PARRISH FINANCIAL

NEWSLETTER

CHRISTMAS EDITION

DECEMBER 2024

Season's greetings! With Christmas fast approaching and the year about to close, it's hard to believe it's been 12 months since the record floods and the chaotic ripple effect it caused leading into last year's festive season. How time flies! Another lap around the sun and 2024 has been another big year of ups and downs.

With the worst of the inflationary surge in the rear-view mirror, the Australian economy finds itself still struggling under the burden of deepening structural challenges. Housing markets continue to reflect a mix of dynamics, including strong population growth, supply constraints, elevated construction costs and affordability challenges. While the Government's tax cuts are supporting real disposable incomes, recent indicators suggest that consumption remains subdued, and households are using the income boost to rebuild savings buffers.

For us at Parrish Financial, this year has been one of joy and sadness. Joyful because we have been on the lookout for a new office space for quite some time, and in the middle of the year, the stars aligned and we found 'the one'! In late November, we officially relocated to The Chapel in Whitfield. However, despite this exciting change/move, the latter half of this year has also been extremely difficult after the unexpected passing of Leone Parrish on the 21st August. After a short illness and a mighty fight, Heaven gained a very special little Angel. On behalf of Fred, Matthew, Melissa and their families, they extend their deepest gratitude to everyone who sent flowers, meals, cards, and messages of support.

And on that note, from all the team at Parrish Financial we'd like to express our heartfelt thanks for your continued support. We wish you and your loved ones a very Merry Christmas and a prosperous New Year!

## REMEMBERING LEONE

11/11/47 - 21/08/24

Leone was a miracle baby, born prematurely at 28 weeks she was not expected to survive. However, she flourished and did all her schooling years in northern New South Wales before becoming a trainee nurse at the Mater Hospital in Newcastle. Once she completed her training, she went to do Midwifery at the Mater Hospital in Sydney.

Prior to seeking a permanent position in Midwifery, she went on a holiday with a friend to FNQ. Through mutual friendships and a shared home meal, she met Fred in July 1970 and the rest is history.

Leone and Fred had a wonderful marriage, just short of 54 years, and Leone was absolutely the light of Fred's life. Leone lived a full and beautiful life, shared with Fred, their treasured family, dear friends and beloved dogs Toby and Bailey. They travelled extensively, enjoyed Taipans Basketball games and their home away from home in Forrest Beach.

To honour her memory and celebrate her wonderful life, a ladies morning tea was held on Saturday 15th September at their family home.

# INVESTING FOR KIDS: *a gift that keeps on giving!*

Many parents and grandparents worry about how to help the children in their lives achieve financial independence. But the value of long-term investment can seem like a dry and complicated idea for kids to get their heads around.

In fact, many young people would like to know more about money, according to a *Young People and Money survey* by the Australian Securities and Investments Commission MoneySmart website. The survey found more than half of the 15-21 year-olds surveyed were interested in learning about how to invest, different types of investments and possible risks and returns.

One way to introduce investment to children may be to begin a managed fund portfolio on their behalf. The child can follow the progress of investment options they are investing in, understand how investment values can fluctuate over the short and long-term, as well as learn to deal with some of more tedious aspects of investing, such as the paperwork.

## HOW TO BEGIN

Setting up a managed fund portfolio doesn't need to be onerous. It's possible to start with a minimum investment of around $1,000, using one of the many investment provider platforms currently operating in Australia. Then you may also like to consider adding to the portfolio with a further investment – these can be made as often or as infrequently as you like.

Deciding on which managed funds to use comes down to the amount you have available to invest, your intention for the future use of the portfolio and perhaps your child's interests.

You can invest in a diversified portfolio, which may include defensive assets, such as cash and fixed interest, property and infrastructure assets and also Australian and international equities. Or, you can select funds which invest in specific sectors of the share market, as well as funds which invest in themes such as sustainability. Basically the use of managed funds allows you to create a diversified and tailored portfolio without the need for a large initial investment.

## SHOULD YOU BUY IN YOUR NAME OR THEIRS

Since children cannot own managed funds in their own right, you may consider buying in your name with a plan to transfer the portfolio to the child when they turn 18.

But be aware that you will pay capital gains tax (CGT) on any profits made and any investment income will be assessable in your annual income tax return whilst the portfolio is held in your name.

On the other hand, you could buy the managed fund in trust for the child. While you are considered the legal owner, the child is the beneficial owner. That way, when the child turns 18, you may be able to transfer the portfolio to their name without paying CGT. However for the CGT to be exempt upon transfer to the child the account must have be maintained for the sole benefit of the beneficial owner and all relevant paperwork must be retained to support this.

There are also alternative investment products available such as investment bonds which allow investment in managed funds for the benefit of a minor without the above potential CGT implications.

