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## Are your financial goals still realistic?

Life rarely stands still. Career changes, growing families, property decisions and shifting personal priorities can quietly reshape what matters most to you financially. A goal that felt urgent five years ago may now be less relevant, while something that barely registered back then may have moved to the top of the list. That's why a periodic check-in is worthwhile. Even if you decide your goals don't need to change, revisiting them means a chance to confirm whether your current financial arrangements are still working in the right direction.

It can help to group your goals by thinking about what you want to achieve, how much money you'll need and how long you have to get there. Consider:

- short-term goals, such as building an emergency fund or saving for a holiday;
- medium-term goals, such as paying down debt or renovating; and
- long-term goals, such as building wealth for retirement.

Your investments should reflect three things working together: your goals, your investment timeframe (how long before you need the money) and your risk tolerance (how comfortable you are with ups and downs in value).

All three can shift. Someone with fewer financial obligations may accept more short-term volatility than someone closely approaching a property purchase or retirement. Health changes, job changes and family responsibilities can also affect how much risk feels appropriate at any given time.

Retirement planning benefits from the same kind of review. The lifestyle you pictured years ago, whether that involved travel, downsizing, helping family or working part-time, may look different today.

Thinking through the kind of life you want after work, what it might cost and where the income will come from helps keep your retirement plan connected to reality. Remember, a review doesn't always have to mean big changes. Often it simply confirms you're on track, or highlights small adjustments that could be worth making now rather than later.

You don't need to make spreadsheets or major decisions to start. Taking a few minutes to compare where you are now with where you want to be is often the most useful step.

## Take care when claiming occupancy expenses for work from home

The ATO has found that some taxpayers are incorrectly claiming rent, mortgage interest and other occupancy costs as part of their working from home expenses. The key to getting it right is understanding the difference between running expenses and occupancy expenses, and what you're eligible to claim.

Running expenses are the extra costs you incur working from home. These can include costs for heating, cooling or lighting; internet or data; phone costs; stationery; computer consumables; and the decline in value of office furniture or equipment not provided by your employer. You can't claim expenses that have been reimbursed by your employer.

Occupancy expenses are the costs of owning or renting your home. These include mortgage interest, rent, council and water rates, land tax and house insurance premiums.

Employees can generally claim running expenses if they work from home to perform their substantive employment duties (not just answering a few emails or taking phone calls), incur additional costs as a result, and keep records to support the claim. There are two ways to calculate the deduction: the fixed rate method and the actual cost method.

Occupancy expenses are rarely deductible for employees. To claim occupancy expenses, you generally need to show that your home work area has the character of a place of business.

If you're eligible to claim occupancy expenses, you must apportion them (which means calculating amounts related to private use versus work use) and only claim the work portion. This is generally based on

the floor area used for work; the period the area was used for work; and your ownership or share, if the property's jointly owned or the rent's shared. There may also be capital gains tax consequences for occupancy expenses when using part of your home as a business premises.

## ASIC report suggests it's time to check on your mortgage offset account

You set up your offset account expecting it to reduce the interest charged on your home loan. But what if it's not linked correctly, or isn't operating as intended? ASIC has released a report examining how major lenders manage mortgage offset accounts. The review covered eight banks representing more than 70 per cent of Australia's home loan market.

While practices varied across the banks, ASIC identified weaknesses at each lender in how offset accounts were opened, linked, monitored and managed. In some cases, customers missed out on the interest savings they were entitled to receive.

Offset accounts are marketed as an easy way to reduce interest across the life of a loan, yet the review found this promise isn't always delivered. Loan repayments can stay the same while customers unknowingly pay more interest and take longer to repay their loan.

Among the failure types identified across the 204,000 loans reviewed, 55% involved an offset account that had been opened but not linked to the home loan, while 22% involved an account that hadn't been opened. Other issues stemmed from system errors, process gaps and poor record keeping. In some cases, banks couldn't even confirm whether a customer had originally asked for an offset account.

Given ASIC's findings, you may wish to check that your offset arrangement is operating as intended:

- log in to your online banking or mobile app and confirm the offset is linked to your home loan;
- check whether the balance is being applied to the correct loan and at the applicable offset percentage provided under your loan terms;
- review recent loan statements for anything that looks inconsistent; and
- if you've refinanced or switched loan products, ask your bank whether the offset needs to be re-linked.

If the information is not available, raise it with your bank.

