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FEATURING

Warren Black, Stephen Petith, Andrew and Daryl Grant

The 2026 Budget changed the rules

Has your wealth strategy kept up?

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You did what
<u>responsible people</u>
were always told to do

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You worked hard
You bought property
You built assets
You used trusts
You put money into super

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You planned for retirement instead of expecting the **Government to look after you**

4

And now they've **changed the rules**

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This is not just a tax update

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This is the <u>Government moving the goalposts</u> on people who saved, invested, took risks, built businesses, bought property <u>and tried to do the right thing</u>

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And the real danger is not just one Budget change

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It’s what happens when the CGT, negative gearing, trust and super changes all hit <u>at the same time</u>

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Today's agenda

1. 2026 Budget changes and their impact: what's changed, who's affected, and how your wealth may now be under threat
2. Protecting your wealth in the new 2026 landscape: structuring and strategies that work under the new rules
3. Growing your wealth under the new rules: how to adapt your property, business, cash flow and investment strategies
4. Creating your offshore Plan B: how to build legal options outside Australia so your family is not trapped by one country, one tax system or one set of rules

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Housekeeping

- Watch the training on your computer, not your phone
- Turn off all distractions
- The training runs for the whole day
- We don't provide the videos of the training – the only way to get access to the training is to attend live
- Have the chat box open – for resources, asking questions, and answering questions (it's on private)
- Upgrade to VIP to get the slides: https://secureyourwealth.com.au/vip/

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But first…

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Who are we and why should you listen to us?

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Warren Black

- Qualified accountant, lawyer, financial planner with First Class Honours, ex-ATO auditor
- Specialise in helping clients protect their wealth with innovative structuring (on and offshore) and legally minimise tax
- Worked with thousands of clients over the last 25 years
- Show people how to work within the system, while setting up a pathway out of the system
- Not your average expert!

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Stephen Petith

- Expert in global stockmarkets, private investments, venture capital and pre-IPO investing
- Specialise in offshore sovereignty
- Until recently, worked only with high net worth clients (USD50 million minimum, up to billionaires)
- Internationalisation architect – helping companies go global and achieve massive growth
- Help diplomats, multi-millionaires and billionaires grow and protect their wealth

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Andrew and Daryl Grant

- Last 18 years built a multi-million-dollar online coaching and training business, helping experts like Warren and Stephen to get their knowledge and systems out there
- Worked with thousands of small businesses globally
- Created our dream lifestyle, based in Thailand with help from Warren and Stephen

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Important Disclaimer

This workshop is provided as an informational or educational service only. It does not constitute and should not be relied upon as financial product advice. None of the information provided takes into account your personal objectives, financial situation or needs, and you must make your own decision on how to proceed.

Seek professional advice from qualified financial advisers, accountants, and legal practitioners before implementing any asset protection, tax minimisation or other strategies mentioned in this presentation.

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Who is this workshop designed to help?

1. Hard-working Australians who did the right thing, built wealth, and now see the rules have changed on them
2. Business and property owners who worry the 2026 Budget will affect strategies they've relied on for years
3. Australians sick of being treated like a milking cow by a greedy Government that keeps spending, borrowing and taxing
4. People who may not want to leave Australia, but want legal offshore options before they need them
5. Those who fear Australia is becoming more socialist, and suffering from "entitlement mentality"

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The three main Budget changes likely to affect you

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Three main 2026 Budget changes

1. CGT: The old 50% capital gains tax discount is being replaced for future gains, so you may pay tax on more of the profit when you sell property or other assets
2. Negative gearing: The old negative gearing rules are being replaced so future investment properties may be harder to hold if they don't generate enough income to cover their costs
3. Trusts: There will be a 30% minimum tax on distributions from discretionary trusts, so you may need to review if your trust structure still makes sense

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But like anything – the devil is in the detail

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And have you noticed how the attitude to <u>"tax minimization"</u> has changed over the years?

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In 1936 the House of Lords agreed with Lord Tomlin when he stated

"Every man is entitled if he can to order his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be. If he succeeds in ordering them so as to secure this result, then, however unappreciative the Commissioners of Inland Revenue or his fellow tax-payers may be of his ingenuity, he cannot be compelled to pay an increased tax."

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And Kerry Packer famously said in 1991 before a parliamentary committee

"I am not evading tax in any way, shape or form... Of course I am minimising my tax. If anybody in this country doesn't minimise their tax, they want their head read, because as a government I can tell you you're not spending it that well that we should be donating extra."

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But now?

