

A Clear Breakdown of Real Returns After Tax and Inflation.

You know what you earn. Do you know what you keep? Run the numbers on your 'safe' savings in 2026 – after tax and inflation.

GROSS RATE

4.50%

TAX DRAG (32.5%)

1.46%

INFLATION

3.60%

REAL RETURN

-0.56%

⚠ If your after-tax return is below inflation, you are going backwards – even if your bank app looks positive.

The "HISA Mirage"

A 4.5% "Bonus Interest Rate" looks attractive. It feels safe. But let's run it through a standard marginal tax band and current inflation estimates to reveal the mathematical illusion.

METRIC / COST FACTOR	STANDARD SAVINGS	HIGH INTEREST (HISA)
1. Headline Gross Rate (Advertised)	2.00%	4.50%
2. Less Tax (Assumes Base Rate + Medicare)	-0.69%	-1.55%
3. Net After-Tax Yield (What hits your account)	1.31%	2.95%
4. Less Inflation (Estimated CPI)	-3.60%	-3.60%
5. Real Purchasing Power Change	-2.29%	-0.65%

*Tax impact varies. Selected example bracket:

32.5% + 2% (Base)

37% + 2% (Mid)

45% + 2% (Top)

The Offset Account "Safety Tax"

For the last decade, the "Golden Rule" of Australian finance was absolute: Put every spare dollar into your offset account.



Locked-up Equity

Set-and-forget. Saves mortgage interest, but yields zero compounding growth and traps capital in one asset.

VS



Liquid Buffer

Intentional allocation. Maintains a safety buffer while deploying excess capital to outpace inflation.

Saving interest is useful – but liquidity matters. A plan that traps 100% of your flexibility can become a hidden opportunity cost.



The Decision Order

Stop guessing. Follow a strict mathematical order:
measure, stabilise, then allocate.

1



Measure

Audit your cashflow and identify "lazy capital". You cannot fix or optimize what you haven't quantified.

2



Stabilise

Plug the wealth leaks. Address the immediate drag from unnecessary taxation and erosion from inflation.

3



Allocate

Deploy capital intentionally. Move beyond basic "set-and-forget" structures into real growth assets.

Your "Net-Net" Worksheet

 Print & Fill

Run your own audit. Fill in your numbers below to calculate your real purchasing power retention across different "safe" assets.

ASSET / ACCOUNT	1. HEADLINE RATE (%)	2. MARGINAL TAX (%)	3. AFTER-TAX RATE (%)	4. EXPECTED INFLATION (%)	5. REAL RETURN (%)
Everyday Saver	-----	-----	-----	-----	-----
Bonus HISA	-----	-----	-----	-----	-----
Term Deposit	-----	-----	-----	-----	-----
Offset Account*	-----	0% (Tax Free)	-----	-----	-----
Other: _____	-----	-----	-----	-----	-----

*Offset accounts do not earn interest, they save it. Your "return" is effectively your mortgage rate, which is not taxed.