September 2025

Spring is here, bringing longer days and an opportunity to venture outdoors and enjoy the warmer months ahead.

A higher-than-expected jump in inflation figures may prompt the RBA keep interest rates on hold at this month's meeting. Headline CPI climbed to 2.8%, up from 1.9%. The trimmed mean, the RBA's preferred gauge of underlying inflation, also rose to 2.7% in July from 2.1% in June.

Markets responded cautiously, though the S&P/ASX 200 still edged higher for the month and notching another all-time high. The rally was driven by mining and banking stocks.

The unemployment dipped slightly to 4.2% in July and business confidence is upbeat. The number of Australian businesses rose by 2.5% over the past financial year to more than 2.7 million. Total wages and salaries increased 5.9 per cent year-on-year. The momentum appears to be lifting consumer sentiment with the Westpac-Melbourne Institute Index posting a solid gain 5.7% in August, a 3.5 year high.

As Aussie dollar finished the month at US65c and continues to be shaped by global factors.

In the US, the S&P 500 hit records highs, led by tech giants, as investors weighed tariff impacts and speculated on future rate cuts.

Protecting what matters most

We plan for holidays, home renovations, and retirement but we're less likely to plan for the unexpected. Life insurance is one quiet but powerful way to protect the people you love from financial stress if something happens to you.

Whether you're raising a family, supporting a partner, or building a business, life insurance helps ensure that your legacy includes stability rather than uncertainty. It can be a powerful tool for your family's financial resilience.

Life insurance is designed to provide a lump sum payment to your nominated beneficiaries when you die or, in some cases, are diagnosed with a terminal illness. The payout can help ensure that your loved ones aren't left scrambling to cover costs such as mortgage repayments or rent, outstanding debts, funeral costs and living expenses during an already emotional time.

It can be particularly helpful if:

- you have dependents who rely on your income

- you're the primary breadwinner or contribute significantly to household finances
- you have joint debts with a partner
- you want to leave a legacy or charitable gift
- you're a business owner

Even if you're young and healthy, life insurance can be affordable and locking in a policy early may mean lower premiums over time.

How much life insurance do you need?

There's no one-size-fits-all answer, but a good starting point is to ask yourself: "If I were gone tomorrow, what financial gaps would my family face?"

Here's a simple framework to help you estimate your coverage needs:

1. Calculate your financial obligations

Start by listing the major expenses your loved ones would need to cover:

- Mortgage or rent: how much is left to pay?
- Living costs: groceries, utilities, transport, childcare
- Children's education: school fees, uniforms, university costs
- Debts: credit cards, car loans, personal loans
- Funeral and legal costs: can be around $10,000–$20,000[i]

Add these up to get a baseline figure.

2. Consider your income

How long your family would need financial support. Multiply your annual income by the number of years you'd want to replace it, for example, five to 10 years.

If you earn $100,000 and want to provide seven years of income, that's $700,000.

3. Factor existing assets

Do you have savings, superannuation, or investments that could help cover costs? Subtract these from your total needs to avoid over-insuring.

4. Account for inflation and future needs

Costs rise over time, and your children's needs will evolve. It's wise to build in a buffer of say, 10-20 per cent to future-proof your coverage.

5. Review regularly

Your life changes, and so should your insurance. Marriage, children, mortgages and career shifts can all affect how much cover you need. We can help with a regular review to ensure your policy stays aligned with your goals.

Different types of life insurance

There are a few key types of cover to be aware of:

- **Term life insurance** pays a lump sum if you die or are diagnosed with a terminal illness.
- **TPD (Total and Permanent Disability)** covers you if you're permanently unable to work due to illness or injury.
- **Trauma insurance** pays a lump sum if you're diagnosed with a serious illness like cancer or stroke.
- **Income protection** replaces a portion of your income if you're temporarily unable to work.

Life insurance in super

For many Australians, life insurance is already tucked away inside their superannuation fund. Most super funds automatically include a basic level of life cover and TPD insurance, and some also offer income protection.[ii]

Premiums are typically lower than retail policies and are deducted from your super balance. In many cases, you won't need to complete a health check to get default cover, and the premiums may be more tax-effective depending on your circumstances.

