YOUR MONEY MATTERS

THE PATIENCE GAME

By JD Roth – www.themoneytoolbox.com

When I was young, I had no patience. I wanted everything, and I wanted it now. No wonder, then, that I found myself with over $20,000 in credit-card debt just a few years out of college. I was spending to obtain a lifestyle that I wouldn't be able to afford until I was older. Much older.

I'm not the only one with this problem. Many young adults graduate from college or leave home, and suddenly find themselves in reduced circumstances. They're used to the standard of living they enjoyed at home with their parents. Rather than wait until they can afford similar luxuries, they buy them on credit. They forget that their parents had to work twenty or thirty years to be able to afford the things they have.

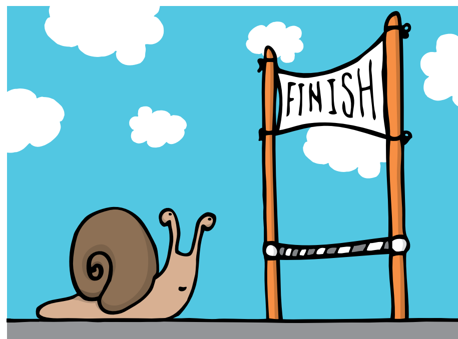
This impatience is costly. It leads to debt, and it starts a cycle of excessive consumption and lifestyle inflation.

The power of patience

I'm entering middle age now, and so are most of my friends. As we get older, an interesting thing has happened. Suddenly, we're able to afford the things we used to want so badly. Sometimes we buy them; sometimes we don't.

It's fun to watch the choices people make. I see folks who were willing to live in cheap apartments for a decade or more now buying houses. But they're paying cash for the entire thing instead of carrying a mortgage. Their patience has paid off.

I'm seeing people who have toiled for years at tough jobs finally getting big breaks. Others quietly saved and invested while everyone around them was spending (or abandoning the stock market); they're now poised to retire early -- if they want to.



Not all who wait reap the rewards, of course, but many do. Patience doesn't guarantee success, but it dramatically increases the odds. Here are just a few of the ways patience can help you achieve your financial goals:

- Patience lets your money grow. The longer you hold onto your money, the more you have of it. But more than that, time is the magic ingredient in the power of compounding, which lets your pool of money expand every year.
- Patience teaches you discipline. When I first learned to use the 30-day rule, it revolutionised my shopping habits. Instead of buying what I wanted now, I waited 30 days. Most of the time, I realized I could live without whatever seemed so urgent. But even when I did end up buying what was on the list, I felt better about my decision. Why? Because I'd exercised discipline. Patience helps prevent mistakes.
- Patience allows you to seize opportunities. If you're willing to wait instead of buying today, you're able to spend time comparison shopping or looking for free and cheap alternatives. If you're in no rush, you can even practice predatory shopping -- waiting for bargains and extreme markdowns that let you save big bucks.
- Patience lets you discover what's important. As you age, your values change. If you're willing to wait, you learn what truly matters to you. Patience helps you practice conscious spending.
- Patience keeps you sane. Patience means opting out of the relentless drive for the new. It means not caring about fashion. It means not giving in to fads and trends. It means buying last year's model -- and keeping it until it dies. Because you don't have to worry about keeping up with the Joneses, you quietly live a contented life.
- Patience leads to wealth and happiness. (It leads to each independently, not as

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THE PATIENCE GAME
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a package.) But it can be tough to practice patience if you're plugged into television, radio, and the internet. Our society doesn't believe in patience. Our society is all about 'Now'.

We live in a Culture of Now. We're constantly bombarded by messages trying to convince us to buy now, to spend now, to have what we want this very moment. Nobody preaches patience. Nobody explains that the cost of Now is a loss of your future. (That is, it's generally more expensive -- in time and money -- to buy something now than it is to wait until you can afford it.

But if you can learn to be patient, the world opens up to you.

I'm not talking about waiting until you're 80 to enjoy life -- I want to enjoy life today -- I'm talking about taking things as they come in their proper time. Relish the moment you're in, and accept it for what it is. If you're 25 and burdened with student loans, accept that. Set a goal, make a plan to meet that goal, and then work hard to achieve it. Be patient along the way. You will get out of debt, you will buy a house, you will save enough for retirement. But you're not going to do all of that today. It'll take time, which is something you have plenty of.

Be patient, and that patience will be rewarded.

7 REASONS YOUR HOUSE ISN'T SELLING

A house down the street just sold, but yours is still on the market. Why can't you attract a buyer? It's a common question and the answers aren't as much of a mystery as they might appear. These are seven of the most common reasons why houses don't sell.

The price is too high

Many homeowners place too high a value on a house they have lived in and loved for years. It's not always easy, but you have to look at your house from a buyer's perspective. One way to get a more realistic idea of what houses are selling for is to look at recent sale results in your area.

You chose the wrong agent

Home sellers often think they are getting a better deal by choosing discount real estate services or do it yourself services. However, you usually get what you pay for. Start shopping around for an agent who will make an active effort to sell your house.

A poor first impression

It's easy to overlook little things, but they are the first things prospective buyers notice. You don't have to spend a fortune doing a complete makeover, but the outside of your home is what people notice first, and first impressions do last.

Too much personality

Your sense of style may suit you to a tee, but is it turning off potential buyers? When a home stylist stages a home for sale, they decorate it to suit the largest percentage of buyers. You want people who view your home to be able to visualise their families living in it. All those family photos on your walls and knick-knacks on your shelves may be working against you.