Not only is tax minimization frowned upon

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It's almost seen as <u>inherently evil and almost dangerous!</u>

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Now I know the changes may seem unfair

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The things you were told to do for years by your accountant, to protect your assets and legally reduce your tax are now being treated as dodgy

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You may be feeling that despite working hard, saving, investing, and doing everything right, you're now being treated like the government's "milking cow"

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The good news is, you CAN take back control, and make the changes work for you, not against you

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<u>You're in the right place</u>

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Let's take a deeper look at each change

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1. Capital Gains Tax changes

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CGT old and new rules

- Under the old rules, if you sold an investment property after 12 months, you usually only paid CGT on half the capital gain
- That taxable half was added to your income for the year
- From 1 July 2027, the 50% discount is being replaced for future gains
- Instead of halving the gain, the cost base is adjusted for inflation
- Tax is then applied to the gain above inflation, with a 30% minimum tax rate

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Property owned before 1 July 27 – grandfathering

- If you already own the property before 1 July 2027, the whole gain does not simply come under the new rules
- The gain built up before that date stays under the 50% discount rule
- But “grandfathered” does not mean the property is completely exempt forever
- Any further gain after 1 July 2027 comes under the new inflation-based rules
- The trap is thinking “I already own it, so nothing changes for me”

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Example: Tax payable under old and new rules

Let's imagine a property bought for $1,000,000 and sold two years later for $1,200,000, giving a capital gain of $200,000:

- Under the old rules: 50% discount means $100,000 is taxable, and at a 47% marginal tax rate the tax payable is $47,000
- Under the new rules: after 3% inflation for two years the taxable gain is $139,100, and at a 47% marginal tax rate, the tax payable is $65,377
- That means extra tax of $18,377!
- And it's even worse if you're in the lowest tax bracket…

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The minimum CGT payable is 30%

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So if you've waited until you retire to sell (when your marginal rate is lowest) you're still taxed at 30%

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Why valuation at 1 July 2027 matters

- 1 July 2027 will become the line in the sand
- Even pre-1985 CGT assets will be brought into the mix
- The value of your property on that date determines how much gain stays under the old 50% discount rules
- Not having a proper valuation at that date could mean more of your gain gets pushed into the new rules
- Years later, the ATO may ask: “What was it worth back then?”
- Guessing after the event could be a very expensive mistake

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But it can get even worse…

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Let’s say you inherit a property from a parent, that was their primary place of residence, but had been used as a home office

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Tax on a property inheritance

- Under the transition rules, a capital gain gets calculated at 1 July 2027 – this is the portion that comes under the old 50% discount rule
- The tax on that gain is payable when a later “realisation event” happens
- So, what is a realisation event?
- The obvious one is selling the property. There were initially concerns it could include inheriting the property. That is, tax owing under the old rules could become payable once the property is inherited – even if it’s NOT SOLD!
- Fortunately, these fears appear to be largely unfounded.

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But stay tuned

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Example: Tax on a property inheritance

- A family home is usually CGT-free, but that can change if part of it was genuinely used to earn income
- Example: Mum and Dad bought the home for $80,000 and used 25% as a business office (not just a normal home office)
- By 1 July 2027 it is worth $2 million, giving a $1.92 million paper gain
- If 25% was used as a home office, then 25% of the gain is taxable. That is $480,000 of the gain, or $240,000 after the old 50% discount
- At the top tax rate, the kids could face an unexpected tax bill over $100,000 – due to be paid on the “realisation event” of their inheritance when it comes time to sell it

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Now the government has been called out on this, and rightly so!

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At this stage, the government have assured us the CGT rules on death won't be changing

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But stay tuned as initial CGT death protections are still in consultation stage

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Will you be affected?

- People who sell before 1 July 2027 should still come under the 50% discount rule
- People whose property is their normal family home may be unaffected if it is fully covered by the main residence exemption
- Existing owners may be less affected if most of their gain happened before 1 July 2027
- But “less affected” doesn’t mean “no need to check”. Mixed-use homes, estates, trusts and investment properties still need review

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What to do before the new rules begin

- Work out which properties and assets could have a taxable gain after 1 July 2027
- Get proper valuations so you can prove what each asset was worth when the rules changed
- Review how each asset is owned, especially if it sits in a trust, company, SMSF or estate plan
- Check whether your home has any taxable use, such as business use, rental use or land not covered by the main residence exemption
- Talk to your accountant and lawyer before selling, transferring, restructuring or changing ownership
- Don’t panic and move assets around without advice, because fixing one problem could create another one

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What's already law and what can still change

- The core CGT change is already law, including the move away from the old 50% discount for future gains
- The 1 July 2027 start date is the key date investors need to plan around
- Some of the details are still being clarified through consultation and later amendments
- The Government has already backed down on some widow, spouse and divorce issues, which shows the details are still changing
- You shouldn’t panic, but also don’t assume the final rules will protect you
- The safest move is to review your position now, while there is still time to plan carefully

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And there is one shining light…

If you're building a business to sell, the small business CGT concessions have been somewhat improved

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Small business CGT relief

- Selling a business already had some CGT concessions, eg if you owned the business more than 15 years you may be exempt from CGT
- The improvement is in the 50% discount on the capital gains on the sale of active assets (things like good will, premises, plant and equipment)
- Previously you could only get that 50% discount if your business turnover was less than $2 million
- That has been increased to $10 million turnover, applying to sales from 1 July 2027
- So building or buying a genuine cash flow business may now be even more attractive

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2. Negative gearing changes

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Negative gearing old and new rules

- Under the old rules, if your investment property made a loss you could offset that loss against your salary or other income
- This reduced the real after-tax cost of holding a property that was losing money
- Under the new rules, this will no longer apply to established homes bought after the cut-off date – 12 May 2026
- The loss may be quarantined and carried forward instead of reducing your tax that year
- New builds are treated more favourably, because the Government wants investors to buy new housing

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It's clear that the government no longer wants investors buying established homes

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Moving away from established homes

- Mum-and-dad investors are being treated like the problem, even though they provide homes the government didn't have to build
- The message is clear: if you buy new housing, you may still get help, but if you buy established housing, you're on your own
- That changes the numbers for ordinary investors who relied on tax deductions to make the property affordable
- This is why the old "buy a house, negatively gear it, hold for growth" strategy won't work the same way

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Existing vs new purchases – grandfathering

- If you owned the property before Budget night, 12 May 2026, it should keep the old negative gearing treatment
- So existing investors are not hit in the same way as new buyers
- The problem is established homes bought after 12 May 2026
- From 1 July 2027, losses on those properties may no longer reduce your salary or other income
- New builds are treated more favourably, because the government wants investors pushed into new housing supply
- So the key questions are: when did you buy it, what type of property is it, and is it protected?

