



**“ We may not have found a vaccine, but plenty right now are double-dosing on retail therapy.”**

a fortune to repay. I have accessed my super twice in the past five years and have only \$9000 left in super. But here's the kicker — I am a qualified CPA Australia accountant. I should know better.  
**Barefoot responds:** That must have felt good to get off your chest, right?  
 Well, I'll let you in on a dirty little secret — I know a couple of financial pros who are broke. I also know a doctor who smokes and a manic-depressive motivational speaker.

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



Look, let's be honest, going to school and learning how to read a balance sheet doesn't stop you ordering \$50 worth of Uber Eats instead of cooking a \$5 spag bol.  
 Managing your money is about your behaviour and the story you tell about

yourself, which for you is: "I'm a fraud and I'm ashamed of myself, and things won't get better".  
 It sounds like your life is out of control.

And you know what? As long as you believe it, you're right.  
 Your life will continue to spin out of control and you'll end up bankrupt.  
 So, you need to find a new story.

For example, you could say to yourself: "I'm an educated single mum raising two beautiful kids. I'll do anything for them. No one messes with my family."  
 You got this.

# Look for the fine print in capital gains

**T**HIS week I received an email about an issue that baffles people. A reader and his wife have lived in their home for 10 years and heard they could be absent for up to six years without losing the capital gains tax exemption.

But he wondered about the position where a person moved into a new home and rented out the original. He asked if they could nominate which is their principal place of residence, and what address to put on their annual tax return.

It is correct that you can be absent from your residence and live in another home that you own without losing the CGT exemption.

If the property is being used to produce income then the period of absence is limited to six years for the full exemption, though setting up home there again means another six years when you move out. The six years came about because it is the term for a politician in the Senate. It enables politicians to move to Canberra for six years without losing the CGT exemption on their home.

then come home for a while to fight an election, then rent out their home for another six years.

If the property is not being used to produce income then the time it can continue to be covered by your main residence exemption is infinite. It gets a bit tricky when you

**NOEL WHITTAKER**



move out of a residence, live in another and treat that as your new residence. The good news is you don't need to elect which home is your principal residence until you decide to sell one of them.

This may be several years down the track. It is important to keep receipts for expenses relating to both properties to keep your options open.

Anything to do with the property that has not otherwise been claimed as a tax deduction has potential, such as interest, rates, repairs, insurance and improvements.

Also consider expenses such as cleaning materials, light globes, mower fuel, etc. And if you decide to treat the new home as your residence, you are only liable for CGT on the original home on the gain from the date you rented it out, so it's important to get a valuation on the property when you move out. This resetting of the cost base to market value does not apply if you do not use it to produce income.

Let's look at an example. You own a property worth \$600,000 and move to a new one that costs \$800,000. In five years the first property is worth \$700,000 and the new

one \$1.2 million. There are no decisions to make until you are thinking about selling one. Let's suppose you've decided to keep the rental.

After talking to your accountant, you will probably decide to nominate your present residence as your principal residence, leaving an unrealised capital gain on the original property on which no CGT will be payable until the property is sold. The address for tax return purposes is the actual address of the place you are living in. That makes no difference to the CGT position, but it is important that you retain evidence that you lived at both places at some time.

There is one exception to the rule — if a property is your principal residence at the date of death, any previous CGT liability can be avoided.

If a person who felt they were close to death owned their home and an investment carrying a high unrealised capital gain, they could sell their residence and move into the investment property and treat it as their own home. The property could then be sold by the beneficiaries CGT-free within two years.

**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.**

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

## ASK THE EXPERT

**Q** My husband and I are wondering if it is better to buy a second property outright or take out a loan. We are both retired and own our home, worth about \$1.7 million. We are thinking of buying a two-bedroom unit that would be a second home, not an investment property. We estimate the cost at \$637,000 and are prepared to put down a \$200,000 deposit and borrow \$437,000. Our SMSF balance is \$1.9 million. Are we better off selling some equities and buying the property outright?

**A** From a purely financial perspective it makes no sense to buy an apartment and outlay at least \$37,000 in acquisition costs, followed by payments of \$2300 a month for the next 20 years. The key to making money in real estate is to add value, which you can't do with an apartment. And it would be an even worse decision to cash in \$670,000 worth of blue-chip shares to buy an apartment. In 20 years they should be worth \$2.6 million. You are much better off to rent. However, if money is not that important to you and lifestyle is the major issue, buy the apartment with a loan.

# Plenty of upside in having a 'work spouse'

**A** PROBLEM shared is a problem halved. But when it comes to problems of the workplace variety, that someone is unlikely to be your better half. Most workers' partners glaze over within minutes of you talking to them about work issues.

Yet communicating with soulmates about our working lives is what the doctor orders when it comes to staying mentally fit and healthy.

Not being able to share workplace issues, problems and challenges in confidence with our partners can result in making us feel annoyed,

## WORKPLACE MATTERS

**GARY MARTIN**



frustrated, isolated and even lonely.

It is that deep crevice in communication around our workplace lives once we are in our home environment that might explain why up to half of us are forging a special bond with a work-based confidante, who is increasingly referred to as a "work spouse", "work wife" or "work husband".

It is usually someone of the gender we are attracted to, with a bond resembling that of a married couple.

These relationships are not of a physical nature, but an emotional affair of sorts — special friends with whom we can discuss colleagues, share work problems and experiences, talk through marriage or romance challenges and chew over our issues at home.

Observe one of your colleagues in action with their work spouse and you will see them finishing each other's sentences, sharing private jokes, supporting each other,

covering for one another and watching each other's backs. And like any good "marriage", they will argue and make up.

Your work husband or wife is not jockeying for your job, but more in tune with your working life than your real spouse.

Some feel, but rarely admit, that their work spouse knows them better than their actual spouse.

Experts credit having a work spouse with myriad benefits, including greater motivation for and engagement with the workplace, which leads to improved job satisfaction.

Of course, striking up close relationships at work can become unhealthy.

Topping the list of unhealthy pointers is the possibility a workplace marriage jumps the professional boundaries and becomes an office romance.

That could spell disaster if the work wife or husband is already romantically involved with someone else, and let's not even contemplate the carnage that often follows a workplace romance going sour.

Unfair as it might seem, the optics of an even purely platonic relationship can lead

to gossip, rumours and innuendo. But with a bit of sensitivity and tact, having a work spouse might fill the workplace communication void that many of us experience.

And if you are lucky your work spouse will not just complement, but strengthen your romantic relationship.

If you have a work spouse, hang on to them tightly, but not in a physical sense.

And if you don't have one, find one fast.

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