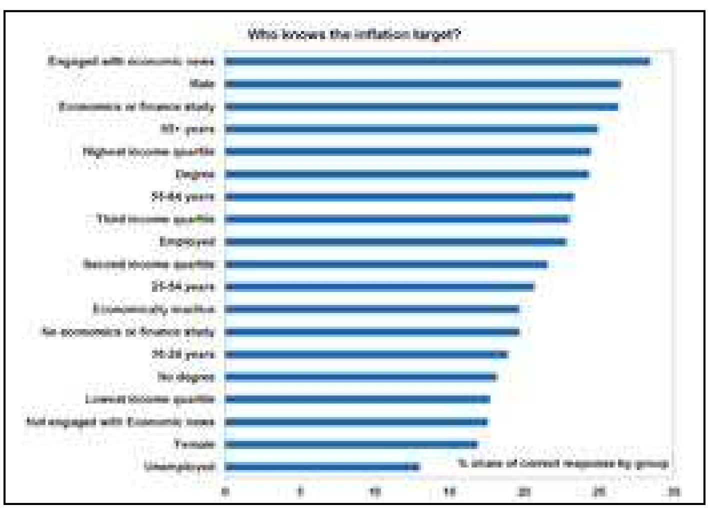
Our prior work on financial literacy indicated the need to lift levels of financial literacy in Australia, in particular for the gender financial literacy gap. The RBA recently looked into the public's understanding of the inflation target and inflation expectations as a test of economic and financial literacy.

The RBA's primary function is to keep consumer price inflation between 2 3% per annum. When the RBA surveyed 3000 consumers, it found that just over 20% of respondents knew that the inflation target was between 2 3% (see the chart below), 40% were in the correct ballpark (answering either 1-2%, 2-3% or 3-4%), 30% did not know where the inflation target was and 30% of respondents gave an incorrect answer. Similar outcomes were observed overseas, with a study in the US finding that less than 20% of households could correctly identify the Federal Reserve's 2% inflation target.



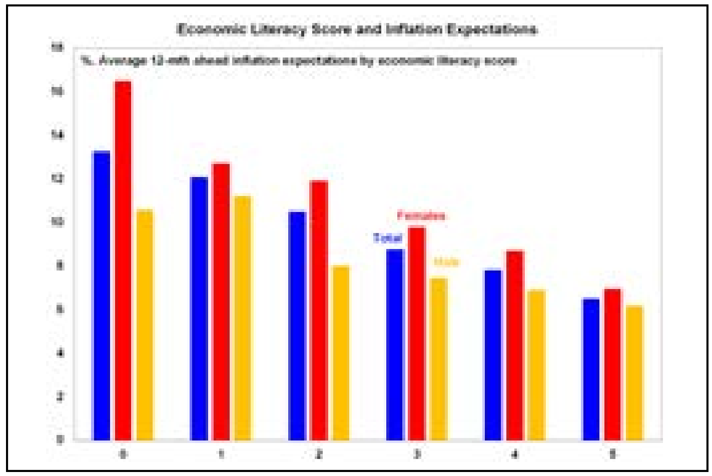
Source: RBA, AMP

The RBA's research also found that the socio-demographic groups that were most accurate in their knowledge around the inflation target were either engaged with economic news, male or had studied finance or economics. The groups least likely to be correct were those not engaged with economic news, female or unemployed – see the chart below.



Source: RBA, AMP

According to the RBA, there was a strong link between reported inflation expectations and the assessed level of economic literacy. Those with low levels of financial literacy had very high expectations of inflation. As financial literacy increased, inflation expectations were lower (and closer to the 2-3% inflation target). Females also consistently overestimated inflation, relative to males across all scores of economic literacy – see the next chart.

