

## Talking Concepts

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### 10 tips for choosing an investment property

Source: Choice Aggregation

So, you're thinking of buying your first residential investment property? There are a few things to consider before making the move. Here are Choice's top 10 tips for avoiding potential difficulties and ensuring success.

#### 1. Know your goal

Understanding your financial objectives is key to finding the right investment property. The actual property itself is rarely the end goal when it comes to investing – the financial elements should be your key focus. First, decide what your investment goal is and then create a plan to achieve it within a realistic time frame.

Are you looking for a plan for retirement? An income-generator to fund your children's education? Or building equity to gain a regular income? Define a plan and review it regularly as your situation and the market changes.

#### 2. Research, research, research

Understanding which property is going to work best for your situation is key. It needs to be one that will be of high demand from renters and, possibly, owner-occupiers down the track. Be sure to research which types of properties are in demand and rents quickly in particular areas, and those that don't. Is this an area popular with families who want three or four bedroom homes, or with singles looking for studio apartments? Speak with property managers and check ads to find out what renters are currently looking for, and how their needs may change in the future. What developments are planned nearby? Get to know the neighborhood you're planning to invest in.

#### 3. Old or new?

It's the age-old debate: should you buy a renovator's delight or something you can rent straight away? It's great if it can be rented out as is, but potential to renovate should also be considered. The ability to easily and economically add value to a property is a plus, as it could increase rental returns. Don't immediately write off a property just because it needs a paint job or the kitchen cabinets need replacing, but at the same time avoid over capitalising if it's not going to deliver returns. It's a balancing act, so consider your skill levels, the extent of makeover required, and your access to funds to pay for renovations.

#### 4. Location, location, location

Location is critical to performance. Some of the things to consider include:

- How far is the property from the CBD or business areas?
- Are there schools nearby?
- How's the shopping? Can tenants walk to local shops or will they need to drive?
- What and where are the public transport options?
- What other amenities are close by? Are there cafes, a medical centre, a pharmacy, a gym?

#### 5. Do your sums

Always check your finances before deciding to purchase a property. Get pre-approval and make sure you can cover repayments as well as extra upfront costs such as conveyancing, inspections and taxes. There are also ongoing costs to consider including landlord insurance, strata and property management fees, property maintenance, council rates and utilities.

You need to set yourself a realistic picture of a property's cash flow, rather than vague idea of whether rent will cover expenses, so use a spreadsheet to calculate all foreseeable expenses. If cash flow is negative, can you afford to maintain the property? What happens if it's vacant for a couple of months? Do your sums carefully and always ensure you factor in a financial buffer to [avoid mortgage stress](#).

#### 6. Choose the right setup

When it comes to investing, it's important to understand how to set up the purchase to receive the most benefit. The entity should be tax-effective and protect any existing assets. You can purchase in your name, through your super or through a trust, but always understand how the purchase will affect you and your family. Expert advice can assist in maximising your benefits.

#### 7. Pick the right features

You want to appeal to the highest number of tenants, so look for properties that offer that little something extra, like a second bathroom or a lock-up garage. Also, look at properties that appeal to many segments. For example, a lift may appeal to both retirees and a young family, as both will be looking to avoid stairs. Just make sure the benefits outweigh any extra costs.

#### 8. Check your emotions at the door

Remember, you won't be living in this home, so there doesn't need to be an emotional connection to the home or the area. Your decision should always be about which property will give you the best return, not which one is most suited to your own tastes and lifestyle.

#### 9. Timing is key

It's a great idea to keep on top of the market's movements and its dynamics. While there are investment opportunities available most of the time, some market conditions are more favourable. Do plenty of research and, if you don't fully understand it, ask for help.

#### 10. Get expert advice

Your broker can put you in touch with experts when it comes to real estate and investment. This means accountants, real estate agents, lawyers and valuers. These people are immersed in the industry and will be able to guide you in your decision-making.



