



Intelligent investing — stick to the basics

Don't heed the ramblings of get-rich-quick property spruikers; follow some basic principles and you'll separate the wheat from the chaff when making your next investment decision.

Establish a strategy.

Determine your motivation for investing as this will influence the type of property you secure: are you looking for solid capital growth or good rental returns. Your strategy will affect why you might choose a flat in the city rather than a batch in the country for instance.

Set limits.

Set your own limits based on what you can afford rather than what lenders are willing to offer – they will typically offer the maximum amount that you can borrow.

Know the neighbourhood.

Get to know the area you intend to invest in. Locations with a vibrant entertainment, good transport, a selection of schools and open space provide good opportunities for capital growth.

Secure the right finance.

While interest-only products tend to suit a lot of investment situations, consider the range of options available and secure independent advice before taking on any finance.



Know your property.

Real estate agents are notorious for ensuring they show properties when they are at their best. Try to re-visit at different times, as well as several times, before making your final decision.

Find the right tenants.

Select the wrong ones and not only could find yourself struggling to meet mortgage repayments, you may also be burdened with serious repair and maintenance costs. If you don't have the time or inclination to manage the property yourself, engage the help of an agent – they'll collect the rent and deal with any tenant problems.

Gippsland floods

At a time when much of the region is only now rebuilding after the drought, then the bushfires of the 2006 summer, Gippsland is again facing the challenges of nature with the floods in June 2007.

We are very conscious that many of our clients as well as staff, particularly in the areas of Sale to Bairnsdale have been affected by the floods, with restricted access and damage to homes and businesses. If you are in need of assistance to access Government assistance of financial advice, please do not hesitate to contact us.



New office at Braeside

In July 2007, WHK Armitage Downie acquired prominent accounting and business services firm 'Walsh Johnson' located at Braeside. Braeside is WHK Armitage Downie's eighth office and is predominantly located within a commercial / industrial district.

Joining us as Principals were the two existing partners, David Walsh and Gary Johnson along with six team members.

David and Gary have been in partnership for 13 years. From the beginning their philosophy has always been to provide more for their clients than just tax returns. Their goal has been to add value by providing business advice and financial management, with tax and accounting compliance being just the end results of the process (not the start). They identified that many of their clients are increasingly needing specialist business and tax advice and felt that an even wider range of financial solutions could be offered by aligning with WHK Armitage Downie. Joining WHK Armitage Downie supported the vision of "right team, right systems and right technology".

WHK Armitage Downie Chief Executive, Chris Arnold says that "WHK Armitage Downie has been complemented by the addition of the Walsh Johnson practice through its innovative service model and the skilled expertise of the Principals and team members".

For Walsh Johnson (now Braeside office) clients it will be "business as usual" with additional service offerings available. Given Braeside's close proximity to our neighboring Dandenong office, specialist services such as financial planning, self managed superannuation, lending and finance and audit are now available through our Dandenong office. Please see our website or contact us for more information.

The addition of a new office has increased our geographical presence and size to 21 Principals and approximately 170 staff. Our priority remains to deliver quality advice with a personable service to each and every client, locally where they need us.

Centrelink Changes – 20th September 2007

Now that the dust has settled from the 30th of June super rush, the next BIG date on the calendar for investors is the 20th of September, 2007.

Why?

From 20 September 2007 the age pension assets test will change. More people will become eligible for age pension payments and many part-pensioners will have their payments increased.

This will subsequently result in an unprecedented level of Australian being entitled to the highly valuable Pension Concession Card that comes with being eligible for as low as \$1 of the age pension. Conservative estimates suggest the pension concession card is worth between \$3,000 and \$5,000 per annum! It provides discounts on car registration, medicals, public transport, rates, phone, power bills etc etc.

The changes explained

On 20 September 2007:

- The pension taper rate will be halved from \$3.00 to \$1.50 for every \$1000 of assets above the assets test free areas. This means the maximum amount of assets you can have and still get a pension will increase to around \$825,000 for couple home owners. NB: This amount excludes the principal place or residence and surrounding 5 acres.
- If you are currently on a reduced rate pension because of the value of your assets you will get an automatic payment increase.
- Many people who were previously ineligible for a payment because of the value of their assets may become eligible for a pension. This will include some Commonwealth Seniors Health Card holders.
- The 50 per cent assets test exemption will be removed for complying income streams purchased from 20 September 2007. This means the value of some people's assets will increase as calculated under the assets test. The assets test treatment of income streams purchased before 20 September 2007 will not change.
- The income test for pension payments will not change.



To put this into perspective, assuming you are age pension age (65 for males and up to 65 for females) if you have \$1m (excluding your house and five acres), by investing in a complying / Centrelink friendly structure before 20th September you could get access to the age pension and the associated pension concession card!

What else is news?

Property owners who have their principal residence and land (of any size) on the 1 title and have owned that property consecutively for 20 years will have that entire asset exempt from the assets test.

For Example: John & Joan Smith have owned 250 acres on 1 title with their property on it for more than 20 years. That property is worth \$2m (including the land value). Under new Centrelink rules effective 1 January 2007, that full \$2m is excluded from the asset test. The Smith's could hold a further \$825,500 on top of the \$2m property and still be entitled to the pension!

What you need to do ...

If you or your parents are age 65 or even nearing age 65 and have assets (excluding the home and surrounding 5 acres) of \$1m or less, they need to make an obligation free appointment with a qualified financial planner BEFORE 20 September 2007. Please call (03) 5622 7500 and speak to Barry Zeldenryk or Ellen Gibb to organize a time.



WHK Armitage Downie



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Looking after the country



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