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So, what does that mean to money in YOUR pocket?

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Example: a property losing $30,000 a year

- Let's say a couple buys an established investment property after the cut-off date
- After interest, rates, insurance, repairs and other costs, the property loses $30,000 in the first year
- Under the old rules, that loss could reduce their salary income and save up to $14,100 in tax
- So the real cash cost after tax was closer to $15,900
- Under the new rules, they have to fund the full $30,000 from their own household budget
- The loss may be carried forward, but doesn't help them this year

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That means the same property suddenly costs almost twice as much to hold

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That can turn a manageable shortfall into a serious cash-flow problem

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Same property, same tenant, same bills…but a very different result after tax

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For new purchases, building a portfolio using the old "buy, negatively gear, hold for growth" strategy won't work

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What about commercial or industrial properties?

- Commercial and industrial property may offer higher yields than many residential properties
- That can look attractive if established residential property becomes harder to negatively gear
- But banks often lend a lower percentage, so you need a bigger deposit
- Interest rates and loan terms can also be tougher than residential property
- If a tenant leaves, the property may sit vacant for months or even years
- One bad tenant or one long vacancy can wipe out the extra yield very quickly

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Repairs, incentives, fit-outs and vacancies <u>can destroy the cash flow very quickly</u>

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The mistake is reacting to one rule change and jumping into a bigger problem **without proper advice**

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Before buying, selling or restructuring

- Check whether each property is protected by the grandfathering rules
- Rework your cash flow without assuming future losses can reduce salary or other income
- Review whether the property still makes sense after interest, tax, insurance, repairs and land tax
- Compare residential, new build, commercial, industrial and non-property options before buying again
- Check the ownership structure before selling, transferring or restructuring anything

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Most importantly… don't panic

But don't keep using old property strategies without running the new numbers

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3. Discretionary trust changes

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Changes are not law yet, but don't ignore them

- The trust changes are different to CGT and negative gearing, because they are not final law yet
- The Government has announced a proposed 30% minimum tax on discretionary trusts from 1 July 2028
- The final details could still change, including credits, exemptions, rollover relief and bucket companies
- But waiting until the law is final could leave you with very little time to act
- The smart move is to stay informed, understand your exposure, and be ready before every accountant in Australia is swamped

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Why use trusts and bucket companies?

- Many business owners used trusts because they gave flexibility, asset protection and tax planning options
- The trust could earn the business profit and distribute income to family members in lower tax brackets
- Extra profit could be distributed to a bucket company and taxed at the company rate
- This was a legitimate strategy many accountants recommended for years
- The problem is that the proposed rules could change the tax result of structures that once made perfect sense

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The proposed 30% minimum tax

- From 1 July 2028, discretionary trusts could face a minimum tax of 30%
- This means trust income would generally be taxed at least 30%, even if distributed to someone on a lower tax rate
- The aim is to stop trust income being spread to beneficiaries who pay little or no tax
- Some beneficiaries may get a credit for tax already paid by the trust
- But the final rules are not settled yet, so the detail matters enormously

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Beneficiaries paying less than 30% tax get hit

- Under the proposal, trust income would generally be taxed at a minimum of 30%
- This could affect families who distribute income to beneficiaries on lower tax rates
- For example, adult children, retired parents or family members with little other income
- Under the old rules, that income may have been taxed at their lower marginal rate
- Under the proposed rules, the Government wants at least 30% tax paid either way

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Example: low-tax beneficiary under the old vs new rules

- Let's say a trust distributes $50,000 to a family member with little other income
- That person has $35,000 of carried-forward business losses to offset as tax deductions
- Under the old rules, their taxable income would be $15,000
- Because that is below the tax-free threshold, they may pay no tax
- However, under the proposed rules, the trust income may be taxed at 30%
- That could turn a zero-tax result into a $15,000 tax bill

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This is the Government saying:
"We don't care that the structure was legal and properly used. <u>We want at least 30% of your money"</u>

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Distributions to bucket companies taxed twice?

- Under the current Treasury proposal, bucket companies don't get a credit for tax paid by the trust on distributions
- Instead, it's proposed that the trust pays 30% minimum tax first
- The bucket company then pays company tax on the same income
- Treasury's own example shows $30,000 paid by the trust, then another $30,000 paid by the company
- So a structure that once capped tax at the company rate could potentially become a 60% tax problem
- This is not final law yet, but it is serious enough to review now

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<u>The scary part is this is not a rumour.</u>
It is the current proposal. It may still change, but anyone using a trust and bucket company needs to treat this as a serious warning sign, not background noise

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So, should you restructure?