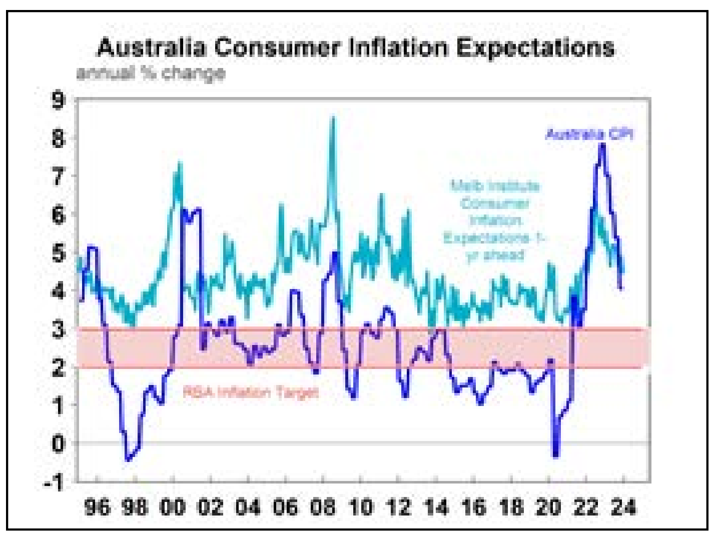


Source: RBA, AMP

The low level of understanding of the RBA's inflation goals means that readings on consumer inflation expectations may not be particularly reliable, especially as a tool for the RBA to assess monetary policy implications.

Measuring inflation expectations

The focus on inflation expectations started in the 1970's off the back of the rational expectations revolution. The theory is that inflation expectations influence future actual realised inflation (see the chart below).



Source: Macrobond, AMP

For example, if consumers expect a rise in inflation, they may ask for a commensurate increase in pay, which leads to higher inflation. According to a Melbourne Institute survey of 1-year ahead consumer inflation expectations, consumers tend to severely overstate actual inflation and inflation expectations also mostly reflect current inflation trends.

Consumer inflation expectations also bounce around a lot, reflecting changes in the price of volatile items like petrol (see the chart below).

Source: Macrobond, AMP

There are also market-based measures of inflation expectations, which can be derived from instruments like break-even inflation rates and inflation linked swaps that hedge for inflation. Inflation indexed swaps show that expectations for 1-5 year ahead inflation lifted significantly over 2021-23 but have settled now at 2.7%. And longer-term inflation expectations (5-10 years) have been relatively stable around 2.5% and most recently declining below 2.4%, indicating confidence in the RBA's 2-3% inflation target.

Source: Bloomberg, AMP

Union inflation expectations are important for an important gauge inflation because they set the expectations for award wages and Enterprise Bargaining Agreements. One-year union wage expectations spiked in 2023 (see the chart below) and are still high but are declining which indicates some moderation in wages growth this year.

Source: Macrobond, AMP

Implications for monetary policy

The low level of community understanding around the RBA's inflation target and unreliable inflation expectations mean that consumer inflation expectations may not be a reliable predictor of actual inflation outcomes. Market and union inflation expectations are better guides to future inflation. It is important for central banks to build community knowledge around inflation, how it's measured and the RBA's inflation target, to be able to better influence consumer decisions through monetary policy given the low community understanding around these issues. The lower understanding of the RBA's inflation goals for females again highlights the need to lift financial and economic literacy in this demographic.

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Active management insights: To tech and beyond?

EXECUTIVE SUMMARY

- Investors experienced a shift in global risk sentiment during Q4, marked by lower inflation and the anticipation of an end to the rate hiking cycle.
- The prospect of lower interest rates and improved business sentiment has ignited expectations of expanding investment opportunities beyond the dominant Tech sector which drove much of the returns in 2023.
- A divergence among investors persists, with some foreseeing a looming recession yet to fully impact the economy, thereby continuing to tilt their portfolios towards defensive companies, emphasizing resilient growth and strong financial positions capable of withstanding tougher trading conditions.

BY GABRIEL SAUMA

Republished from russellinvestments.com

Broad global trends

Expectation of *soft landing* drives renewed risk appetite, but investors remain divided

- On the back of lower inflation and an anticipated end to the rate hiking cycle, investors switched to risk-on mode, driving a re-rating across markets in Q4. Expectations of lower interest rates alongside improved business sentiment could trigger a new capex cycle. This would broaden the current opportunity set beyond the Tech sector (which drove the majority of the returns in 2023).
- Nonetheless, some investors still believe that a recession remains on the cards, with high rates yet to be fully felt across the economy. Lower rates will also likely lead to further USD weakness and a push up real asset pricing.
- These investors continue to tilt portfolios towards defensive companies with resilient growth and strong book balances that can endure tougher trading environments.

Where next for the Magnificent 7, or is it now 6?