### Merry Christmas

*Christmas is about spending time with family and friends. It's about creating happy memories that will last a lifetime.  
Our sincere thanks for your loyalty throughout the year and we look forward to working with you next year.  
Merry Christmas to you and your family from Ann & Phillip and the team at Concepts & Results*

## Don't get Caught Off Guard

### Tips to help keep your money and bank accounts safe

Source: NAB

It's important to be able to recognise threats and scams in order to protect your accounts and information. Keeping your information secure is vital – this includes your cards, Personal Identification numbers (PINs), phone passcodes and Pattern Lock does, Internet Banking passwords, online account passwords, SMS and Security Codes.

#### Card Security

- Sign the back of new cards as soon as you get them.
- Don't let anyone else use your card
- Regularly check that you still have your card
- Let the bank know as soon as you realise your card or PIN has been lost, stolen or used by someone else.
- Don't use a payment device if you think something isn't right – fraudsters have been known to use bank equipment to steal cards or capture PIN details.
- When your card expires destroy it by shredding or cutting it up. Make sure you slice through the embedded microchip, magnetic strip and security code.

#### Keeping your banking information secure

- Don't share your passwords, PINs or passcodes with anyone
- Don't access your bank websites from a link in an email or your browser history. Always type the website into your browser.
- When transacting online, check that the URL has 'https' at the start, and that a closed padlock icon is present. This indicates a security internet session.
- Make your password/PIN hard to guess. Don't choose one that is easily identified with you, eg your birth date, car registration, phone number or name
- Never write passwords or PINs down. Change them frequently.
- Use a different password or PIN for different online bank accounts
- Don't let anyone watch you enter your PIN at an ATM
- Treat your mobile phone like your wallet or purse. Keep it close at all times.

#### Avoiding scams and Hoaxes

- Treat any unsolicited emails, SMS or phone calls with caution. The bank will never ask you to log in or verify your banking details via a link or attachment in an email or SMS. Delete it immediately.
- If you're unsure about the legitimacy of any call, hang up, and call the company back on an official phone number to verify the call was legitimate. Never provide personal information on unsolicited calls.
- If your mobile phone ever stops working, get in touch with your service provider to make sure you haven't been a victim of 'mobile phone porting'. This is where scammers may use your information to transfer your phone number to another provider so they can intercept SMS passcodes sent to you.
- When downloading Apps, ensure that they are from official App stores (App Store or on Google Play). Never download an App from a link in an email or SMS
- Regularly check your bank account statements. If you spot a transaction you don't remember or recognise, let your bank know immediately.
- It's important to have up to date anti-virus software on your devices to detect and prevent online attacks.
- Avoid using computers in public places like internet cafes, hotels and airport lounges to do online banking.
- Only perform banking on trusted devices and on trusted Wi-Fi/networks. Never accept a request to download a program or certificate to your device in order to use a public Wi-Fi network.
- Report any scams to the Australian Federal Government's SCAMWatch service at [scamwatch.gov.au](http://scamwatch.gov.au)
- Keep up to date with online threats and advice at the Australian Federal Government's free Stay Smart Online Alert Service. Sign up at [www.staysmartonline.gov.au](http://www.staysmartonline.gov.au)

#### Reduce the risk of identity theft

- Secure your letterbox with a lock to prevent your mail being stolen
- Let your bank and insurance companies know immediately if your address or contact details change
- Never give out personal information to people you don't know or trust.
- Don't publish confidential information about yourself on your social media accounts, including your full name, date of birth, address or phone number, as criminals can use this information to impersonate you.
- Make sure any documents containing your personal information are destroyed by shredding before you discard them in the bin or recycling

#### Dates to Remember

21 Dec	Lodge & Pay November 2018 monthly activity statement
21 Dec	4pm office closes for Christmas break
9 Jan	8.30am office re-opens
28 Jan	Superannuation Guarantee contributions for December quarter Due
28 Feb	December 2018 all quarter BAS are due – no extensions

#### Tax Man Travels

Are you going away soon? Next time you're in the office, ask for a Tax Man and take him on an adventure!

Send your photos to [concepts@cr.com.au](mailto:concepts@cr.com.au) for a chance to win a prize.



**Arnhem Land NT with Sue**



**Seychelles with Rachel**



**Comic Koala Broadbeach Qld with Julie**

This year's winning photo of the taxman was submitted by Leonie Nelson & Trent Vickery at Duart Castle Scotland. The photo featured in our March edition. Don't forget to take photos of our taxman out and about for your chance to win.