- Highly likely! But not until you understand the full consequences
- Some trusts may become less attractive if the 30% minimum tax goes ahead
- Some bucket company strategies may need to change completely
- But moving assets out of a trust can trigger new problems immediately
- The goal is not to panic and rearrange everything
- The goal is to calculate the impact, wait for the final detail, and be ready to act properly

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The danger of restructuring too quickly

- Moving assets out of a trust may trigger capital gains tax straight away
- Transferring property can also trigger stamp duty and land tax
- Changing ownership could weaken asset protection or expose assets to creditors, divorce or family disputes
- Bucket company arrangements may also create Division 7A loan issues if handled badly
- Finance, guarantees, leases and business contracts may not transfer cleanly
- You don't want to solve one tax problem and accidentally create three bigger ones

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What to review before 1 July 2028

- Whether your trust distributes income to beneficiaries paying less than 30% tax
- Whether your trust distributes profit to a bucket company
- Whether the same structure still makes sense under the proposed new rules
- Whether restructuring could help, or whether it would trigger CGT, stamp duty, Division 7A or asset protection problems
- What needs to be ready once the final law is confirmed, so you are not scrambling at the last minute

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When Labor and the Greens keep rewriting the rules, the people who wait for certainty are usually the ones left paying the bill

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The Greens are saying they want to "close loopholes that unfairly benefit the wealthy"

In other words your family trust is now being treated like something dodgy, even if it was legal, recommended and properly used for years

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As you can see, the question is no longer "what has changed?"

The goal posts have already moved

The question now is "what do I need to change?"

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Because the structures that built your wealth may not be the structures that protect it from here

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Questions?

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In the next session we'll look at how to protect what you've built under the new rules

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Session Two

Protecting your wealth in the new 2026 landscape

Structuring and strategies that work under the new rules

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We've just covered the key budget changes that can affect you

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These changes are not random

They are a coordinated wealth redistribution plan

<u>And you're the target</u>

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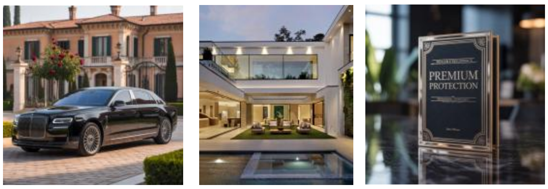
You insure your car, your house and your health



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But have you insured your wealth?

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The old structures still matter, but the rules around them are changing

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Old structures, new rules

- Trusts, companies, SMSFs, foundations and second mortgages can still be powerful tools
- The problem is that some of the old assumptions behind them may no longer hold
- A structure that was perfect five years ago may need to be reviewed under the new Budget rules
- The answer is not to throw everything out and start again
- The answer is to stress-test what you already have, then work out what still protects you and what needs changing

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No more "set and forget"

- Trusts, companies, SMSFs, foundations and second mortgages can still be useful, but they need to be reviewed under the new rules
- The Government is looking closely at how income, assets and control move through these structures
- Trust distributions, bucket companies, asset ownership and succession planning all need fresh attention
- A structure that once reduced tax and protected assets may now create new risks if left untouched
- The mistake is assuming that because it worked before, it will automatically work now

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But asset protection is not just a matter of rearranging your structures…

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Changing structures can be expensive

- Moving assets out of your own name can trigger capital gains tax, stamp duty and land tax
- Moving property into a trust or company can also affect main residence exemptions and negative gearing
- Changing structures may create Division 7A, finance, contract or estate planning issues
- Foundations and offshore structures can be powerful, but they need to be set up properly
- The right move is not always the fastest move. It's the move that protects you without creating bigger problems

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The danger is…in solving one problem you create three more

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So, what still works?

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Strategy One
Control, don't own

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Control, don't own

- Separate Ownership from Control
- Ownership is vanity, Control is sanity
- A Secret of the Wealthy Elite
- Based on trust and abundant thinking
- Increases privacy
- Tax efficient position

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For example… "The millionaire who owned nothing"

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Strategy Two
Keep risk away from your wealth

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Who do you protect against?

- Banks
- Governments and the ATO
- Lawsuit predators
- Family court disputes
- Changes in the law

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Historical warnings

Venezuela:
- 1,000,000% hyperinflation destroyed all savings

Argentina:
- Government seized private retirement accounts

Zimbabwe:
- Trillion dollar notes couldn’t buy bread

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Keep risk away from your wealth

- The more assets you hold in your own name, the more attractive you may look to lawyers, creditors and governments
- Business risk, legal disputes, family court issues and tax problems should not be sitting right next to your family wealth
- Separate risky activity from valuable assets wherever possible
- Your business, investments, cash, property and personal assets may all need different protection strategies
- Good structuring is not about hiding money. It's about making sure one problem doesn't take everything down

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If everything is in your name you're an easy target

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Strategy Three
Protect the equity in your property

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Protect the equity in your property

- Property equity is often the biggest pool of wealth sitting exposed in your own name
- If a lawyer, creditor, ex-partner, government agency or the ATO comes after you, exposed equity makes you a much more attractive target
- Moving property into a trust can be expensive and may trigger CGT, stamp duty, land tax and loss of main residence benefits

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Protect the equity in your property

- A second mortgage strategy may help secure the equity without transferring ownership of the property
- The key is to do it before anything goes wrong, while it is still legal, clean and comparatively simple

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Warning!

