

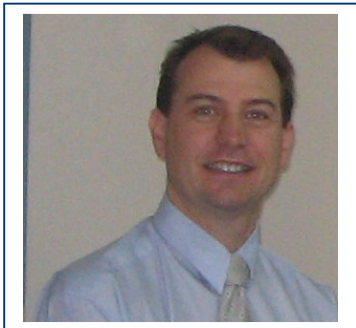


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Women and their investment strategies

The superannuation and fund management industry have come to realise that women need a different approach when it comes to managing money. Books, advice and seminars are popping up all over the place meeting this important demographic.

Are women all the same? Of course not, they are as different as men. Here are a few examples.

Gucci Rich, Asset Poor

In an episode of the old favourite TV show, "Sex and the City", the show's fashion junkie heroine Carrie Bradshaw was faced with the prospect of having to buy her apartment or move out. However, Carrie has no cash or collateral – only 100 pairs of \$US400 shoes. "There's your deposit," notes homeowner pal Miranda. Call it the Gucci Rich, Asset Poor phenomenon.

A real life case featured Karyn, a successful marketing manager earning \$1,900 a week and living the life of the rich and famous. One day she found she didn't have the cash to get to work and was over \$20,000 in debt. Never backward in coming forward, she launched a web site asking for donations to bail her out and her debt quickly reduced to \$3,000, thanks to some generous sympathisers.

Gone clubbing

If you happen to overhear a female friend or colleague talking about going clubbing, chances are it may not be the clubbing that involves smoky venues, loud music and overpriced drinks. Nowadays, it's more likely she's a serious "Investment Clubber".

Many hundreds of investment clubs have sprung up around Australia in recent years, as individuals seek to learn about investing. As women tend to talk to each other more and seek one another's advice before acting, they find investment clubs an ideal way to start or further their investments, with 90% of all club members being female.

Knight in shining amour or bag lady?

Although women know intellectually that they have to plan to look after themselves - statistically, nine out of ten women will be solely responsible for their finances at some stage in their lives – the issues surrounding money can create an emotional minefield.



A survey of young Australian women aged under 20 revealed that 70 per cent still expected the metaphorical knight in shining armor to front up and whisk them off to a life devoid of financial worry. That's a frightening expectation/reality gap. The flipside is the fear harbored by older women that they will become bag ladies in their old age without a man to look after them. Of course, this no longer needs to be the case.

Women a step ahead

Women invest with their heads and men invest with testosterone,

according to research that showed women investors outperformed their male counterparts by an average of 9.5 per cent during the year.

Before women buy shares in a company, they thoroughly research and check that the company's goods or services are worthwhile and, if appropriate, in the shops. That's the best form of market testing.

They're also in it for the long term, whereas men tend to plump for what looks good and sounds nice and listen to what their mates say. Men carried out twice as many transactions as did women, the research found, and invested in higher risk products such as warrants.

But when it all comes down to it, we're all different with different dreams, needs and wants. It's what you do about how to achieve those dreams that's important. The smart ones seek professional guidance.

Help your kids buy their first home

With the rapid increase in house prices in recent years, the dream of buying a home was starting to become a mirage for many young people. At the same time, many parents were finding their own homes increasing in value way beyond their expectations.



However, from what seemed like difficult times, a positive outcome has emerged ... a way for parents to help their children buy their own homes by using the increased value of the family home.

Many parents would like to help their children, but at the same time need to prepare for their own

retirement so a number of financial institutions have come up with a solution. They now provide options for those who want to support their children by assisting them in purchasing a home, whilst allowing the parents to retain control over their contribution.

There are only two basic requirements parents will need to meet:

1. Hold sufficient equity in their home to pledge as collateral security.
2. Earn adequate taxable income.

Parents can provide a guarantee of either income support, security support or both, according to circumstances.

'Children' can then select the home they wish to purchase, taking into account their own financial circumstances and apply for a home loan. They are still eligible to receive the First Home Owner Grant of \$7,000.

If this appeals to you and your children have savings of 5% of the purchase price, then your guarantee may be limited to 20% of the loan. If they do not have sufficient savings this can be provided from your home equity.

As soon as your children have 10% equity in the home, the loan can be taken over in their own name, releasing you from the guarantee.

Jeremy Orchard can explain the process as well as assist you in finding the most suitable loan for your circumstances and help with the paperwork.