- Growth managers believe that the big tech firms will continue to outstrip competitors through economies of scale. However, some are beginning to rotate to the next wave of beneficiaries, i.e. tech consultants, as well as companies seen as the "picks and shovel" in the industry. Hyperscale companies, like Microsoft, are expected to continue to benefit in building/deploying AI related solutions.

- Valuations continue to keep value managers at bay, while hedge funds have also been profit-taking from this space.
- Cracks are appearing in Tesla's outlook, guiding lower valuations on the back of increased competition from China, and tighter consumer budgets.

Excitement for European stocks
- Attractive valuations, improving economic backdrop and high consumer confidence are driving ongoing interest for investment in the region. Cyclicals and domestically orientated business are expected to perform strongly in this environment.

EM expected to benefit from increasing growth differential relative to DM.
- Concerns around China growth mask positive strides by other emerging markets (EM) countries that either deliver growth or are on the path to improvement via accommodative policies, i.e. rate cuts.
- Despite weak sentiment towards the asset class - largely driven by China - many EM countries delivered stronger returns in 2023 than developed markets; Taiwan (+30%), S Korea (+23%) Brazil (+32%), Mexico (+40%), Greece (+49%) .

Approaching the dragon
- Investors remain divided on China, which continues to contend with a weak economic environment, negative consumer sentiment and general concerns on government policies.
- Value managers in particular have continued to cautiously add to positions trading at attractive valuations where long-term earnings outlook remains positive, i.e. EV, Ecommerce, industrials, with a preference for market leaders.

Global equities

A soft landing benefits secular growth
- While inflation and geopolitical risks drive concern around a global recovery, the indication that these factors have peaked has renewed the risk appetite of investors.
- It is expected that lower rates and consumer resilience will improve corporate sentiment to regrow CapEx and initiate a new business cycle, benefiting manufacturers and tech infrastructure.

Enduring advantage of mature technology firms
- While the valuations for "magnificent 7" stocks are high, growth managers recognize the increasing reliance on Big Tech firms, going overweight or benchmark-neutral on certain names. They see mega cap tech firms outstripping competitors with economic scale and well-funded balance sheets e.g. hyperscale cloud providers.

The unlikely play against inflation risk
- Value managers are unconvinced that inflation will quickly subside since monetary policies will readjust to lower inflation levels that will continue devaluing currencies and positively drive real asset pricing. This is a tailwind for commodities which remains under-owned given topical discussions around climate change and carbon initiatives.

Weathering financial conditions
- Some managers are picking up High Quality European stocks that offer high returns on capital and can comfortably cover potential debt refinance costs. Valuations are seen as meaningfully attractive compared to the U.S. market.

Approaching the Dragon
- Perspectives on China remain mixed. Improving earnings data and attractive valuations are offset by regulatory overhang and geopolitical uncertainty. Value managers are cautiously adding to China given price disconnects, particularly market leaders in E-Commerce, Electric Vehicles (EV), and Health Care that trade below both intrinsic value and relative value to developed stocks.
- Managers are picking up Indian Financials on a positive economic backdrop, growing middle class, and rising financial inclusion.

U.S. equities

Two camps: Soft landing and recession
- Active equity manager economic outlooks broadly belong in two camps, with managers expecting either a benign soft landing or an interest rate-induced recession.
- Within the soft landing camp, growth managers are adding to their holdings in long-duration growth companies, while more value-oriented managers are shifting their portfolios toward more cyclical and highly leveraged companies.
- Managers taking the recessionary view are tilting their portfolios toward more defensive, resilient growth within healthcare and consumer staples, and adding to holdings in rate-sensitive defensive sectors like utilities and real estate.

From AI infrastructure to AI adopters
- AI capital spending beneficiaries like Nvidia (the "picks and shovels" of the AI gold rush) saw significant outperformance in 2023, and managers are beginning to rotate to the next wave.
- Growth managers believe technology consultants like

Accenture and hyperscale tech companies like Microsoft will be able to create and deploy AI-driven solutions and stand to benefit next.
- A move of some AI capabilities to devices (in privacy- or latency-driven use cases) would likely bring about a significant replacement cycle, benefiting device manufacturers like Apple.

Reshoring today, overcapacity tomorrow?
- The U.S., EU, China and their allies are seeking to rebuild and strengthen domestic supply chains following the twin shocks of the pandemic and war in Ukraine by increasing internal manufacturing capacity and introducing fail-safe redundancies.
- While likely to make supplies more resilient over time, the overcapacity created by the initiative could see some industries (low-end semis, autos, etc.) in structural surplus, which could prove a headwind for companies operating in those segments.