This is NOT a DIY strategy

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It needs to be set up properly with the right legal advice

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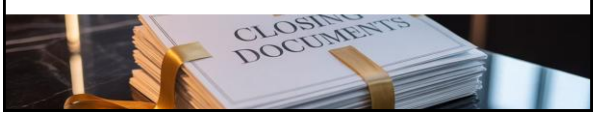
Second mortgage property protection

Two choices to protect your property:

- Put it in a trust (but you lose family home CGT exemption, you pay CGT if it's an investment property, you pay stamp duty, possibly more land tax, and you may lose negative gearing)
- Second mortgage strategy. None of the above problems. Protection is 99% as good



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Second mortgage property protection

- With a second mortgage, you secure equity with a mortgage from a structure you control
- The cost to set this up is a fraction of what you would pay to move the property into a trust, and there are almost zero ongoing costs
- No stamp duty (because it stays in your own name), No CGT (as you haven't transferred it), you maintain the CGT family home exemption, and there is no additional land tax (because it is still in your own name)

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Here's the structure your lawyer should set up for you

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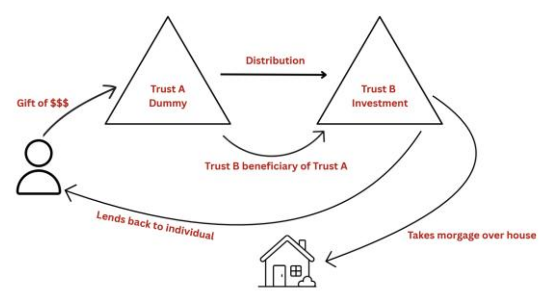

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Setting up a second mortgage is a "must do" to protect the equity in your property

It's as important as having home insurance

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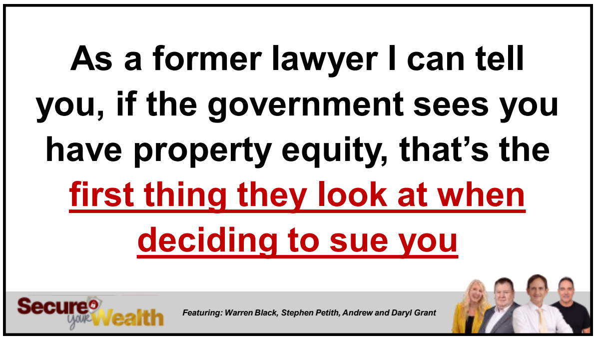
As a former lawyer I can tell you, if the government sees you have property equity, that's the first thing they look at when deciding to sue you
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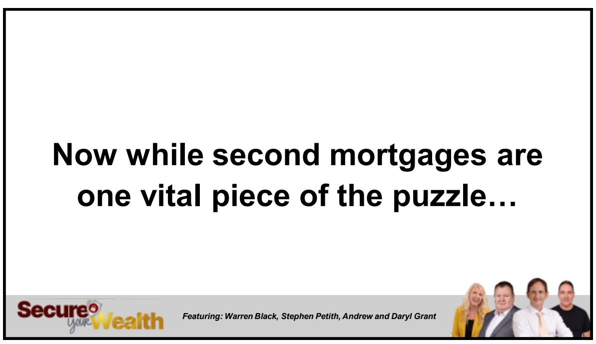
Now while second mortgages are one vital piece of the puzzle…
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The bigger question is:
Should all your wealth stay in Australia?
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Australian-only asset protection is no longer enough

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Strategy Four

Diversify offshore

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Offshore does not mean dodgy

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Offshore means not leaving all your wealth under one government

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The "Five Flags" framework

1. Citizenship: where you hold your passport and legal identity
2. Tax residency: where you pay taxes
3. Business base: where you earn income
4. Asset haven: where you store wealth
5. Playgrounds: where you spend time

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But you don't need to leave Australia to start building options

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Three ways to protect what you've built

Every wealth holder faces the same three-way choice. The right path depends on assets, appetite, and the life being built.

01

Stay in Australia

Fortify existing structures. Tighten ownership and distribution architecture within the new rules.

02

Diversify, Hedge

Spread exposure across structures, asset classes, currencies and jurisdictions, without leaving the country.

03

Position Globally

Build real options across borders. Residency, banking and structures that can be activated.

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Your Options From Here

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Option 1: Do Nothing

Be like an ostrich

Hope it blows over

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Option 2: Stay in Australia But Protect Your Assets

- Review your current structures
- Protect cash, shares, crypto, metals and other non-property assets
- Protect property equity using structures or second mortgage strategies
- Review superannuation under the new rules
- Begin educating yourself on offshore Plan B options, even if you don't act yet

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Option 2: Stay in Australia But Protect Your Business Income

- Review how exposed your business income is
- Look for risks from AI, recession, regulation or changing markets
- Build more resilient cash flow
- Strengthen your financial position before the next rule change

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Option 3: Stay in Australia But Set Up an Active Offshore Plan B

- Maintain Australian residence
- Stay here, but start establishing overseas wealth and structures, bank accounts, gold and silver
- Develop a Plan B you can activate when needed
- Dip your toes in the water to be a global citizen
- At the very least, have wealth offshore as well as onshore

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Option 4: Become a Global Citizen
"I'm a Celebrity, Get Me Out Of Here!"