## Paid parental leave super contributions have started

Welcoming a new child is a huge milestone, but taking time out of the workforce can also mean a pause in super contributions. From July 2026, that gap starts to narrow for eligible parents who received government-funded Parental Leave Pay (PLP) for a child born or adopted from 1 July 2025.

The Paid Parental Leave Superannuation Contribution (PPLSC) is a government-funded super payment for eligible parents who receive PLP and is intended to help reduce the long-term superannuation gap that can arise when a person takes time out of the workforce to care for a child.

Under the scheme, the ATO pays the contribution into your super fund as a lump sum after the end of the financial year in which you received PLP. There's no need to make a separate application to receive the PPLSC.

The first PPLSC recipients will be individuals who received government-funded PLP in 2025–2026 for children born or adopted from 1 July 2025. Calculation and payment of PPLSCs by the ATO will begin from the start of the 2026–2027 financial year. For PLP received in 2026–2027, the related PPLSC will generally be paid after the end of that financial year.

The PPLSC is calculated by applying the superannuation guarantee rate of 12% to the PLP paid to you, and also includes a nominal interest component designed to compensate for the time between the original PLP being paid and the later ATO payment of the PPLSC.

The contribution is taxed at 15% in the super fund and counts towards your concessional contributions cap. If you also make salary sacrifice or personal deductible contributions, the PPLSC may need to be considered in your contribution planning for the year the lump sum is received.

In most cases, the ATO will pay the contribution to the fund that currently receives your super contributions. To help avoid delays, check that: your personal details are up to date with the ATO, Services Australia and your super fund; and your name and address match across your ATO, Services Australia and super fund records.

If PLP was shared, each person receives a contribution based on their share of the PLP taken. This makes it especially important that all details are up to date.

**Important**: Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.

## Division 296 tax on large super balances

If your total superannuation balance is above $3 million, a new layer of tax may apply to certain earnings attributable to the portion above that threshold. Division (Div) 296 tax applies from the 2026–2027 income year, with assessments expected after the relevant earnings information has been reported to the ATO.

Div 296 tax is levied directly on the individual and is separate from personal income tax and superannuation fund tax. The ATO issues the assessment, and payment is generally due within 84 days of the notice. Div 296 tax is in addition to the (up to) 15% tax that super funds pay on fund earnings in the accumulation phase.

From 2026–2027, Div 296 tax applies to you if you have a large total superannuation balances(TSB) as follows:

- TSB up to $3 million: no Div 296 tax;
- TSB above $3 million: 15% Div 296 tax on earnings attributable to super balances over $3 million; and
- TSB above $10 million: a further 10% Div 296 tax on earnings attributable to super balances over $10 million.

These thresholds are indexed to the Consumer Price Index.

Unlike the tax on earnings paid by super funds, Div 296 tax applies to large super balances in the retirement phase as well as the accumulation phase.

You may be liable for Div 296 tax if your total superannuation balance just before the start of the year, or at year end, is above $3 million and your total superannuation earnings for the year are greater than nil (although for the first year of this new tax the ATO will only look at your TSB on 30 June 2027). Your TSB generally includes Australian super interests in APRA-regulated funds, SMSFs and relevant public sector schemes, subject to valuation rules and exclusions. Foreign super interests are excluded.

Certain individuals are excluded, including child recipients of a super income stream and individuals for whom a structured settlement contribution has been made in the relevant income year or any earlier income year.

The Div 296 tax calculation includes three broad steps:

- your super fund calculates its Div 296 fund earnings for the whole fund for the year;
- the fund attributes a share of those earnings to your interest in the fund and reports the amount to the ATO; and
- the ATO applies a formula to work out the proportion of your TSB above each threshold and calculates the tax.

Div 296 fund earnings for APRA-regulated superannuation funds are attributed by the fund trustee on a fair and reasonable basis. However, small funds, including SMSFs, must use a specific formula to calculate the member's share of earnings, based on the average value of their interest in the fund over the year. Trustees of defined benefit and certain other superannuation interests that don't have an account balance attributable to the beneficiary (eg lifetime income streams) use an alternative method to attribute your earnings that’s more appropriate for those particular types of superannuation interests.

You can pay Div 296 tax personally, elect to release the amount from your super, or use a combination. If electing release, your application generally must be lodged within 60 days of the assessment notice. Tax attributable to a defined benefit interest is generally deferred until benefits become payable.

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