Building a passive income

There's a bank that credits your account every morning with \$86,400. It carries over no balance from day to day. Every evening it deletes whatever part of the balance you failed to use during the day. What would you do? Draw out ALL OF IT, of course!

Every single one of us has such a bank. Its name is TIME. Every morning, it credits you with 86,400 seconds. Every night it writes off, as lost, whatever of this you have failed to invest to good purpose. It carries over no balance. It allows no overdraft.

There's no going back. There's no drawing against the "tomorrow". You must live in the present on today's deposits and invest it wisely to get the best returns in health, happiness, and success.

It's just like that popular saying: *Yesterday is history. Tomorrow is a mystery. Today is a gift. That's why it's called the present.*



How can you get more time?

A simple guide from an earlier era suggested eight hours for sleeping, eight hours for work and eight hours for leisure. Work seems to take up more than its fair share and many people seek a way to maintain or increase their income without increasing their working hours. Passive income has become a catchy phrase to describe one way of achieving this goal.

What is 'passive income'?

Put simply, passive income is regular and reliable and you don't have to keep working for it. Sounds too good to be true but it is possible.

A search of the Internet revealed many examples of which these are just a few:

- Building a business where others follow the systems and practices you have developed so your involvement is much reduced.
- Using the Internet to sell services and products.

- Investing in property for rental income and capital growth.
- Investing in dividend-paying Australian shares.

Obviously some of these options require investment capital while others require time, at least to get them established.

The Internet provides intriguing opportunities

Research in the USA and UK has shown over 65% of new businesses are home-based using the Internet, and this is increasing exponentially. However, the research does not reveal how many of these are profitable or how much time is required to run them.

It is important to exercise caution when looking at offers on the Internet – particularly if these involve capital investment or expenditure. It is frequently impossible to check on the background of the promoters or what security there may be for your investment. It's wise to concentrate on looking for "ideas" you can adopt and implement yourself with minimum capital investment.

A similar caution extends to business opportunities offered at "free" seminars. Invariably these are made to look highly attractive but require a capital investment with no guarantee of returns.

Despite these warnings, there are many opportunities for the creative mind, so do your research, look around you at what others are doing and put on your thinking cap. Make those spare minutes generate some additional wealth to improve your future wellbeing.

Working from home successfully

If you are a commuter dragging yourself into the city every day to work, the chance to work from home must seem like Nirvana. Freedom to choose your own hours, fewer disturbances and being able to work your own way are obvious benefits. If anecdotal evidence is any guide, more and

more people are making this career choice and doing their own thing from home.

The Internet, mobile phones and the reduced cost of computers and other office equipment have made the choice viable. Some employers have adopted more flexible working practices allowing employees to work from home. And many organisations have outsourced work to specialists so they can tap into expertise when they need it rather than having full-time staff on their payroll.

But how does it work in practice? To make it work effectively you need 7 key skills that you may not have developed before.

Self discipline

Home is full of distractions (for example, the fridge, TV soaps, a good novel and chores that just can't wait). You need to be able to set a work schedule, plan your tasks and stick to the plan.

To turn off

Having your place of work in your home means it can possibly take over your whole life. You need to be able to close the door and forget work just like you did when you went out to work.

Support

When you work for someone else they provide the support structure to help you work effectively – like stationery, computer backups and sending invoices. Now you are on your own, you have to do it yourself or organise someone else to do it for you. How would you survive if your computer crashed or your printer ink ran out at a vital time?

Maintain a contact database

If you have many customers, you need to keep track of them. Who are your best clients? Which clients can lead you to more work? Which clients haven't paid their bills? You need a system to control it all.

Keep business records

Don't forget that the expenses you incur in earning your income will usually be tax deductible. Costs like the computer, phone, travel to see clients or suppliers, and

materials you use can be claimed on your tax return. But you need to be able to substantiate the expense – so keep records right from the start and discuss with your DFS accountant.

If you have a separate working space at home you may be able to claim a proportion of the house running costs as a deduction. But beware, this means it will not be part of your principal place of residence and there may be capital gains tax implications when you sell the house.



Network maintenance

Working alone means you are alone. Swapping emails is not really communication and even phone calls can't replace face-to-face relationships. Part of your schedule must be to stay in contact with your customers, suppliers and support people. Otherwise life can get really lonely.

Be multi-skilled

To successfully work from home you need to be three people. You will do the work, do the administration and be out looking for more work. Not many people can do all three consistently and successfully.

It takes courage to leave the security of a regular job but the flexibility and freedom can make it all worthwhile.

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