Emerging markets equities

Views on China remain divided
- A negative macroeconomic environment and geopolitical concerns continue to limit exposure to China, but managers are finding compelling bottom-up ideas with strong expected earnings growth and cheap valuations.
- While outflows have continued in China, managers are looking for signs of bottoming and do not view the country as uninvestable. The Chinese government is increasing its focus on improving sentiment with continued stimulus and rate cuts.
- Other countries such as Japan, Brazil, and India continue to benefit from China outflows.

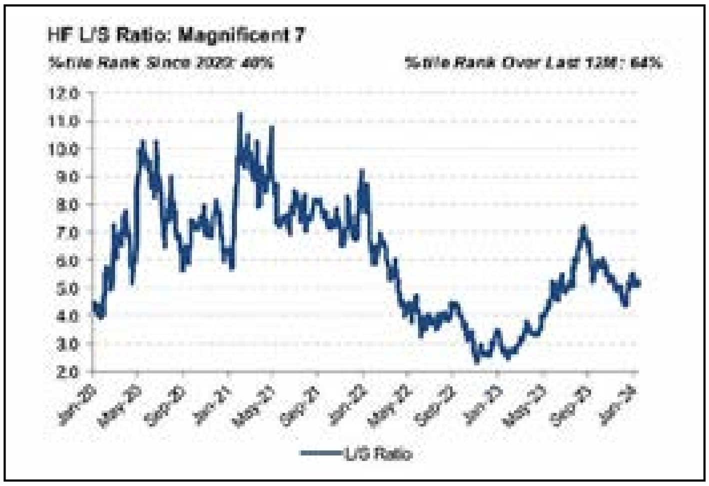
Short-term risks to India trade
- While managers agree on India's long-term structural growth opportunities, valuations remain high relative to history, which could become a risk if sentiment in China improves.

Inflection point for interest rates impacting opportunity set
- The reduction in inflation globally and USD weakness offers an attractive backdrop for emerging market economies.
- EM countries have been quicker to respond to inflation and are leading the charge in cutting rates, which is expected to be a tailwind for both top-down and bottom-up fundamentals. Brazil is expected to benefit from an improving environment for growth as access to capital improves through lower rates.
- Managers expect more favorable fundamentals to broaden the opportunity set and boost EM economic growth, widening the EM-DM growth spread, which should also translate into increasing interest, particularly given attractive valuations.

Election cycles introducing uncertainty ahead
- Managers don't expect major dislocations from upcoming election cycles, but elections are taking place in countries that make up over half the MSCI EM index, which has introduced caution for managers in making portfolio changes.

Long/short equity

Technology sector dynamics
- Hedge Funds significantly lowered net exposure to TMT in Q4, impacting Quality and Size factor exposures.
- Equity long/short net exposure to the "Magnificent-7" made up more than 25% of total net exposure as of late 3Q23.
- However, managers meaningfully reduced long exposure to the space in November.
- As a result, the L/S ratio to the space declined to a 9-month low towards year-end.



Source: Morgan Stanley Prime Brokerage, data as of 1/16/2024.

Small caps set for outperformance in Europe?
- SCs have underperformed large caps by over 20% since January 2022, leading to attractive valuations with a 36% derating of forward P/E ratios*
- Economic growth is expected to accelerate, benefiting more cyclical and domestically-oriented SCs.
- Pick-up in M&A activity traditionally supports outperformance of SCs as acquisition targets

Geopolitical shifts: A new risk paradigm
- According to the Global Fund Manager Survey, geopolitical concerns have overtaken inflation and central bank policies as the top tail risk among fund managers, reflecting a change in focus towards global political dynamics.

