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DEEP IN DEBT OR CONFUSED ABOUT SUPER? WE'VE GOT THE FINANCIAL HELP YOU NEED. BY ALEXANDRA CARLTON

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"This brings whole new meaning to my investment wardrobe"



must read...

For those vying for financial independence, Kim Kiyosaki provides all the essential information in *Rich Woman: A Book on Investing for Women* (\$24.95, Rich Press). It's the road map to female financial success.

ACCENTUATE GOOD DEBT, ELIMINATE BAD DEBT

Nobody likes bad debt. You know, the kind that's not tax deductible and sucks at your finances, weighing you down. It's primarily composed of credit card debt (Australians currently groan under the weight of almost \$30 billion of this), as well as mortgages and other personal bills.

If you have money owing across a number of different credit cards, Amanda Matthews, co-director of Saville Financial Planning, suggests rolling the outstanding balances together into a personal loan with a lower interest rate, making it easier and cheaper to manage. She warns against making the common mistake of adding these debts to your mortgage, as this can stretch payments over a longer term, which results in them being ultimately more expensive.

If your debt is out of control, contact your bank to work out a payment plan. The worst thing to do is ignore the problem, allowing it to spiral out of control and damage your credit rating.

Once you have a plan worked out, arrange for payments to be directly debited from your account on pay day, so there will be less temptation to spend the money before you pay your debts.

On a brighter note, good debt does exist. This is the tax deductible type – money borrowed to buy investment properties or share portfolios. These loans are always accompanied by risk (like interest rate hikes), so keep repayments affordable and remember, the benefits of the tax break won't be felt until your return at the end of the financial year. →

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MAKE SENSE OF SUPERANNUATION

Australian women spend an average of 10 years alone at the end of their lives, either by choice or because of divorce or the death of their partner. But, because we often live longer than men, spend time out of the workforce caring for children and elderly relatives, and are routinely paid less than men, we are wildly underfunded when it comes to super.

Penelope Joye, senior financial adviser at Taylor Shadforth's, urges women to take stock of their super at the earliest opportunity and make the most of the changes coming into effect at the beginning of this month (see right).

"In your 20s, when you tend to have less debt, you should be taking advantage of the government's co-contribution scheme," Joye says. Anyone earning less than \$58,000 a year who contributes funds above the compulsory employer contribution of nine per cent of their salary, will have their contributions matched or bettered by the government. (If you earn over this amount, there are no such provisions.)

In the recent budget, Peter Costello announced the government will also retrospectively double any co-contributions they made for the financial year 2005-06. So, if you chipped in \$1,000 from your own pocket and the government added \$1,500, they will now double their contribution to \$3,000.

Once you reach your 30s, your financial focus should shift to eliminating any bad debt you've accumulated in your 20s. When you reach your 40s and 50s, it's time to focus on salary sacrifice – that is, channelling a percentage of your income directly into super to maximise the available tax breaks. If you stick to a super plan like this, by the time you're in your 60s, you should have funded your retirement with ease.

Because we're all different, when it comes to super you should consult an independent financial advisor who can steer you in the best direction for your circumstances. "If you have a problem with your health, would you try to manage it yourself or would you go and see a doctor?" asks Joye. "It's exactly the same thing with your money."



Insurance could end up being your saving grace if you take an unexpected tumble.



For financial advice laced with style and wit, look no further than Emily Chantiri's *The Savvy Girl's Money Book: The Savvy Way to Have the Life You Want* (\$29.95, Murdoch Books). It features inspirational stories to get you motivated.

WHAT YOU SHOULD KNOW ABOUT THE NEW SUPER

1 From this month, self-employed people can make the same deductible contributions to their super fund as an employer, and receive similar tax breaks.

2 Now, we can all add undeducted contributions of up to \$150,000 to super per annum (this is money you have already paid income tax on). These amounts won't be taxed as they go into super, and once in, super is taxed at a low rate.

