

LOOKING FORWARD TO LOOKING BACK

▶ Property

It's time to review your property portfolio, says real estate author and Sydney-based buyer's agent Patrick Bright

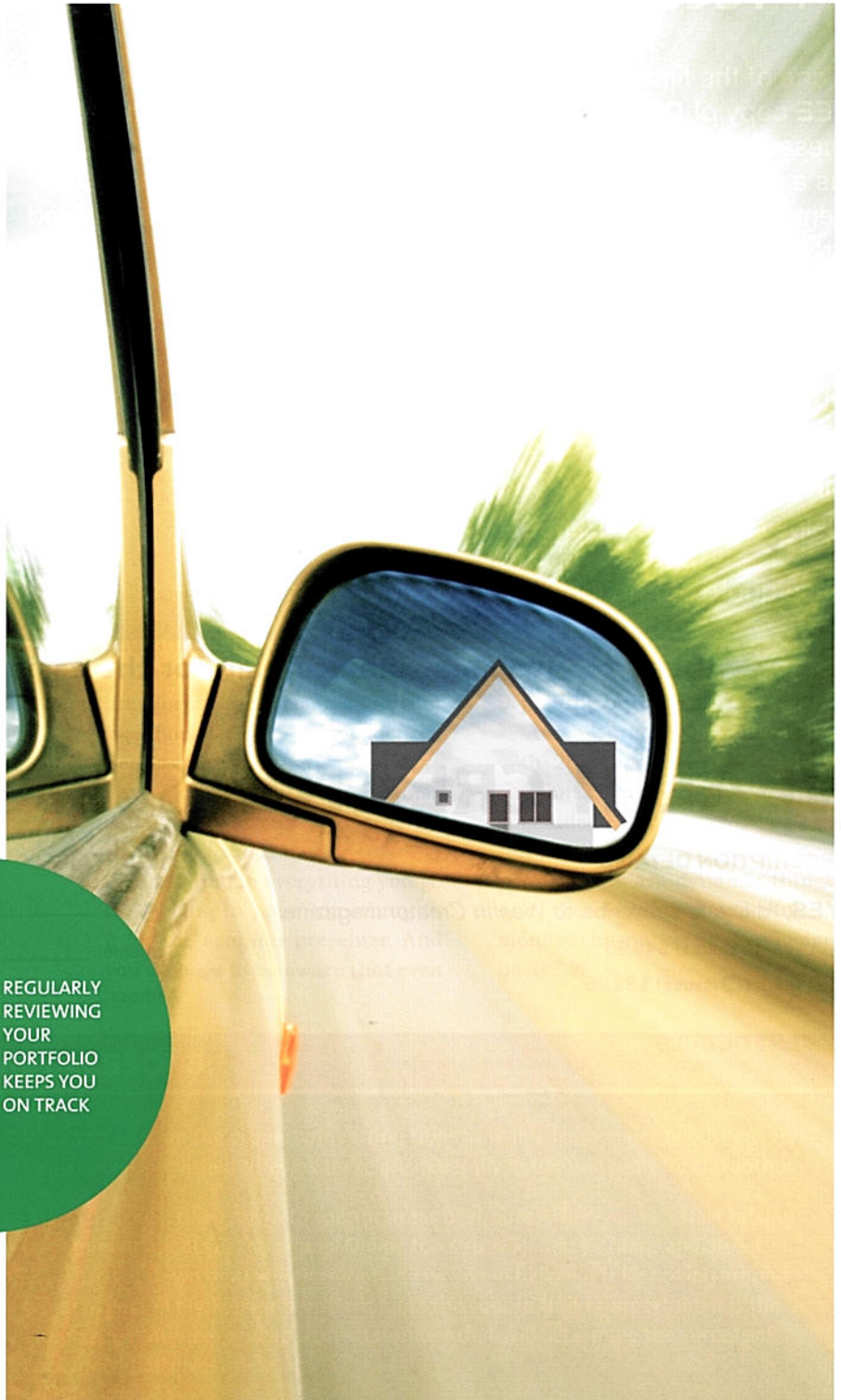
At the start of a new financial year it's a good time to sit back and analyse your financial position in the same way that a small business does (or should!). Regardless of whether you have one, three, five or more properties you need to treat them all like a business and undertake regular reviews, no less than six monthly. As a stocktake, here are a few things that you should ask yourself:

AM I CONFIDENT MY PROPERTY ASSET IS WORKING HARD FOR ME?