## Celebrate. Remember. Fight Back.

Concepts & Results will once again be participating in the Cardinia Relay for Life in February 2019 with many of our staff and their family and friends walking for over 18 hours to help raise money for the Cancer Council. Relay is a team fundraising event where team members take turns walking around a track, ensuring at least one member is on the track at all times. This is to signify that cancer never sleeps.

The event has a great community spirit and quite moving moments, like the survivor/carers lap and the candlelight ceremony where we remember those who cancer has taken from us, those who are fighting it, and those that have survived.

At this year's Relay for Life our team raised \$3,500, and we hope to beat that in 2019!

Relay for Life is one of the largest fundraising event for cancer in the world.

If you would like to make a donation, go to

[http://fundraising.cancer.org.au/site/TR/RelayforLife/CCVIC?team\\_id=62209&pg=team&fr\\_id=5694](http://fundraising.cancer.org.au/site/TR/RelayforLife/CCVIC?team_id=62209&pg=team&fr_id=5694)

No matter how big or small your donation, you are making a difference.

### When is the Event?

From 5:30pm Friday 22 February until 12noon Saturday 23 February 2019 at Toomuc Recreation Reserve Pakenham

**SEARCH FOR THE CONCEPTS & RESULTS TEAM ON THE RELAY FOR LIFE WEBSITE TO TRACK OUR PROGRESS**

### Silent Auction!

One of our lovely clients Glenn Young has donated a framed sporting memorabilia which we will be auctioned at Relay for Life in February. If you would like to make a bid please email [scampbell@cr.com.au](mailto:scampbell@cr.com.au). There is a reserve price.

In addition, if you have an item or service that you would like to donate, they hold a live and silent auction at the event with the money raised going towards the Concepts & Results target. Please contact our office and speak to Bethany, Sue or Ann for further information



### Fundraising so far....

We booked a Village Gold Class Cinema on Sunday 11 Nov and a great morning was had by all who attended. We enjoyed morning tea and Bohemian Rhapsody and raised \$920!

Such a great effort and fun event that we have decided to make this an annual event. Hope to see you at next year's movie fundraiser. As at the 1<sup>st</sup> December our total fundraising for this year is \$1,983.

### A World of DIY Pain – The costs and consequences aren't worth it.

Source: Australian Company Incorporation Service

Easy access to the internet-of-everything has bred a DIY mentality in the community where it seems cheaper and easier to do the job yourself rather than use a professional. In the world of business structures, Google will happily point your clients to an online template provider or ASIC to set up business structures, despite both options being problematic.

You may have noticed that ASIC recently launched its Business Registration Service. On the face of it, telling Australians they can cut red tape and simplify the process of starting a business makes perfect sense. Unfortunately, most people aren't experienced enough to fully understand the complexities involved in setting up business structures.

#### DIY is a false economy

We understand that people are often focused on the costs involved with establishing a structure, and it's not always easy to convince them the DIY approach is a false economy.

While ASIC might be the cheapest option for you, the outcome is unlikely to be as desirable. You will receive no documentation other than a registration certificate, leaving you to navigate the Corporations Act for yourself.

In some cases, banks will request a company's constitution or will require a consent to act and share certificates. Registering directly with ASIC, you will not be provided with the documentation that you require. This will come with the inconvenience and additional cost of having to purchase the necessary documents after company registration.

Although the dangers may seem fairly obvious, it's the professional advisers who are left trying to unravel the mess:

Is the overall structure right?

What's missing from the legal documents?

Are the right people and entities involved?

What many people don't realise is that your accountant or adviser will need to review any structure you bring to us so that we fully understand its operation. So a cheap DIY job will likely end up an expensive option for both you and us.

#### Can you trade with your registered company name?

We've written before about the potential for business owners to register a company name and commence operations, only to find out they are not entitled to trade under it.

Again, ASIC can't be relied on to protect your interests. ASIC will register any name that isn't identical to an existing one purely for identification purposes and doesn't give a right of ownership. Registration with ASIC just means that nobody else is "using" an identical name and the name is not undesirable or a restricted word.