Complete Relocation
Wealth-friendly jurisdiction with comprehensive structuring

Legal Tax Elimination
Most forms of income completely protected

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Which category are you?

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The biggest mistake is trying to work this out alone

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Your accountant may be excellent – but they may only see one piece of the puzzle

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Your lawyer also may be excellent – but they too may only see one piece

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Your financial adviser likewise

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Of course AI can help bridge the gap

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How AI can help

- AI can help you explore scenarios across tax, trusts, asset protection, offshore options, estate planning and business risk
- It can help you ask better questions before you meet your accountant, lawyer or adviser
- It can help you see connections that one adviser working in one silo may miss
- But only if the AI is trained properly and used carefully

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Generic or untrained AI can be dangerous

- Standard AI tools can sound confident even when they are wrong
- They can hallucinate rules, miss Australian-specific issues, or oversimplify complex structures
- They may not understand how tax, asset protection, residency, super, trusts and family law interact
- AI should help you prepare and think better, not replace proper advice

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And your information needs to be protected

- You should be very careful before putting sensitive business, tax, asset or family information into public AI tools
- Confidential information should be anonymised, isolated and handled in a controlled environment
- That's why we're building a private AI-powered platform for Secure Your Wealth clients
- Trained on our frameworks, designed to help you model scenarios without unnecessarily exposing your information
- (more about this shortly…)

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You need people – and tools – that can see the whole strategy

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And work with your accountant and lawyer to implement it properly

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Doing nothing is not neutral
Doing nothing is highly risky

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If you bury your head in the sand you could lose big time

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Let us know – do you understand that
NOW is the time for action?

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Are you really serious about growing and protecting your wealth?

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Because knowing what to do is one thing. Implementing it properly is where most people get stuck

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Questions?

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In the next session we'll look at
how to grow your wealth
under the new rules

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Session Three
GROWING wealth
under the new rules

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Property strategies
have changed thanks to
the 2026 Budget

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Growth and protection are not the same

- Growth is how you build more income and equity
- Protection is how you stop tax changes, lawsuits, governments or bad structures from wiping it out
- Some assets are designed to grow wealth
- Others are designed to preserve wealth
- The mistake is expecting one asset or one strategy to do every job
- Under the new rules, every investment needs to be judged on both growth and protection

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Here are the growth strategies used by the ultra-wealthy (they may surprise you!)

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But first a poll…

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Which of these strategies do you think are used by multi-millionaires and billionaires to grow their wealth?

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Growth strategies

1. Real estate
2. Business
3. Equities (shares)
4. Cash
5. Fixed income (eg bonds)
6. Crypto
7. Gold
8. Collectables
9. Currencies / Forex
10. Derivatives (eg options)
11. Commodities
12. Insurance products

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Clue: The multi-millionaires and billionaires we work with use just TWO of these strategies

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Real Estate and Business

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But they don’t do these the way everyone else does

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Growth Engine One

Cash Flow Property

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Most people think investing in property means buying residential property and negative gearing

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Why negative gearing is no longer the best

- For years, many investors bought residential property, accepted a loss, and relied on tax deductions and capital growth to make the numbers work
- The 2026 Budget changes make that much harder for new purchases of established homes
- A property that looked manageable under the old rules may become painful when the full loss has to come out of your own cash flow
- That means investors need to think less about tax losses and more about real income

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The new question is not "how much can I deduct?"

<u>The new question is "does this asset actually produce cash?"</u>

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The wealthy go for cash flow

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Cash flow property keys to success

- Don't do what everyone else does. Be contrarian
- You won't find these on realestate.com. You need to knock on doors, and network
- Reduce tax with deductions that don't reduce your cash flow, eg depreciation
- Look for value add-on opportunities with every property
- Hold forever

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Creative property strategies that still work

- Commercial, not residential
- Multiple doors, not single doors
- Student accommodation versus family home
- Tiny homes
- Modular homes
- Aged care facilities
- Childcare centres
- Medical clinics

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For example…

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Mentored Client to turn a residential property into a cashflow machine by changing from single residence to student accommodation

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Growth Engine Two

Business Acquisition

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With the great wealth transfer upon us, (boomers transferring to their heirs) it has never been a better time to buy a business

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Let's look at the data…

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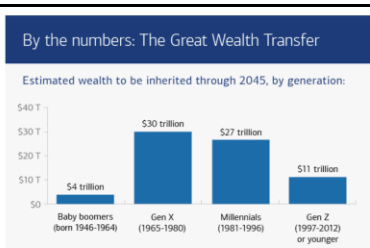

Source: Cerulli Associates, "The Cerulli Report: U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2021."

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We know that 90% of all start-ups fail within 5 years So…

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"Buy don't Start"

It is better and safer to buy a successful business and grow it rather than start a new business and fail

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"Growth by Acquisition"

is the strategy used by the ultra-wealthy

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A quick-fire way to build multi-generational wealth is to acquire needs-based essential service and product businesses (both brick and mortar and digital)

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What type of businesses?