Europe and UK equities

UK and Europe: More than just value

- An improving inflation picture, stable or falling interest rates and improving consumer confidence provide a backdrop for investors to take an increased interest in the UK's small and mid-cap segments. These areas, having borne the brunt of the market's disinterest in holding UK exposure, now trade among their lowest relative valuations ever.
- While the continuing cheap valuation of UK listed equities is often the focus, what is sometimes overlooked are the growth opportunities which the UK market can offer to gain exposure to a range of global themes. Outside of the well-known mega caps, the UK is home to a number of high-growth market leaders accessible at an earlier stage of their lifecycle. These firms span areas as diverse as Fintech, IT consultancy and industrial engineering. The stabilizing economic environment may provide the catalyst which stokes investor interest to take advantage of opportunities in these areas once more.
- Similarly, broad European equities continue to trade at a significant discount relative to global peers and history. However, the economic backdrop remains solid, consumer confidence is at a 10 year high. We expect monetary policy to loosen throughout 2024 as core inflation has come down below 3%. Additionally, unlike the US, there is significant room for additional fiscal stimulus in Europe which would provide a tailwind in the years to come.
- The European banks are at an interesting inflection point. They are well capitalized after years of regulatory pressure and are beneficiaries of the higher interest rates, however, the recessionary and NPLs fears have held share prices back. With recession probability declining and interest rate remaining at elevated levels, this could be an interesting entry point.

Japan equities

BoJ's policy change still expected but the timing likely delayed

- Many investors anticipated the Bank of Japan (BoJ) would abandon its negative interest rate policy early this year. However, the expected timeline for this shift is likely to be postponed, partly due to the Ishikawa earthquake on January 1st. While reducing some positions, many investors maintained a positive long-term view on banks, driven by expectations of sustained wage growth.

Mixed view on Yen-US dollar rate

- While some foresee yen appreciation due to a potential narrowing of the Japan-U.S. interest rate differential, others expect the yen to remain weak, attributing it to the BoJ's slower response.

Investors' appetite for semiconductors remains strong

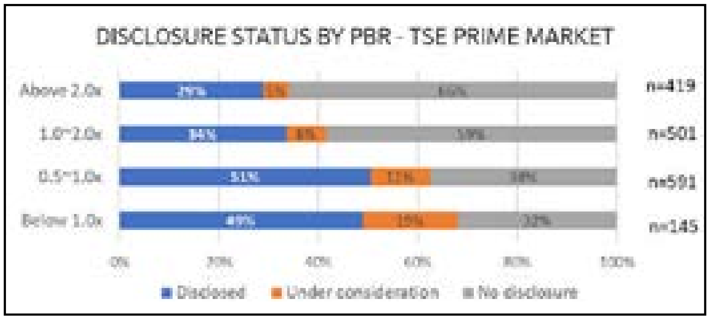
- Due to rising expectations toward cyclical recovery for not only semiconductors but also electrical components, many investors started to invest in laggard stocks in these industries.

New NISA attracting individual investors as expected

- The introduction of the new NISA (Tax-exempt savings account) is leading a large inflow to equity markets. Retail investors appear to be most attracted to large-cap stocks with high dividends.

Meaningful impact from TSE's corporate reform initiatives

- 40% of companies listed on the prime market disclosed a capital efficiency improvement plan following the request from the Tokyo Stock Exchange. Low price-to-book companies proactively responded. Many value managers expect the percentage to rise further.



Canadian equities

Interest low in financials

- Despite attractive valuations and the 4Q23 rally in Canadian banking stocks, managers are wary of banks and the financial sector in general.
- The relief rally was driven by expectations for lower interest rates, but the banking industry is likely to be constrained in a slow economic environment, and is more likely to recover when there is better visibility on economic strength driving improved loan growth and capital markets activity.

Opportunities in resources

- Investors are bullish on copper and related companies given the long-term trend of electrification and limited investments in new supply for the last several years. That said, there is also some potential for weakness in the sector if the China economy weakens more than expected. Investors are also seeing opportunity in related "picks & shovels" industrial businesses that sell into the copper producing industry.
- Lumber has an attractive setup for long-term returns, with a housing under-supply driving demand and signifi-

cant reductions in industry capacity.

- Managers are seeing long-term opportunities in Energy despite a difficult 4Q23. While natural gas prices are more volatile than oil, some managers believe gas will be a stronger commodity over the next decade as its considered critical to the energy transition as it's a relatively clean fossil fuel.

Shopify & the IT sector

- Information Technology was the strongest sector in the S&P TSX Composite, primarily driven by Shopify. Although more managers are interested in Shopify's long-term growth prospects after it divested its distribution business, they continue to view the valuation as excessive.