3 If you are over 60, money in super will be paid out as a lump sum or gradually, like an income.



For tips on everything from starting to invest to calculating your super, check out fido.asic.gov.au.

ASSESSING YOUR INSURANCE NEEDS

If you think insurance is just for your car and house, think again. It's important to consider personal insurance as well. The obvious one is life insurance, which guarantees a lump sum to your dependents if something should happen to you. Obviously, this is crucial for women with children. Income insurance is a way of protecting your salary in the event of illness or incapacitation, and you can insure up to 75 per cent of your salary this way.

Less well known but also important is trauma insurance. While it may seem morbid to think about how your finances would be affected if you were struck with a debilitating disease, it's important to remember one in eight Australian women will get breast cancer, for example. Suddenly trauma insurance makes a lot more sense. "In some cases, a woman with trauma insurance could receive a payment of \$100,000 in the event she is diagnosed with breast cancer," says Penelope Joye. "Imagine if you had that

money to take care of all your expenses, and all you had to do was concentrate on getting well."

A financial planner with WIN Financial Network, Janece Giraldo warns that, if you're planning a family, life insurance and trauma insurance can't be issued during a pregnancy, so it's best to make sure you are covered in advance.

If you're hesitant to commit to an insurance policy, remember that it's not a life sentence – many people correctly choose to let their policies go as they get older. "Once you have significant assets, insurance becomes less important," she says. "You know if something happens unexpectedly, you can sell something to get you through the hard times." But for younger women, insurance could protect you from financial disaster.

ADJUST YOUR FINANCES WHEN YOU HAVE CHILDREN

Having a baby means so much more than dirty nappies and sleepless nights. It's amazing how something so tiny can cost so much – an AMP survey estimates that raising two children to the age of 20 will set you back around \$450,000.

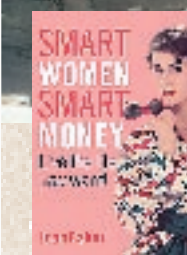
Amanda Matthews says the first thing to do when you find out you're expecting is develop a budget and get advice from an independent financial planner on how to make your savings work harder for you. A good organisation to start looking for a planner is through the Financial Planning Association (visit fpa.asn.au or call 1800 626 393).

The baby bonus, which now sits at \$5,000 per child, is also a helpful buffer and can make those first few months of motherhood a little easier if it's spent or invested wisely. Matthews also recommends couples investigate education plans as early as possible to ensure there is sufficient money for schooling. A good place to try is Australian Scholarships Group (asg.com.au), which will come to your home and talk through your options.

Of course, you may not have to rule out earning an income entirely, especially if working from home is



Despite their rapidly expanding family, Brangelina's finances don't seem to have changed much.



Packed with sensible investment strategies for the emotional spender, Joan Baker's *Smart Women, Smart Money: Live the Life You Want!* (\$24.95, Allen & Unwin), is a personal finance guide to get you managing your money wisely.

an option. When PR executive Stella Katsaros, 32, fell pregnant with her first child, she wanted to find a way to transfer her skills into an at-home business to supplement the family income. The result was her own company, Little Miss Stella PR, which provides public relations and media services to other mums who run businesses from home.

Her advice to women considering juggling bottles and business? "First, enjoy your pregnancy and give yourself time to adjust to the new baby," she says. "But also make sure you have an

excellent accountant and great advice. I spent a lot of time talking to people who were doing what I wanted to do."

It's also important to remember, you may not be able to get your business off the ground quickly. It's not easy working when your baby is gambolling at your feet or when you're in between changing and washing dirty nappies. Although, when you do get things moving, make sure you have a work-only email address and either a separate phone line or phone with caller ID so you can make a clear delineation between home and work. →

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TIPS FROM THOSE IN THE KNOW



JILL JONES-EVANS, 40, OWNER OF THE VICTORIA ROOM BAR RESTAURANT

BASED: Sydney, NSW
ESTIMATED CURRENT WORTH: \$5 million

HOW DID YOU MAKE YOUR FORTUNE?