While insurance in super is convenient, it's not always comprehensive and it's not guaranteed to suit your needs in the long term.

If you're relying on insurance through super, it's a good idea to review your fund's policy and consider whether it's enough especially if your circumstances have changed.

If you're unsure where to start, we're here to guide you through the options, crunch the numbers, and make sure your policy reflects your values and responsibilities

i The Cost Of A Funeral In Australia | Finder

ii Insurance through super - Moneysmart.gov.au

Strategies for an unexpected retirement

The best time to start planning for retirement is yesterday.

But the second-best time? Today.

About two-thirds of Australians retire earlier than they anticipated because of unexpected events such as job loss or redundancy, they need to care for a family member, have a sudden illness or injury, problems at work or a partner's decision to retire.[i]

But, whether you're in your 50s, 60s, or even beyond, it's never too late to take meaningful steps toward a more secure and fulfilling retirement.

The good news is that with the right guidance and a few smart moves, you can still build a retirement plan that reflects your values, supports your lifestyle and gives you peace of mind.

Where to begin

Before you make any changes, it's important to understand your current financial position. This includes:

- your superannuation balance
- other savings or investments

- debts such as your mortgage, credit cards and personal loans
- expected retirement income sources including the Age Pension, rental income and part-time work

Boost your super

Even if you're starting later, there are ways to accelerate your super growth using:

- **Salary sacrifice** Contributing pre-tax income into super can reduce your taxable income while boosting your retirement savings.
- **Personal contributions** You may be eligible for a tax deduction or government co-contribution depending on your income.
- **Catch-up contributions** You may be eligible to add to your super but be aware of the caps on contributions.[ii]

These strategies can be especially powerful in your 50s and 60s, when your income may be higher and retirement is on the horizon.

It's also a good idea to regularly consider your super investment options and review your risk tolerance and time horizon.

Deal with debt

If possible, getting your debt under control before you retire is a useful strategy.

You could consider using your superannuation or other savings or downsize your home to pay off a mortgage or other loans. But first, it's essential to carefully check the tax impact, the effect on your super and whether any potential government benefits will be affected.

Reassess your lifestyle goals

Retirement isn't just about money, it's about how and where you want to live, how much travel you'd like to do and if you'd continue to work part-time.

Clarifying your lifestyle goals helps shape your financial strategy. It also ensures your retirement plan reflects your values, not just your bank balance.

How much will I really need?

Aim to create a retirement budget. Estimate your future expenses including housing, food, travel and healthcare and compare them to your expected income. This helps identify any shortfalls and guides your savings strategy.

You will also need to consider the amount of time you might spend in retirement. This will depend on when you retire (planned or unexpected) and how long you live. This is called longevity risk. Given life expectancy is unpredictable, there is a possibility that your retirement savings may not last throughout retirement.

Understand your entitlements

Many Australians are eligible for government support in retirement, including:

- **Age Pension** Based on income and assets, available from age 67 (for those born after 1957).
- **Concession cards** For discounts on healthcare, transport and utilities.
- **Rent assistance** If you're renting privately and receive the Age Pension.

Even if you don't qualify now, you may be able to restructure your finances to maximise future entitlements.

Review regularly and remain flexible

Retirement planning isn't a one-time event. Life changes and so should your strategy. Regular reviews help you:

- Adjust for market movements or legislative changes
- Update your goals and spending patterns
- Ensure your estate planning is current

Flexibility is key. Whether you retire gradually, take a sabbatical, or pivot to a new venture, your plan should evolve with you.

Next steps

Retirement planning is about taking the next step rather than chasing perfection. Whether you're starting late or simply refining your strategy, every step you take now helps shape a more secure and meaningful future.

And remember that retirement isn't an end point. It's a new beginning even if you retire earlier than you anticipated. With the right plan in place, you can step into this next chapter with clarity, confidence and purpose.

We'd be happy to help you review your current retirement plan and identify any gaps in retirement goals and create a strategy should you need to retire earlier than expected.

i Retirement and Retirement Intentions, Australia, 2022-23 financial year | Australian Bureau of Statistics ii [Understanding concessional and non-concessional contributions | Australian Taxation Office]

Preparing for another savings pinch

The bad news for savers relying on income returns is set to continue

Australia's underlying level of inflation is continuing to fall, and which paved the way for another official interest rate cut when the Reserve Bank of Australia (RBA) board met earlier in the month.