Australian equities

Potential Energy merger engages active managers

- In December, Woodside and Santos, the two largest Energy companies on the ASX, announced they were in initial merger talks. The potential $A80 billion merger would have an LNG portfolio on the scale of Shell. This scale and potential to attract global capital are the main motivations for the transaction.
- As both companies are in the ASX 20 largest weight companies, the M&A activity will have a material impact to future excess returns for active managers.
- The potential merger is occurring when gas prices are falling, and significant global capacity is coming online in the next few years.
- Both stocks are an overweight by many active managers, particularly value-biased strategies. For now, managers are maintaining their positions and engaging with the companies regarding their views. Some have publicly advocated against the merger, questioning the value of a deal to the shareholders of both companies. It is likely institutional investor support will be required for a successful deal.
- We expect managers to be active in managing their positions around this potential transaction and to continue to engage with the companies.

IRA adding to mining cost pressures

- Managers have noted that subsidies relating to the US Inflation Reduction Act is driving demand for engineering projects, leading to further cost pressures for miners.
- In addition to adding to labor costs, there is an impact on the efficiency and quality of employees for some Australian miners, as experienced professionals are moving to IRA projects in the US.
- Managers continue to prefer mining companies which they believe have strong balance sheets and are long life assets which are low on the cost curve and quality management. The impact of the IRA has the potential to affect the latter.

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Q&A: Ask a Question

Question 1

I keep hearing that the best way to invest in property is via negative gearing. What is negative gearing and what are some potential benefits for an investor like myself?

To begin with, gearing involves borrowing money to acquire an income-generating asset. In a property scenario, this is taking out a mortgage loan and buying an investment property. Negative gearing is where the costs associated with owning and managing the property, including interest, property management fees, and maintenance expenses exceed the rental income, resulting in a negative net cashflow. The unique benefit lies in the ability for you to use this loss as a tax deduction against your income. By offsetting the losses against other taxable income, such as your salary or business earnings, you can reduce your overall tax liability and provides tax relief to you.

However, when you are negatively geared, you are in fact, losing money each year on your investment. When you negatively gear, you are aiming to have a higher return on the capital growth of the investment ie, the property price. This is because you don't need to pay tax on the capital growth of the property until you sell it and pay your capital gains tax.

Overall, the success of negative gearing in property often depends on factors such as the property market, interest rates, and your ability to cover ongoing expenses. You should seek a financial adviser to carefully assess your financial situation, investment goals, and risk tolerance before engaging in any negative gearing strategy.

Question 2

I've heard from a friend that you can hold personal insurance within your superannuation. I was just wondering what the benefits are of holding your insurances within super versus outside of super.

Deciding whether to hold insurance inside or outside your superannuation involves weighing various benefits. Opting for insurance within your superannuation can make managing your day-to-day cashflow easier as you won't have to stress about not having enough money in your bank account to pay for premiums since premiums are paid from regular employer contributions into super or deducted from the super balance itself.

However, the benefits of holding insurance outside super is that you won't have to worry about your superannuation balance (which is your retirement savings) eroding over time due to the premiums that are eating up your superannuation. The decision to put your insurances inside versus outside super depends on personal circumstances, with some individuals finding a combination of both options aligning best with their financial goals and insurance needs. Please seek advice from your financial adviser to help navigate these considerations and make well-informed decisions.

Question 3

I've recently started an account-based pension, and in my form, there is this option to set up a reversionary pension. What is a reversionary pension?

A reversionary pension is a financial arrangement where you designate a nominated beneficiary (who is often your spouse or dependent) to automatically receive your pension upon your death. This seamless transfer ensures a continuous income stream for your beneficiary without the need for a new application. The beneficiary begins receiving the pension payments, and tax advantages associated with pension payments may continue. The terms of reversionary pensions vary by superannuation fund, and periodic reviews are recommended to align beneficiary nominations with your current circumstances. This arrangement provides a straightforward means of financial support to surviving family members after you pass away.

If you have a question that you would like to see answered in **Wealth Adviser**, please send it through to **centraladvice@wtfglimited.com.**

Stu Varidel
Principal Financial Adviser

HEART Financial Advisers
faaa FINANCIAL ADVICE ASSOCIATION AUSTRALIA — ADVICE PRACTITIONER — Click to verify
TAX PRACTITIONERS BOARD REGISTERED — Tax (financial) adviser 24968143
SENTRY GROUP

P: 1300 861 143
Level 1, 41-49 Sturt Street Townsville 4810
E: stu@heart1stop.com W: www.heart1stop.com
Open 9am to 9pm, Monday to Friday.