

Wealth of Christmas reading



Noel Whittaker

A savvy selection from Santa can provide lasting pleasure and valuable insights into achieving financial success.

CHRISTMAS is fast approaching and with it the usual challenge of finding a gift that will not break your budget but will be of value to the recipient. Books have long been my favourite because they're reasonably inexpensive and can bring lasting benefits.

As usual, I've done the rounds of the book stores and found some titles that would be welcome in any Christmas stocking.

The perfect choice for anybody who is keen to better themselves is Og Mandino's *University of Success*. It is a compilation of extracts from the world's leading books on success and contains the elements of all the knowledge anybody needs to succeed in a demanding world. It is arranged in 10 semesters of five lessons apiece and provides a great foundation for further reading. If your bookshop doesn't have it, you can get it for \$24.97 online at fishpond.com.au.

Rising interest rates and the reduction in the first-home owner's grant mean buying that first home has become harder. We all know the secret of making money in real estate is to buy well but unfortunately that is a hard skill to learn. It is not about applying a magic formula, tapping into so-called secrets of success or paying large amounts of money to listen to get-rich-quick spruikers. It is really a matter of asking the right questions.

Which is why Margaret Lomas's book, *The 20 Must Ask Questions for Every Property Investor*, would be a great gift

for anybody interested in buying property. She lists all the questions you need to ask, while explaining why each one is critical to success. It's an easy read and well priced at \$29.95.

One of the greatest barriers to success is procrastination. This is why we all need someone or something to give us a nudge to get going, and why the new book *Nudge - Improving Decisions About Health Wealth and Happiness* by Thaler & Sunstein would be such a useful guide. For years I have stressed the importance of using strategies such as paying your home loan fortnightly, investing by direct debit so that investment happens automatically, and that you don't fall into the trap of starting next week. This book (RRP \$27) extends this concept to almost every facet of your life.

I loved the original *Freakonomics* by Levitt & Dubner, and their sequel *Super Freakonomics* is just as much fun. It contains an astonishing range of topics that include the perils of walking drunk, the erosion of prostitutes' pay, the worst month to have a baby and why suicide bombers should buy life insurance. To cap it all off they have a cheap and simple solution to global warming. The perfect Christmas gift for anybody with a wacky sense of humour who loves numbers. RRP \$47.

The GFC has changed the way many of us live. Spectacular consumption has given way to greater emphasis on family values and more people are questioning the

point of acquiring assets just to keep up with the Joneses. John Bogle's latest book *Enough* discusses the excesses that caused the global crisis, and offers his insights into the values that we should strive for in our business and professional lives. It's a thoughtful book and one that makes us reflect on whether we should spend more time enjoying what we have and less on chasing what we haven't. RRP \$43.

A great gift for a young person is my new book *Beginner's Guide to Wealth*. It is primarily written for people aged 12 to 25 but would be extremely useful for anybody who is trying to achieve financial success.

The early chapters are a step-by-step guide to making money while the later chapters explain how to invest it.

It will not be officially released until January but I've managed to snare some advance copies that can be bought online for \$24.95 at noelwhittaker.com.au

Remember, achieving financial success is easier if you start early and the aim of this book is to provide the motivation for young people to do just that.

Noel Whittaker is a director of Whittaker Macnaught Pty Ltd. His advice is general in nature and readers should seek their own professional advice before making any financial decisions. His email is noel.whittaker@whittaker.com.au



Q With rates on the way up I thought I would help out my son with his mortgage. I would like to put my money into his offset account but I would like to know if there is any way to protect myself in the way of a solicitor's letter or something like that, if he got sued or a girlfriend tried to run off with it in the event of a break-up. What would you advise?

A The simple way out is to make an interest-free loan to him and then he can put it in the offset account himself. Your solicitor should be able to draw up a short document that will ensure that repayment of the loan gets priority if there is a breakdown in a relationship.

Q My husband is 52 years old and I am 45. We have not previously used a financial adviser. We have been looking into the

feasibility of starting a self-managed super fund. We think it will work well for us, given our financial goals and the strategy we have worked out, but need to talk to a financial adviser who has experience in this area. Is there a way to find someone who specialises in this?

A Most financial advisers will be able to direct you to a firm that specialises in administering self-managed super funds. However, before you go to the expense of starting your own fund you need to be certain as to your reasons for doing so. You would need at least \$200,000 to make it worthwhile and you are still faced with the decision of choosing the investments yourself by having an adviser recommend appropriate managed funds to invest in. You may possibly find it is better to use a wrap account

or a master trust unless you are experienced investors who wish to deal in direct shares.

Q Is capital gains tax paid by beneficiaries on all properties on the death of the owner, even those that were CGT-free to the owner, for example investment property bought pre-1985 and the domiciliary residence of the deceased?

A Death does not trigger capital gains tax, it merely passes on the liability to the beneficiaries. Therefore, if a pre-1985 property was bequeathed, the beneficiaries would be deemed to have bought it at market value at date of death and would be liable only for any profit since that date until sold.

Send your questions to noel.whittaker@macnaught.com.au

Employers warned on workers' super obligations

By JOHN COLLETT

MANY employers are failing to meet their obligation to contribute to employee retirement funds.

Workers should be vigilant in ensuring employers are paying the 9 per cent compulsory superannuation, because more are failing to make the payments due to weaker business conditions.

Bruce Quigley, a second commissioner with the Australian Taxation Office, told a conference recently that of 6000 high-risk employers reviewed under the office's employer obligations audit program since July 1 last year, almost

3000 had not met their superannuation guarantee obligations.

The Tax Office says its 2008-09 compliance program for the superannuation guarantee charge found that employers in hairdressing and beauty, engineering design, consulting and building, and industrial cleaning were at higher risk of not meeting their super obligations.

The Tax Office has said in the past that non-compliance is more likely in smaller businesses with fewer than 10 employees.

Mr Quigley said that in tough times, employers were tempted to retain the super

payments and income tax to help with cash flows and keep the business afloat.

"When businesses start to experience difficulties, they should contact us as soon as possible to work out a better, fairer strategy to address their financial problems," Mr Quigley said.

"Using money that is an entitlement of their employees is not the answer and is only going to land them in hot water down the track."

In 2008-09, the Tax Office raised \$123 million in superannuation liabilities from very small businesses.

In July this year, unions criticised the Tax Office for what they said was its

tardiness in chasing up payments to workers.

In a joint submission to the Inspector-General of Taxation's review into the payments, the Australian Council of Trade Unions and the Industry Super Network said the amount of outstanding super payments could be almost \$1 billion.

The submission questioned whether the Tax Office had enough resources directed at recovering superannuation guarantee payments.

The submission said that as many as a third of employees, or 2.5 million people, may be affected by at least underpayment of their super entitlements.

In his conference speech, Mr Quigley said that collection of superannuation guarantee payments was a "top concern of ours".

He said the Tax Office had reduced the time it took to investigate complaints and had increased its data-matching to catch employers not meeting obligations.

Employers must pay super to employees who are eligible. To be eligible, the employee must be aged 18 years or over and under 70 and paid at least \$450 (before tax) in a calendar month.

It doesn't matter if the employee works casual, part-time or full-time hours. Employees under 18 are

eligible if they meet the additional requirement of working more than 30 hours a week.

The employer must pay a minimum of 9 per cent on a worker's ordinary hours of pay into the worker's super fund at least once each quarter.

Mr Quigley also highlighted how employers were increasingly treating their employees as contractors so that they could cut costs in terms of workers' compensation, payroll taxes and the superannuation guarantee.

Employees can lodge a complaint with the Tax Office by phoning 131 020.