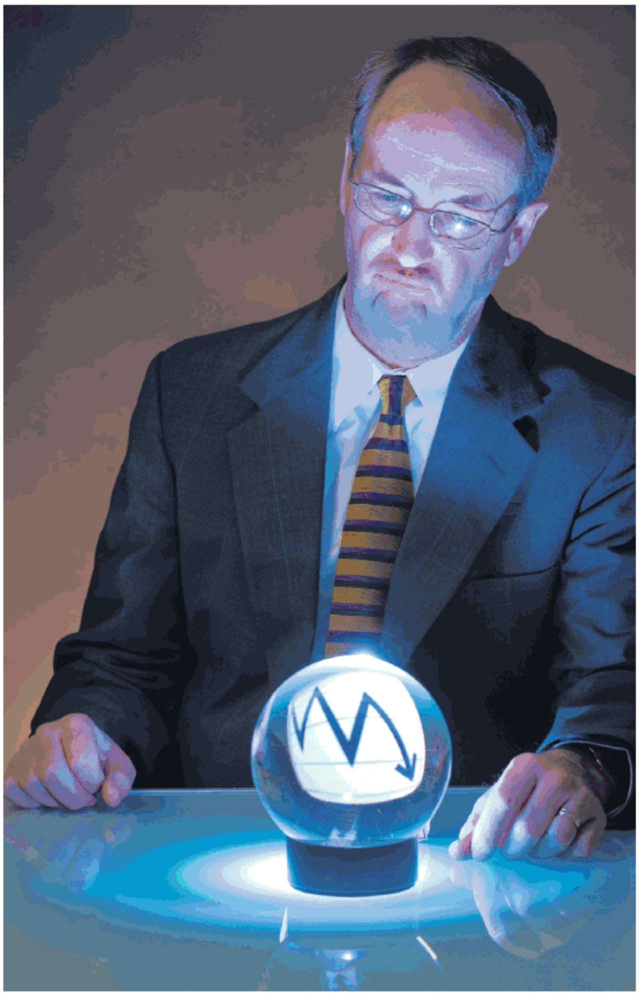

nothing but a mortgage that was behind and credit card debt — living only on a veteran pension. I fell into the cycle of taking high-interest small loans, and just fell further and further behind.

Three weeks ago I grabbed your book in a last ditch effort to save my financial life — and it has!

Up until then I was constantly $400 (at least) under what I needed to pay the bills. But I sat down to work out what to pay, and I had money left over — this has never happened before!

I have now negotiated down the debt payments and insurances, and cancelled things I don't need. Best of all, I am able to afford food, and have even saved $800 into my Mojo account. I still have a long way to go, but it's a start to what will be a bright future for my daughter and me. Thank you for giving me back my life.

Barefoot answers: Thank you for your sacrifice to our country, and for your story.

Look, plenty of people read my book . . . and do nothing. You're using it to take control back over a situation that was, until recently, totally out of control.

As you've no doubt learnt from the army, the enemy is indecision. Once you make a decision, and start taking action, you're already free. From then on it's just a matter of time until you achieve your goal.

Yet the best thing? Your daughter's watching you, and this is a life lesson that will stay with her.

You got this!

The Barefoot Investor: The Only Money Guide You'll Ever Need (Wiley) RRP $29.95

Pals buying property a recipe for ruin

ONE of the great investing maxims is: "Your best business partner is always the bank; all they ask is that you pay the interest."

Noel Whittaker

Yet, due to high property prices, it is becoming common for people to consider pooling their money with friends or family members to go into a real estate joint venture.

Such activities are fraught with danger, and the outcome is often the end of a friendship and the loss of a big sum of money.

When things start to go wrong they can quickly go horribly wrong, and the original good intentions, trust and tolerance are forgotten.

Remember American policeman George Napper's line: "When you're up to your ass in alligators, it's hard to remember that your purpose is draining the swamp!"

Major difficulties can be caused by differences in the temperaments of the parties involved. Some investors are aggressive, some timid. Some like to make decisions quickly and others like to mull them over for days. Put two different investment personalities together and you have a recipe for strife.