Before opening The Victoria Room, I created and managed a location company for the film and photographic industry. When I moved to Sydney, I sold that business, which gave me the capital to open The Victoria Room in Darlinghurst. While the location company was lucrative, The Victoria Room has put me in a much better financial position, and it's now worth in excess of \$3 million.

HAVE YOU STOPPED WORRYING ABOUT FINANCIAL SECURITY? Definitely not. You still have to be responsible and manage your money wisely, no matter how much or little you have. I've made my money work for me with sound investments, such as property, and low-risk shares.

YOUR ADVICE TO ASPIRING MILLIONAIRES? Do what you love with passion and integrity and the rest will naturally follow. Nobody believed high tea at the Victoria Room would work, but after some tears and lots of perseverance, it's hugely popular.



SANDY FORSTER, 40-SOMETHING, ENTREPRENEUR AND AUTHOR

BASED: Sunshine Coast, Qld
ESTIMATED CURRENT WORTH: In excess of \$2 million

HOW DID YOU MAKE YOUR FORTUNE?

You could say I'm a serial entrepreneur. I've taken all my tips, secrets, ideas and strategies for attracting prosperity and created wildlywealthy.com, where I share that information with

others. I also create products such as home-study courses and take people through mentoring programs and run live seminars. I am a speaker, have written a bestselling book (*How To Be Wildly Wealthy Fast*) and own a number of investment properties – I love to put any spare cash into real estate.

HAS MONEY MADE YOU A HAPPIER PERSON? I was over \$100,000 in debt in 2002 and receiving a government benefit of \$15,000 a year, which stripped me of choices in life. They say money can't buy happiness, but I have been poor and I have been rich, and I can definitely say I am much happier with money than without it!

YOUR ADVICE TO ASPIRING MILLIONAIRES? Start with your thinking. Begin to think like a millionaire and you will eventually be a millionaire. In my experience, getting a coach or mentor is one of the most worthwhile things you can do for your success, both personal and professional. (Motivational speaker) Jim Rohn once said, "Formal education will make you a living; self-education will make you a fortune." Living that quote is how I've achieved my success.



AMBER WERCHON, 24, REAL ESTATE AGENT

BASED: Sunshine Coast, Qld
ESTIMATED CURRENT WORTH: In excess of \$1 million

WHAT SORT OF PROPERTY DO YOU INVEST IN?

I have a growing number of properties, mostly residential, and I've recently added some commercial ones to balance my portfolio. I bought my first investment property in 1998 at the age of 16 with my parents as guarantor (I was too young to sign the contract). It was a modest two-bedroom unit (at Alexandra Headland on the Sunshine Coast) for \$45,000.

WHAT'S THE MOST EXPENSIVE PROPERTY YOU'VE BOUGHT?

A commercial property in Mooloolaba, which I bought for over \$2 million. It's in a high-exposure position with fair returns and high capital-growth potential.

HOW HAS YOUR LIFE CHANGED SINCE BECOMING A MILLIONAIRE?

The idea of getting into debt used to frighten me. Now I'm more comfortable with it and don't think so much about how much I owe, more about the potential for growth and how that will help me achieve my long-term goals.

ADVICE TO ASPIRING MILLIONAIRES?

Make sure the amount you spend is affordable and even if you don't make much money now, it is possible to create wealth by saving whatever you can, then using that money to invest. Every little bit counts. **m**

A MENTOR IS ONE OF THE MOST WORTHWHILE THINGS YOU CAN DO FOR YOUR SUCCESS, BOTH PERSONAL AND PROFESSIONAL



ADDITIONAL REPORTING BY BESSIE REEPE. PHOTOGRAPHY BY SNAPPER; GETTY IMAGES; BIG