Of course, when considering any type of investment vehicle, it is imperative you seek professional financial advice to ensure suitability and to allow you to make an informed decision.

Call us if you would like to discuss how best to establish an investment portfolio for your child, grandchild or a special young person in your life.

# The Chapel

47 HEAVEY CRESCENT, WHITFIELD

Located in a peaceful, leafy neighbourhood and boasting plenty of parking, the beautiful historic Chapel building is now officially the home of Parrish Financial.

The Chapel was originally built around 1999 and utilised predominantly as a wedding chapel for the Japanese tourist market. Then, the last seven years it has been a Remax / Ray White real estate office with the Chapel area used to facilitate property auctions.

Initial design concepts, renovations and fit-out are well underway with works to be completed mid-next year. Harvey and Delilah have been supervising progress and helping tidy up in between their busy schedules while Fred coordinates the various trades.

During this renovation period, we will be business-as-usual from our Temporary Office (aka "the cottage"), which is a smaller building next to the Chapel. If you have an appointment during this time, please refer to the mud map that will be emailed to you and directional signage at the property when you arrive. If you haven't already, please update your records with our new details:

| | |
|---|---|
| New Address: | The Chapel, 47 Heavey Crescent<br>Whitfield QLD 4870 |
| New Postal: | PO Box 788, Edge Hill QLD 4870 |
| New Phone: | 07 4053 2888 |

Thank you for your patience while we transition into our new space. We look forward to showing you around when it's all complete.


## SUPPORTING THE LOCAL COMMUNITY

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

- Legacy Far North Queensland
- Red Cross
- Movember
- Cancer Council
- Sound Minds Better Men
- McHappy Day

# 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 GREAT LEAP BACKWARD

- With Australia and Japan as key exceptions, interest rates have been falling across the globe.
- The US, Canada, Europe, the UK and NZ, to name a few, have enjoyed improved inflation outcomes, with central banks easing policy settings.
- However, underlying inflation remains too high in Australia for a multiple of reasons.
- Strong government spending, poor productivity growth, a booming jobs market and timing differences have placed the RBA on the back foot.
- What will it take for the RBA to cut rates in 2025 and will global events force policy change before domestic price pressures adequately subside?

*"...There is still some way to go to return inflation sustainably within our 2–3 per cent target range. The word 'sustainably' is important because it recognises that we need to look through temporary factors that influence the headline inflation rate from time to time."* RBA Governor Michele Bullock on 28 November 2024 in her address to the Committee for Economic Development of Australia.

When Michele Bullock was appointed as RBA governor in September 2023, one suspects she would have thought that the official cash rate would already be below 4% by December 2024. Alas, this was not to be. And not that Bullock would have been prepared to say as much. Philip Lowe, her much-maligned predecessor, became persona non grata following his pseudo guidance that was seemingly implausible to everyone except those in the RBA. So why is Australia so different from most other developed nations when it comes to interest rates?

In some ways, Australia has taken a great leap backward ... to the 1980s. High inflation, stagnant productivity growth, rising government debt and an economy in need of microeconomic reform are all reminiscent of the challenges facing the nation some four decades ago. Clever policy implementation by the Hawke-Keating governments, such as the Prices & Incomes Accord, measured deregulation, decentralisation and other reforms set Australia on a path that was often the envy of its peers many decades later.

That is, until the pandemic arrived and the Morrison-Frydenberg government provided too much stimulus and failed to implement even a simple clawback mechanism. This was exacerbated by the RBA adopting unconventional policy settings, while holding interest rates too low for far too long. Interest rates in Australia did not rise until later than many of its developed country peers, and nor did they go as high. Elevated household debt, a tradition of variable rate lending and a China slowdown meant the RBA was reluctant to fully tackle inflation – preferring to keep post-pandemic job gains.

It is difficult to see how Australia can join the global interest rate party prior to the 2025 federal election in the absence of an external shock. But could the incoming Trump administration and its punishing tariff policies be just the fillip the RBA needs to cut its 4.35% cash rate?

At this stage it is difficult to say. On one hand, 'Trumponomics' (higher tariffs and lower company taxes in the US) will boost inflation and remove the impetus for further global rate reductions. On the other hand, the fallout from a brutal trade war between the US, China, Mexico, Canada and Europe could hurt financial markets...And the Australian economy as weaker external demand leads to a collapse in our 'terms of trade' from falling export prices (such as for iron ore). This is akin to a negative income shock for Australia and would invariably result in weaker domestic spending. Under an extreme scenario where economic growth continued to stagnate, this could also translate into slower price growth (despite productivity concerns) and give the RBA the breathing space it needs to commence its desired easing cycle. Even so, we won't be holding our breath, and neither should you.



Merry Christmas

&

HAPPY NEW YEAR

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

**CLOSING** | 4:00pm Friday 20 December 2024
**OPENING** | 8:30am Monday 6 January 2025

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