Your property portfolio should be treated as a work in progress, which is regularly reviewed and improved to give you the best return on investment. It's not enough to simply hand it over to a property manager and forget about it. Ensure that your rental rate matches or exceeds current market values and if it's consistently falling below the mark then you'll need to ask why. As a starting point, ask yourself "Have I selected an inefficient property manager or have I purchased a property that is performing poorly and will continue to do so?"

AM I TAKING ADVANTAGE OF ALL THE TAX DEDUCTIONS I AM LEGALLY ENTITLED TO?

Tax rules and regulations change every year and so you need to keep up to date with the current environment to make sure you know what you are entitled to claim. Of course, everyone has busy



REGULARLY REVIEWING YOUR PORTFOLIO KEEPS YOU ON TRACK

day-to-day lives so it's easy to miss things. This is why it's essential to have a switched-on accountant who not only completes your yearly tax return but also provides you with ongoing advice as to what you can and can't claim as legislation changes.

"Your property portfolio should be treated as a work in progress"

WHAT IS MY PLAN FOR THE FUTURE GROWTH OF MY PROPERTY PORTFOLIO?

By writing down clear goals for the future growth of your portfolio you'll be able to determine a plan as to how much money you'll need for the necessary deposits. Make sure that you work out whether you're buying properties to hold for the long term or whether a buy, renovate and sell strategy would better suit your needs. You will need to factor in any major changes to your likely income or expenditure streams when examining the timeframes needed to save for the deposits. For example if you're planning to start a family then you'll probably drop back to one income for at least a year or two while your expenses will increase which is why it's desirable to begin your portfolio as early as you can.

"If you're planning to start a family then you'll drop back to one income"

AM I ON TRACK TO REACH MY RETIREMENT NEEDS?

Once you're clear on your property portfolio goals you'll be able to integrate that information into your financial plan along with your superannuation and other investments to determine whether you're on track to meet your retirement needs. It's important to recognise there is a difference between needs and goals, and when it comes to your retirement it helps to work out both. It's important to have goals and to attach dreams to them in order to keep you motivated, however your "needs list" must be the most important, as falling short here could have disastrous consequences.

Make sure that you don't underestimate what it'll cost you to keep your living standards at the

same level or better than your current lifestyle as you are likely to spend more in your retirement years, particularly if you want to travel. If you're not on track to meet your financial goals then it's better that you realise this sooner rather than later so you can make adjustments now. Small adjustments over 10 or 20 years will make a significant financial difference over time.

AM I PAYING THE LOWEST INTEREST RATE AVAILABLE TO ME?

Just because you've had a long relationship with a particular institution is no reason to stay with it if it is charging you too much. It is advisable to review your interest rate level every one to two years to make sure that you're getting the best deal as new loans and packages continually enter the market. Don't be afraid to shop around. A better interest rate can literally take years off your mortgage and allow you to add to your property portfolio much faster. You may even find that your current lender is able to match its competitors' rates, saving you the hassle of moving, but you'll never know unless you ask!

THE FINAL WORD

The processes outlined above should highlight any financial changes that you need to implement now to make it easier for you to achieve your financial plans for the coming year and beyond. While it can be a little time consuming, it's worth the effort as a bit of paperwork now could make a significant difference to you and your family's quality of life in the future. **W**

"A bit of paperwork now could make a difference"

WHAT MOVES SHARES ALSO MOVES FOREX

► Forex

GFT currency research director Kathy Lien says share traders should not be scared of the world of forex

The forex market is one of the oldest markets in the world. Believe it or not, the first ever currency transaction occurred by 2000 BC in the form of a receipt that represented grain stored in granaries in ancient Mesopotamia. The first paper money can be traced back to the Tang Dynasty in China (618-907) and was introduced in Europe in 1661. In contrast, the first share exchange in Australia was established in 1861 in Melbourne while the New York Stock Exchange was established more than four decades earlier in 1817. Yet only in the past 15 years have individual investors begun to discover what is not only the oldest, but also the largest market in the world. The reason is because for many years before that, forex was a club limited to the largest players with the deepest pockets in the world, such as banks, institutional investors and hedge funds. However the evolution of technology has given individual investors unique access to the forex market and within a decade, volume has more than doubled. »

