



Best friend: Scott Pape and his children with the family dog, Betty.

“The truth is that to be loved and respected . . . you don't need status symbols, or gadgets, or fancy brand labels, just do two things — be kind and be a hard worker.**”**

Step 1: Buy my book.
Step 2: Announce: “I'm reading this book and it says we need to go on a Date Night to discuss our finances.”
Step 3: With a beverage in hand, say something like “for 16 years we've been a team — we've looked after each other financially — but for the first time in our

The Barefoot Investor for Families: The Only Kids' Money Guide You'll Ever Need
 HarperCollins
 RRP \$29.95



relationship I feel financially vulnerable.”
Step 4: Tell him: “The book says one way couples in a

long-term relationship can work through this is to open a joint transaction account, with a no-questions-asked, pre-agreed spending limit. The book has instructions on the best account to set up, and we can do it before the entree arrives.”
Step 5: Then stop talking. Listen to what he says. Bottoms up!

Falling rates spur rethink on assets

TOMORROW is the start of a new financial year. As always, it promises to be challenging. Interest rates around the world are still dropping, with many economists forecasting that the cash rate in Australia may fall to 0.5 per cent. Share markets in most countries are travelling well and property appears to be on the rise.

It's the perfect time to review your affairs: to optimise them for both wealth creation and tax minimisation. If you have a home loan, and your equity is more than 20 per cent so that mortgage insurance is not an issue, you should be shopping around and at least negotiating with your lender to ensure you are getting the best deal possible. Just keep in mind that the comparison rate is the one to watch — not the headline rate.

Even if changing loans is not a viable option for you, do your best to ensure that you are repaying at least \$700 a month for every \$100,000 of your loan. This will keep you well ahead of the game when rates inevitably start to rise.

There were reports this week of many borrowers rushing to fix their interest rates. When rates are dropping, this seems unwise. Remember that anybody with a fixed rate loses the flexibility to move the loan to another lender, or (usually) to make extra repayments.

Noel Whittaker



Retirees are particularly threatened by falling interest rates, especially as the Government is not rushing to change the deeming rates.

You can defend yourselves by moving to high income products, and/or by changing your pension strategy.

Provided you have at least a five-year timeframe in mind, an index fund is a great income-producing product.

The index has averaged 9 per cent per annum for the past 30 years, and a good index fund is currently paying about 4.3 per cent, of which 80 per cent is franked.

Keep in mind that the Centrelink treatment of lifetime income products is changing dramatically from tomorrow.

The official term is “asset-tested income stream (lifetime)”. If you take out one of these products after July 1, only 60 per cent of the purchase price will be assessed for the assets test up to age 84 (or for a minimum of five years) and 30 per cent thereafter.

Case study

A couple both aged 70 have \$800,000 in assessable assets and receive a tiny pension. If they used \$200,000 to buy a

lifetime income product their assessable assets would reduce by \$80,000 and their pension would increase by \$6240 a year. Challenger advises me that this \$200,000 could provide both of them an indexed, lifetime-guaranteed annuity starting at \$5274 a year for him and at \$4960 a year for her. The combination of the increased age pension and the income from the two annuities would give them additional guaranteed income of \$16,474 in the first year.

The start of the financial year is also the perfect time to review your will and enduring powers of attorney.

It's most important that your family and attorneys know the location of these documents because if they are needed, they are often needed urgently.

And keep in mind the death tax of 15 per cent plus Medicare levy, which is levied on the taxable component of your superannuation that is left to a non-dependent.

The best way to avoid this tax is to ensure your attorney has instructions to withdraw all your superannuation tax-free and place it in the bank if it is obvious that death is imminent.

Noel Whittaker is the author of *Making Money Made Simple* and other books on personal finance. His advice is general in nature and readers should seek their own professional advice before making any financial decisions.

ASK THE EXPERT

Send your questions to Noel Whittaker
 noelwhit@gmail.com or tweet @NoelWhittaker

Q I am paying off a rental home loan of \$150,000 — rate fixed for one year at 4.29 per cent a year. I have super of \$660,000 and earnings are negative. Shall I pay off the home loan from my super now? I am still working permanent part time and salary sacrifice 55 per cent of my fortnightly income. I am 66 and not entitled to any pension.

A If your interest rate is fixed there may be penalties for early payout. As you're working, the interest is a tax deduction for you so I wouldn't be in a rush to pay it out. Over the long term your super should give better returns than the 4.29 per cent you're paying in interest.

Whispering ways risk bullying, suspicion

TWO of your colleagues are just metres away and engaged in an intense bout of whispering, occasionally glancing at you and giggling before quickly looking away.

Are they talking about you? If so, what are they saying and what have you done wrong to warrant their attention? Are they spreading rumours about you?

Why are they excluding you from the conversation?

Or are you just paranoid? Whether at a barbecue or in the boardroom, whispering in front of others is rude at best and bullying at worst.

WORKPLACE MATTERS

Gary Martin



Workplace whispering will usually make others feel uncomfortable if not anxious.

Even though most whispering is perfectly innocent, it breaches the most basic of workplace etiquettes and features strongly in the “how not to behave at work” rule book.

Two colleagues may be whispering simply to keep their voices down to avoid bothering others with their chatter.

But here's the kicker: what they are actually doing and what others believe them to be doing could be two very different things.

If the others interpret their actions as whispering for the “wrong” reason, then negative feelings among colleagues will erupt.

The act of whispering itself is the issue here, not the intentions of your colleagues.

By its very nature whispering is exclusionary and almost always misconstrued as gossiping.

Regular episodes of whispering in an organisation by

the same set of colleagues can quickly sabotage an otherwise healthy workplace, fuel malicious gossip and innuendo and create self-doubt among co-workers.

Whispering also has a bad reputation because of its association with workplace bullying.

Continuous or relentless whispering is a key tactic used by workplace bullies to exclude a victim or cause them psychological harm.

There are numerous alternatives to whispering in the workplace.

If you find yourself in an

open-plan office, then the accepted practice is to lower your voice — but not to a whisper that creates suspicion among your colleagues.

And if you need to discuss a confidential matter, rather than whisper in an open place try to move to a private area so that your actions cannot be misinterpreted by others.

There will be times when whispering is OK.

You are in a meeting and feeling unwell so you whisper to the person next to you that you are going to get some fresh air. Or, to remain discreet, you whisper to your colleague to

tell them they have toilet paper stuck to their shoe.

But if you come across an incessant workplace whisperer, having a quiet chat with them — but not a whisper — will usually raise their awareness and bring an end to their ways.

And remember: the key to whispering in the workplace is making sure it is done quickly and appropriately, without making bystanders feel they are being excluded or, worse, spoken about.

Professor Gary Martin is chief executive at the Australian Institute of Management WA