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 **Could an investment bond be a tax-effective way to set your child up with a home deposit?**

 **What US political uncertainty means for Australian investors**



Could an investment bond be a tax-effective way to set your child up with a home deposit?

If you aspire for your child to be able to buy a home one day, then an investment bond may provide a stepping stone – with tax advantages. We analyse the pros and cons.

As property prices continue to climb, you may be wondering what it's going to take for your child to get on the property ladder. The good news is that there's a simple, tax-effective strategy that may make it easier to set your child up with a home deposit.

What's an investment bond?

Investment bonds, also called insurance bonds, are offered by life insurance companies. Despite the similar name, they're different to bonds that earn a fixed income, such as US Treasury Bonds.

With an investment bond, your contributions are pooled with funds from other investors into assets such as shares and property. Here are some of the benefits:

- ▶ **Tax effective**
Your investment earnings are taxed at 30%, which is lower than the top marginal tax rate of 47% (45% plus the 2% Medicare levy)¹ that you may be paying if you're a high income earner. When less tax is paid out of your investment, there's more to reinvest each year, compounding your returns. The investment bond may also receive franking credits and other tax benefits from the underlying investments.
- ▶ **Straight-forward**
Investment bonds are 'tax paid' investments, which means that your tax obligations are met within the investment itself. You don't need to include your investment bond returns in your tax return. After 10 years you can generally cash out your investment tax free (read the 'things to know' section below).
- ▶ **Growth opportunities**
If you get started early, your investment can earn investment returns on your investment returns, even if you phase your way in. Investment bonds usually come with a choice of investment options that offer capital growth, such as Australian shares, international shares and diversified blends – which investors can switch between as their needs change.
- ▶ **Flexible**
While many Australians use investment bonds to save for a child's home deposit or education, there are no restrictions on how you spend the money. What's more, there's no limit on the maximum value of the investment. So, for people already contributing into their super up to their contribution cap limit, an investment bond may offer a complementary investment. The 10-year term could also suit people who think they'll need their savings before they retire.



Things to know

While investment bonds offer compelling benefits, there are some limitations and risks to be aware of:

- ▶ **The 125% contribution rule**
An investment bond is a 10-year investment where the 10-year term starts with your first deposit. What you contribute each year after that gets included as part of the original 10-year period. However, the 125% rule means that you can't contribute more than 125% of the previous year's contribution. So, if you start a bond with \$10,000 in year 1, you can't invest more than \$12,500 in year 2. If you invest \$12,500 in year 2, then you can't invest more than \$15,625 in year 3. There is no requirement to make additional contributions, but if you don't contribute one year, and then make a contribution in a later year, you'll reset the 10-year rule.
- ▶ **Fees and market risk**
The provider of the investment bond will charge fees. What's more, an investment bond comes with investment market risk. The amount of risk depends on the investment options you choose.
- ▶ **Loss of tax benefits if withdrawn early**
If you need to withdraw some or all of your money before the 10-year period is reached, some of the tax benefits will be lost.



How your Count Financial adviser can help

If you want to start saving in a tax-effective way for your child's future, talk to your Count Financial adviser. They'll be able to discuss your options and recommend the strategy that's right for your situation.

¹ Australian Taxation Office, Tax rates – Australian resident, 18 June 2025

What US political uncertainty means for Australian investors

Over the last 30 years, many Australians have reaped strong gains from investing in the world's largest economy. However, US political instability is prompting some investors to think about dialling back their allocation to US markets in favour of other countries. We examine the benefits and risks of investing in US assets and the implications for your retirement savings.



It would be hard for a writer of a TV show to invent a more audacious storyline than what we see playing out for real in US politics each day. So far, the drama has jumped between tariff-fuelled trade wars, government shutdowns, escalating national debt concerns, state intervention, alleged cover-ups and workers staying home due to fears of immigration raids.

And with contentious mid-term elections looming in November 2026, further disruption could intensify share market volatility, push bond yields higher and the US dollar lower.

US assets are still performing strongly

Yet while politicians seize the headlines, it's the day-to-day activities of individual companies that generate the dividends and capital gains that flow through to your superannuation account.

Indeed, US companies have performed strongly, particularly those tapping into the artificial intelligence productivity boom. Tracking the largest 500 US companies, the S&P 500 Index² rose by 16.35% over the year to January 2026 and delivered a cumulative total return of 74.95% over five years. While US tariffs and other policy decisions may have created headwinds for the US economy, the resilient growth of US companies is offsetting much of the negative effects.³

As the world's largest economy, the US attracts global funding into thousands of listed companies of different sizes – from large international conglomerates to smaller local businesses. Investors can buy into a wider variety of sectors and industries than available anywhere else in the world. Uniquely US companies include powerhouse communication firms such as Netflix, leading healthcare innovators and core technology companies such as Microsoft and Apple. Such a big opportunity set offers potential diversification and growth opportunities.

Prospects for other markets also strong

However political disruption does have consequences. When investors question the safe-haven status of the US dollar due to economic stability concerns, its value gets pushed lower versus other currencies. This means that when US companies generate investment returns, the value may drop when converted into Australian dollars.

That's one reason why stronger investment returns in Australian dollar terms may come from other developed economies and emerging markets. For example, last year emerging markets out-performed US markets in Australian dollar terms⁴. A weaker US dollar typically boosts the strength of emerging markets currencies and economies. This makes buying imports cheaper and attracting foreign investment easier.

Indeed, the outlook for Australian investments may also be strengthening as global investors seek diversification and new places for capital previously destined for the US.

Note that while currency movements can impact the value of an investment, your investment manager has a tool kit of strategies to hedge against adverse effects.

Your goals should drive your investment strategy

When it comes to building and protecting wealth, it's important to look beyond the headlines and take a long-term perspective. Your investments should reflect your individual investment goals, time horizon, risk tolerance and overall strategy.

While political tensions can upset the global economy at any time, active professional investment managers have the expertise needed to navigate these risks. They stay one step ahead by building portfolios that are more diversified, resilient and better positioned for long-term performance.



How your Count Financial adviser can help

If you have any questions about how US political uncertainty could impact your retirement savings, talk to your Count Financial adviser. They'll be able to advise you on whether any adjustments to your portfolio are warranted, taking into account your financial goals.

² S&P 500 as of 30 January 2026. Total return in US dollars

³ IMF, *Global Economy: Steady amid Divergent Forces*, January 2026

⁴ Colonial First State, *Emerging markets deliver best performance in 2025*, 3 February 2026

The numbers

Source: Australian Bureau of Statistics

The household saving to income ratio rose to

6.4%⁵

in the September quarter 2025, up from

6.0%

in the prior quarter

The Australian economy grew

0.4%⁶

in the September quarter 2025 (seasonally adjusted, chain volume measures), with annual growth of

2.1%

Household wealth increased

\$551.3b⁸ (3.1%)

to **\$18,400.7b**

in the September quarter 2025

Wages rose

3.4%⁷

over the year to the December quarter 2025, with a quarterly rise of

0.8%

The trend unemployment rate held at

4.1%⁹

in January 2026

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CONTACT YOUR COUNT ADVISER AT:

⁵ September 2025

⁶ September 2025

⁷ December 2025

⁸ September 2025

⁹ January 2026