It was welcome news for borrowers, but not for most savers – especially the millions of Australians with money tied up in savings accounts who are heavily dependent on regular account interest payments.

When borrowing interest rates are reduced, account savings interest rates typically fall in tandem.

In fact, many financial institutions who had been pre-empting another rate cut and had already quietly started to reduce their account savings rates.

According to rates comparison website Canstar, only a handful of banks are now offering savings rates above 5%. And, in the majority of cases, receiving those rates are conditional on meeting minimum monthly deposit amounts or transaction numbers.

Just like the rates on savings accounts, term deposit rates have also been declining steadily over time, since well before the RBA lowered its official interest rate by 0.25% to 4.10% in February this year – its first rate cut since November 2020.

In fact, RBA retail deposits and investment rates data shows term deposit rates across a range of durations have been steadily declining since July 2024.

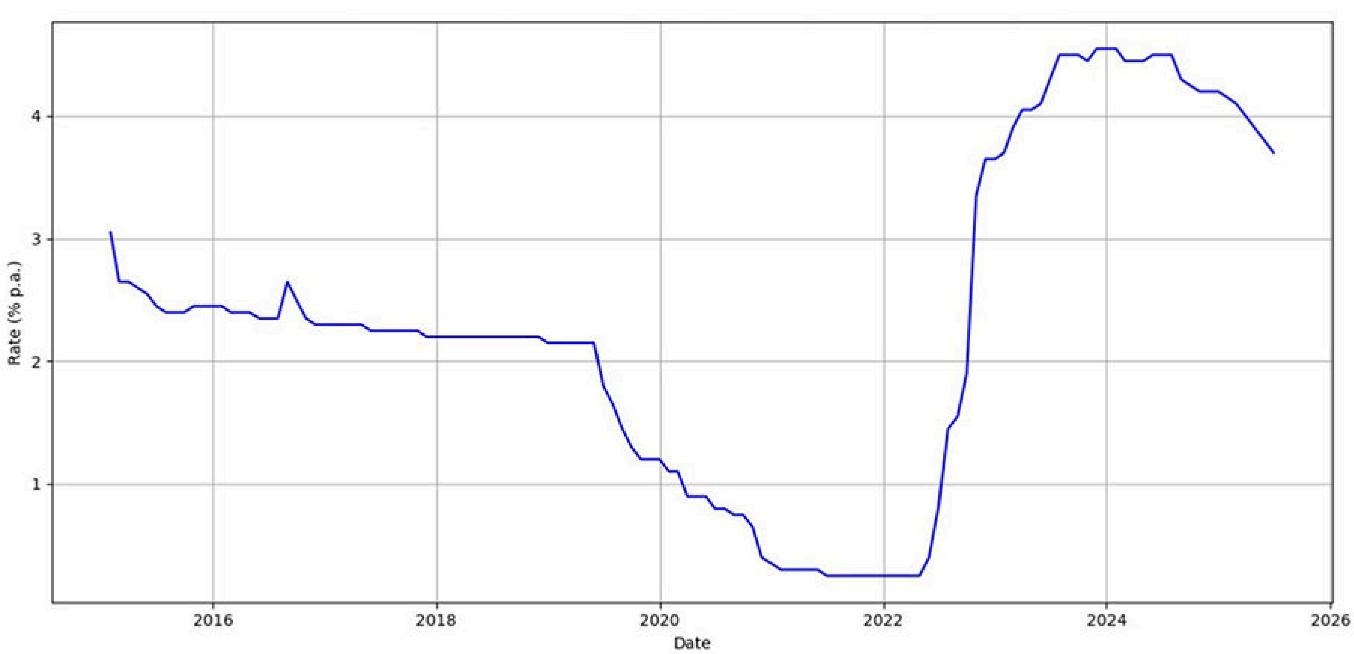
For example, the average 12-month term deposit rate for a $10,000 amount has been progressively reduced nine times since July 2024, from a peak of 4.50% to an average rate of 3.70% at June 30, 2025.