Inappropriate renovations

It's fair enough to renovate your home to suit your lifestyle, but most buyers expect the garage to be a place for parking cars and the bedroom for sleeping. If you've turned a bedroom into a home theatre or the garage into a home office, consider returning them to their original purpose. It may seem obvious that the new owners could easily do these things when they move in, but yours is just one of many houses they're looking at. If they don't see what they want to see, they will look elsewhere.

You hang around for home inspections

It's still your house, so why shouldn't you hang around when your home is open for inspection? There's one good reason: it puts prospective buyers on edge. They want to be able to speak freely to the agent and not feel your prying eyes. Stay away during inspections and let your agent do their job.

Your photos don't flatter your home

Most of the people who come to inspect your home will do so after looking at the photos online. If the photos are of poor quality or don't flatter your home, prospective buyers will consciously or subconsciously notice. Make sure the photos show off your home's best assets.

Any one of these mistakes can delay a sale. It doesn't cost much or take too much time to make a house more attractive to buyers and even minor DIY jobs can add to the value of your house.

DEPENDANTS AND THE DEATH BENEFIT

This is an extract from an article that recently appeared in a Law Central publication, written by Monica Rule.

I recently met an elderly Self Managed Super Fund (SMSF) trustee who was convinced that his adult son, who is not financially dependent on him, would receive all his superannuation savings upon his death totally tax-free. The trustee thought that because his adult son is classified as a "dependant" under the superannuation law, he would receive the benefit tax-free.

He was wrong!

You see, as his son is not a "death benefit dependant" under the income tax law, he will not receive the taxable component of his father's superannuation savings tax-free.

The way the superannuation and income tax laws interact can be confusing. SMSF members who don't understand the law could end up leaving their loved ones with a big tax bill. In this article, I will explain how the superannuation and income tax laws impact on death benefits.

The superannuation law states who can be paid a death benefit upon the death of an SMSF member, while the income tax law states how the death benefit will be taxed, based on who receives it, and whether the benefit is paid as a lump sum or an income stream (i.e. pension). It is important to note the two laws also differ on the definition of a "dependant".

Under the superannuation law, a "dependant" is a spouse by marriage or a de facto partner (including same-sex partners), and a child of any age. It also includes anyone who had an interdependent relationship with the deceased (where two people, whether related or not have a close personal relationship and live together and provide financial or domestic support and personal care). The superannuation law also states that a death benefit pension can only be paid to the deceased member's dependant and in the case of a child it can only be to a child who is less than 18 years of age, or is aged 18 to 24 and was financially dependent on the deceased before their death. A child of any age with a disability is also eligible.

Under the income tax law, a dependant in relation to a death benefit is referred to as a "death benefit dependant". A death benefit dependant can be the deceased's spouse by marriage or a de facto partner (including same-sex partners), a child under the age of 18, or a person who is financially dependent on the deceased person before they died. It also includes a person with whom the deceased person had an interdependent relationship with just before their death. Unlike the superannuation law, the definition also includes a former spouse.

A person classified as a dependant under the superannuation law can receive an SMSF member's death benefit in accordance with the deceased's SMSF trust deed and/or as per the deceased's binding death benefit nomination. People who do not meet the definition of a dependant, for example: siblings, grandchildren, parents and friends, under the SISA can only receive the deceased's superannuation via the deceased's estate, in accordance with the deceased's will.

The tax treatment of a death benefit depends on who receives the benefit and whether the benefit is paid as a lump sum or a pension.

If the recipient of a death benefit is classified, under the income tax law, as a death benefit dependant and receives the benefit as a lump sum, then regardless of the components of the lump sum, the entire death benefit is tax-free.

If the recipient who received the lump sum death benefit is not classified as a death benefit dependant, then while the tax-free component of the lump sum will still be tax-free, the taxable component of the lump sum will attract tax at the maximum of fifteen (15) per cent plus the Medicare Levy.

The tax treatment of a death benefit pension depends on the age of the deceased, the age of the recipient and the components of the pension. If the benefit is paid to a death benefit dependant, and either the recipient or the deceased are over the age of 60, then both the tax-free and taxable components of the pension will be tax-free.

If, however, both the dependant and the deceased are under the age of 60, then the taxable component of the pension will be taxed at the recipient's marginal tax rate with a fifteen (15) per cent tax offset.

Trustees should also bear in mind that under the superannuation law, the death of an SMSF member will trigger a compulsory payment situation.

"I don't need a device that streams Internet video to my TV. I need a device that streams money to my wallet."

OUR COMMUNITY PARTNERSHIPS

TEEING OFF FOR A GREAT CAUSE

Pete Barwick, husband to our Para planner Naomi, and his team recently placed second in the 12th Annual Black Coal Cup Charity Golf Day. Pete has entered a team every year bar one and TFS Group have been a proud sponsor for the past 5 years. This year the day raised over $12 000 in a charity auction alone held at the completion of the day. The Black Coal Cup is a huge local community event and has raised over $1.2 million over the past 12 years for the valued Westpac Rescue Helicopter Service.

(Pic from left to right: TFS Golf team; Dale Fittock, Pete Barwick, Dave Walters, Doug Harris)

HAIRSPRAY @ SJA

TFS Group are a very proud sponsor of St Josephs High School recent production of Hairspray. Adam & Virginia and Client Services Officer Maureen Nicol were heavily involved as parents at the school so it was a natural progression to jump on board as sponsors. We love encouraging local youth to get involved in the performing arts and we all had a great time getting our groove on! (Pic: Entire Cast and Virginia Greentree)

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