The issue with this is that trade mark conflicts are not considered. Trade mark infringement could cause a great deal of trouble for you, and innocent or unintentional infringement is no defense.

To be absolutely sure you should have a trade mark search done at the time of ordering a company.



## Want to help your kids buy property? Here's how.

Source: Choice Aggregation

The real estate market can be tough for young adults, but as a parent you may be able to lend a helping hand. We tell you how.

### 1. Parent-to-child loan

A parent-to-child loan is when a parent lends their child money. This is a formal, legally binding arrangement, administered by an independent third party. At the start of the loan period, both parties agree to terms including repayment amounts, a schedule and a process to manage defaults.

- **Benefits:** You can set generous terms for your child, but your assets, savings and credit rating are somewhat protected as you are not the borrower.
- **Drawbacks:** There are legal implications for your child if they have a spouse and the relationship breaks down, in that the spouse could try to claim some of the loan proceeds as an asset of the relationship to which they are entitled. There are also tax considerations for both parties.

### 2. Family guarantee

If your child doesn't have enough security for a mortgage, you could provide a family guarantee. This is where you use some of the equity in your own home as part of the security. For example, your equity might cover 20% of the security, and your child's new property would be the other 80%. It's also known as a guarantor loan.



This can be a temporary arrangement until your child has paid down the loan to an acceptable level.

- **Benefits:** You have the option of guaranteeing only a portion of the loan.
- **Drawbacks:** If your child defaults, your assets are at risk.

### 3. Becoming a co-applicant

You can help your child secure a loan if you sign on as a co-applicant. This means you're equally as responsible as your child for meeting repayments. The lender will consider your assets in its borrower's assessment.

- **Benefits:** Your child can obtain a loan with a low income.
- **Drawbacks:** If your child stops making repayments, you're responsible for making them. If you can't make the repayments, it will affect your credit rating.

### 4. Gift

When you give your child money but don't expect it to be repaid, it's considered a gift. You may need to sign a statement to say it's a gift, not a loan.

- **Benefits:** You can provide financial help, possibly without the legal, tax or financial implications of a formal arrangement.
- **Drawbacks:** If your child has a spouse and their relationship breaks down, the former partner could make a claim for the property.

### 5. Assistance in kind

If you're risk averse, consider providing assistance in kind; that is, covering some of the expenses that come along with buying a property. You could pay for services such as a property survey or conveyancing fees, or help with stamp duty.

- **Benefits:** You can give practical financial assistance.
- **Drawbacks:** The amount of money you provide may be more than what your child ends up spending. For example, you might want to contribute \$20,000 but the services cost \$15,000. In this case, the rest of the amount is subject to the terms of a gift or loan.

Make sure you're well informed about your options when giving or lending money so you can remain in the best position to help your child become a home owner. You can contact your mortgage broker to discuss the right financial arrangement for your family.

## Has your 2018 Income Tax Return been lodged?

Time is running out!

Call Ramona on  
9569 5676 to find out when  
your return is due.

## Must Know Christmas Facts

Source: news.com.au

Christmas stockings allegedly evolved from the story of three sisters who were too poor to afford a marriage dowry and were, therefore, doomed to a life of prostitution. They were saved, however when the wealthy Bishop Sain Nicholas of Smyrna (the precursor to Santa Claus) crept down their chimney and generously filled their stockings with gold coins.

Evergreen plants were a symbol of life for ancient cultures in Egypt and Rome. It became common to decorate the evergreens for the Greek festival of Saturnalia, and the trend was incorporated in early Christian life. This tradition turned into the modern Christmas tree in 16<sup>th</sup> century Germany.

Christmas elves – Santa's little helpers – are often depicted as green or red clad with pointy ears and pointy hats. They were first introduced in 1856 by Louisa May Alcott, American author of Little Women, who completed but never published a book entitled, funnily enough, Christmas Elves.



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If you have any questions or comments regarding any items in this newsletter simply email Sue at [scampbell@cr.com.au](mailto:scampbell@cr.com.au)

**NEXT ISSUE DUE OUT**

**1<sup>ST</sup> MARCH 2019**