The average three-year term deposit rate for a $10,000 amount has been progressively reduced six times over the same period, from a peak of 3.95% in July 2024 to 3.05% at June 30, 2025.

The chart below tracks the average 12-month term deposit rate for $10,000 amounts between January 1995 and July 2025, highlighting the rise in account interest rates from their historical low point in early 2022 to their peak, and then their gradual decline since the middle of 2024.

Going down: Average term deposit rates have slipped

Banks' Term Deposit Rates ($10,000) - 1 Year (Jan 2015 to Jun 2015)



Source: Reserve Bank of Australia.

Past performance information is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance.

Implications for savers and retirees

Many Australians, especially retirees, rely on the interest earned on their savings to cover their living expenses, and any reduction in interest rates can mean a substantial decrease in their income.

This has been the reality for many people over the course of the last year, and further cuts are on the near-term horizon.

The decline in savings rates also has broader implications for the economy.

When savers earn less interest on their deposits, they have less money to spend, which can lead to a decrease in consumer spending. This, in turn, can slow economic growth, as consumer spending is a key driver of economic activity.

Additionally, lower savings rates can discourage people from saving, which can have long-term implications for financial stability.

Turning savers into investors

New research released has estimated that the implementation of certain retail investment reforms in Australia could potentially unlock at least $185 billion in excess cash savings and help more Australians achieve greater financial security.

These reforms include facilitating access to affordable financial advice, introducing tax incentives to boost investment outside of superannuation, improving financial literacy levels, and increasing fee transparency and competition.

For retail investors, the decline in term deposit rates and savings rates presents a challenge. With returns on traditional savings accounts and term deposits declining, some investors may need to look for alternative investment options to generate income.

While there are other income-generating options available, such as dividend-paying stocks and bonds that typically offer higher interest rates than savings accounts and term deposits, it is important for investors to carefully consider the risks and rewards of these investments before making any decisions.

In the meantime, the income road ahead for many people needing to generate income from their savings may become increasingly challenging as interest rates continue to fall.

Source: href="https://www.vanguard.com.au/personal/learn/smart-investing/investing-strategy/preparing-for-another-savings-pinch">Vanguard August 2025

GENERAL ADVICE WARNING

Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFS Licence 227263) (VIA) is the product issuer and operator of Vanguard Personal Investor. Vanguard Super Pty Ltd (ABN 73 643 614 386 / AFS Licence 526270) (the Trustee) is the

trustee and product issuer of Vanguard Super (ABN 27 923 449 966).
The Trustee has contracted with VIA to provide some services for Vanguard Super. Any general advice is provided by VIA. The Trustee and VIA are both wholly owned subsidiaries of The Vanguard Group, Inc (collectively, "Vanguard").
We have not taken your or your clients' objectives, financial situation or needs into account when preparing our website content so it may not be applicable to the particular situation you are considering. You should consider your objectives, financial situation or needs, and the disclosure documents for the product before making any investment decision. Before you make any financial decision regarding the product, you should seek professional advice from a suitably qualified adviser. A copy of the Target Market Determinations (TMD) for Vanguard's financial products can be obtained on our website free of charge, which includes a description of who the financial product is appropriate for. You should refer to the TMD of the product before making any investment decisions. You can access our Investor Directed Portfolio Service (IDPS) Guide, Product Disclosure Statements (PDS), Prospectus and TMD at vanguard.com.au and Vanguard Super SaveSmart and TMD at vanguard.com.au/super or by calling 1300 655 101. Past performance information is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance. This website was prepared in good faith and we accept no liability for any errors or omissions.
Important Legal Notice - Offer not to persons outside Australia
The PDS, IDPS Guide or Prospectus does not constitute an offer or invitation in any jurisdiction other than in Australia. Applications from outside Australia will not be accepted. For the avoidance of doubt, these products are not intended to be sold to US Persons as defined under Regulation S of the US federal securities laws.

In Sync Financial Services
Suite 203, Level 2, Easts Tower
9 Bronte Road
Bondi Junction
NSW 2022
P 02 9387 8199
E info@insyncfs.com.au
W www.insyncfs.com.au