- Boring businesses that solve real problems
- Needs-based products or services people keep paying for
- Existing cash flow, not hopes and projections
- Owners who want to retire, exit or simplify
- Businesses with staff, systems and customers already in place
- Bonus: businesses that also own useful real estate

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And it's easier than you think!

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Here's an example of buying a business with its own real estate

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Buying an Engineering business

- Engineering business had been operating for 23 years
- The owner had poor health and wanted a hassle-free exit
- He wanted a buyer who would keep the business running and maintain the current (long-term) staff
- The business had around $750,000 annual cash flow
- Purchase price was $1.2 million, largely backed by the real estate (it was valued at $2.5 million)
- Deal structured using finance, delayed payments and cash flow
- Out-of-pocket cost was only around $50,000

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Our total investment was just $50,000 – mostly for legals etc

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And we recovered that $50,000 in the first 3 months from revenue

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Here's how we did it…

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Steps to buy the engineering business

- The deal was brought to us by a referral
- Built a relationship with the seller (got to know his motive for selling)
- Negotiated the deal terms (Note – his number, our terms)
- Our terms included cash flow funding, investor capital and delayed payments
- Our out of pockets: $50,000

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Business and property can work well together

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How business and property work together

- Instead of buying a house and hoping for capital growth, you can buy a business that already produces income
- If the business also owns useful real estate, you may be buying cash flow and an underlying asset
- The business can help service debt, fund growth and reduce reliance on your personal income
- The property can provide security, equity, expansion options or future redevelopment upside

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That is very different to relying on negative gearing and hoping the market bails you out

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Here's another example

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"The Noodle Business"

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The lesson

You don't always need to build the whole thing yourself

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The exciting thing is…these opportunities are everywhere, if you know where to look!

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Two more keys to success that multi-millionaires and billionaires use to grow their wealth

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Key #1 – Invest in a mentor or coach

- All successful people we know have a mentor or coach
- You are essentially buying others' 10,000 hours
- Successful people focus on the "speed of implementation"
- The truly wealthy take action when something is 80% perfect…poor people wait until something is 120% perfect and miss the opportunity
- Find a mentor who "walks the talk", ie who has experience in doing what you want to do
- Use it as an opportunity to network with others

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Key #2 – Borrow against your portfolio

- The ultra-wealthy get access to cash by borrowing against their assets
- This allows the underlying assets making capital growth
- It also defers any capital gains tax that would be payable if the asset were to be sold to access cash
- And loan interest is often tax deductible, depending on how you are structured
- The key is to have the capital growth greater than the interest payable – using a Private Wealth Bank

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Private Wealth Banks

The ultra-wealthy use Private Wealth Banks, and if you have more than $500,000 in assets you can too. The benefits are:

- Access to investment products not open to the general public
- Lombard lending over your portfolio
- Lower interest rates on loans, higher rates on deposits
- Personalised banking products
- Access to other like-minded people through bank events
- Concierge services above the basic card and account services

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Access to Private Wealth Banks is usually by referral from an existing client…and that is something we can help you with if you want

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The new question: how do you grow without relying on old rules?

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What to review before your next investment

- Does it still work under the new Budget rules?
- Does it produce real cash flow, or rely on tax losses?
- What happens if interest rates, tax or regulations change again?
- Is the ownership structure right from the start?
- Does it fit your broader Plan B?
- Who do you need on your team before you act?

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Standing still is not a safe strategy

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Questions?

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In the next session we'll look at

How to create your offshore Plan B

203

Session Four

Create your

Offshore Plan B

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The most dangerous number is…

1

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One country

One tax system

One set of rules

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Remember our four categories of people?

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Four categories of people

Don't do anything	Stay in Australia	Stay in Australia	Become a global citizen
Be like an ostrich	Protect your assets	Keep your Australian residence	Complete relocation
Bury your head and hope it blows over	Protect your business income	Set up an active Offshore Plan B	Legal tax elimination

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Which category are you?

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Plan B is not just "moving overseas"

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Plan B is not just "moving overseas"

- You may never leave Australia
- But your money, options and future should not all depend on Australia
- Your Plan B can include offshore banking, asset storage, residency, citizenship or business structures
- It gives you choices before you need them
- The goal is not to run away
- The goal is to stop being trapped by one country, one tax system and one set of rules

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Why the 2026 Budget makes offshore planning <u>more urgent</u>

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Why offshore planning is now urgent

- The rules are changing faster than most people can keep up with
- Property, trusts, super and tax planning are all being targeted at once
- Staying Australian-only means your wealth is exposed to one government's decisions
- Offshore planning gives you legal options before you urgently need them
- The longer you wait, the harder and more expensive it may become
- This is about planning early, not panicking late

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How to structure your Plan B
Consider the “six flags”

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The Six Flags Framework

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The Flags

Flag 1: 2nd Citizenship
Flag 2: Legal Residence
Flag 3: Business Haven
Flag 4: Asset Haven
Flag 5: Playgrounds
Flag 6: Legacy

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Flag 1: Second Citizenship

- Reduce the hold by Government
- Insurance policy
- Upgrade your passport
- Increase freedom of travel
- Find the country that fits you

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Second citizenships and residencies

Most people can easily access at least one additional citizenship or residency by ancestry, for example:

- A grandparent born in Ireland means you can get Irish citizenship and access to the EU
- A mother born in the UK or parent's, Grandparents, you can get UK Citizenship
- Hungary, Germany, Netherlands, Malta, Italy, Greece
- Have a connection the Jewish faith, you can claim Israeli Citizenship

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Second citizenships and residencies

Many countries also allow you to gain citizenship or residency by investment, for example:

- St Lucia
- St Kitts
- Greece
- Malta
- Thailand
- Panama

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Here's why you need a second citizenship

- Insurance against a tyrannical government
- An escape tool
- Access banking or other services
- Access to additional visa-free travel options
- Allows you an option to go if you can not get back to your home country
- Ability to live and work in 2 or more countries

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Example
Hostile or bureaucratic government

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Example
Covid lockdowns

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Example
Easier travel

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Flag 2: Legal residence

- This is your Tax Domicile – it should be in a tax-friendly country
- You must pay tax somewhere today!
- Territorial and low tax
- Where you legally reside
- Not necessarily where you live

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Flag 3: Business haven

- Incorporate your business in a stable haven
- Territorial or low tax country
- Industry respected
- Available services
- Employee or contractor friendly
- Beware of CMC and CFC rules

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Flag 4: Asset haven

- Establish safe and secure places for your assets
- Stable government
- Tax friendly
- Investor-wise legal system
- Access to all markets
- Respected banking system

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Flag 5: Playgrounds

- Find playgrounds to visit, spend and enjoy
- 90 day rule
- Where you enjoy life
- Gets you in the game
- Play the GST game
- Access the services you need

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Flag 6: Legacy

Make A Difference

- Find your passion and make a difference
- Communities are better when we give
- Become a mentor
- Find your passion
- Teach your family and friends the theory
- Start a foundation to support your cause

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Bonus Flag: Privacy

- Make it hard to secure your physical and digital footprint
- Privacy is a right
- Make it hard to find you
- Never give out your home address
- Entities are your friend
- Use mail drops

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Warning!

If you don't know what you're doing you can get yourself in trouble…

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Offshore structures are not magic

- Offshore does not mean tax-free just because it is overseas
- If you are still an Australian tax resident, Australian tax rules may still apply
- Offshore structures must be reported and managed properly
- The wrong setup can create ATO problems, banking problems or even legal trouble
- Done properly, offshore can give you protection, options and flexibility
- Done badly, it can make things worse

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The ATO problem: do it wrong and get smashed

- The ATO is already watching offshore arrangements closely
- Offshore structures must be reported properly
- If you hide income or assets, you are asking for trouble
- Operation Wickenby showed the ATO will go hard when people get this wrong
- The goal is legal structuring, not secrecy or tax evasion
- Play the game hard, but play it properly

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Common mistakes people make offshore

- Relying on YouTube, forums or “keyboard warrior” advice
- Thinking offshore automatically means tax-free
- Hiding assets or income instead of reporting properly
- Buying dodgy passports, residencies or structures
- Using the wrong advisers in the wrong country
- Acting before they understand the tax, legal and banking rules

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The goal is OPTIONS not PANIC

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Your Plan B needs to match your category

- Category 1 needs to wake up and stop ignoring the risk
- Category 2 needs to protect Australian assets first
- Category 3 needs an active offshore Plan B
- Category 4 needs a proper exit strategy
- The wrong plan can waste money or create tax problems
- The right plan depends on your assets, family, timeline and goals

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Case study
Glen and Glenda

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Ordinary Australians asking a dangerous question

- Their home was in Australia
- Their business was in Australia
- Their accountant was in Australia
- Their banking and investments were in Australia
- Their tax residency and retirement planning were Australian
- One country controlled almost every part of their financial life

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The first roadblock: “you can’t do that”

- They did what most business owners would do
- They asked their accountant
- The answer was: too hard, too expensive, too complicated
- For a while, that stopped them
- Then they realised they needed advisers who understood internationalisation
- Not just advisers who understood Australia

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The breakthrough: stop thinking Australia-first

- They stopped asking “how do we make Australia work?”
- They started asking “how would we design life from scratch?”
- Home did not have to be where the business was based
- Banking did not have to be where they lived
- Investments did not have to stay in one country
- Different countries could solve different problems

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New life: home, business, wealth in different places

- Malaysia became their home base
- Singapore became part of their banking and wealth strategy
- Hong Kong and the US became part of their business structure
- Their income no longer depended on being physically in Australia
- Their wealth was no longer tied to one country
- They had built options before they needed them

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"Life by design"

- They now live in Penang
- Their business travels with them
- Their banking and investments are internationally diversified
- They can visit family, travel and work from different places
- They are not trapped by one country or one system
- That is what a real Plan B is designed to give you

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What to review before you act

- What assets you currently hold in Australia
- What assets should be protected, moved or diversified
- Whether you are still an Australian tax resident
- What tax could be triggered by moving money or structures offshore
- Which residency, citizenship or banking options actually fit your goals
- Who needs to be involved before you make any move

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You need the right team

- Offshore planning crosses tax, legal, banking, residency, citizenship and investment rules
- Most experts only understand one piece of the puzzle
- Your accountant may be excellent, but still need specialist guidance
- Your lawyer may be excellent, but still need the broader strategy
- You need people who can see the whole picture
- And work with your advisers to implement it properly

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Don’t stop the **momentum**

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Questions?

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