CASE STUDY

Alex and Val buy a rental house, putting in $40,000 each and borrowing the balance.

The first problem arose when they came to finance it. Val was an aggressive investor who wished to borrow on an interest-only basis using a five-year fixed interest mortgage — the method used by most serious investors.

Alex was less adventurous and felt people who borrowed on an interest-only basis never got anywhere because the debt did not reduce, so pushed for a short-term principal-and-interest loan. Val stood firm, and Alex reluctantly went along with interest-only loan.

Then came the decision of who was going to manage it. Alex wanted a real estate agent to do it, feeling nervous dealing with tenants. Val believed this was a waste of 10 per cent of the rent, and once again persuaded Alex to agree.

Val, an ambitious person with an increasing workload, began leaving more of the rental management and maintenance to Alex, who started to resent doing the lion's share of the work.

Friction started to build, and the situation worsened when Val was transferred to an executive position in Sydney, leaving Alex to take care of all the management.

By this stage, Alex had met her dream partner and had far better things to do than manage an investment property. The new couple decided to buy a house to live in, but to fund the deposit Alex had to sell the investment.

Only then did they find out there would be a substantial penalty for paying out the loan before the end of the agreed term. Val was not in a position to buy Alex out, and was even less happy when a big capital gains tax bill hit.

Another common problem arises when one of the joint investors loses their job and cannot make the monthly contribution. The one who is unemployed is likely to insist the house be sold so they can fulfil obligations, but this may coincide with a time when the market is in one of its long flat spells, forcing a sale on unfavourable terms.

The lesson from this?

People's situations never stay static. The high-income earner of today may be unemployed tomorrow; the single person may be walking down the aisle within a year.

You can buy property with just 10 per cent deposit and borrow the rest from the bank at 5 per cent a year. If you can't make it work on your own, you probably shouldn't be in it.

There's no joy in risking your friendships as well as your money.

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 a self-employed contractor, over 65 years of age with a self-managed super fund. My wife is my bookkeeper. Now I've reached 65, am I required to switch my fund from accumulation to pension mode? Can I continue to pay my wife $10,000 a year for the work she does and so be able to make a concessional contribution for her of $25,000 a year.

A There is never any requirement to move from the accumulation to pension phase. If you stay in accumulation the fund will continue to be taxed on income at 15 per cent, but there is no requirement to make withdrawals. If you move to pension mode, it will become a tax-free fund, but will require a minimum withdrawal each year. Ask your adviser to do the sums. You can continue to pay your wife as long as the work is genuine and the pay is reasonable for the job.

Cupid's arrow will hit at work, so deal with it

MOVE over night-clubs, bars, churches and online chat rooms — the workplace is becoming the new dating ground and some employers are, well, starting to embrace the new-found status.

WORKPLACE MATTERS Gary Martin

Despite the cautionary tales, the horror stories and risks associated with workplace romances, countless co-workers will engage in a workplace romance in any year and many more will contemplate it. A sizeable and growing swag of married employees meet their partners at work.

It is not hard to understand why romances flourish in the workplace.

Consider, for example, the increasing number hours people spend there. Or could it be that people who are drawn to the same employer often have a similar perspective on life, fuelling a potential attraction from the get-go?

Maybe it's just that our workplaces have become increasingly stressful places and bonds are formed to counteract that stress, with some of those bonds taking a romantic twist.

While most employers prefer that "love stops at the office door", many are now beginning to accept the reality of the workplace as a dating ground.

This acceptance, of course, does not extend to headline-generating relationships between the boss and a junior worker. But leaders in the modern workplace believe it is not practical nor fair to prohibit romance among workers of equal organisational standing, and that a better approach is managing the risks Cupid may deliver.

There are smart ways for managers to deal with romance among colleagues. They consider factors such as the positions held by a couple, the size of the organisation, and whether the romance has the potential to create negative fallout.

An adulterous affair involving two married co-workers, for example, will be viewed differently to a relationship involving two singles who work in different parts of the organisation.

The modern organisation is scrambling around to put in place dating or relationship policies, to make employees aware of the organisation's sexual harassment policy and procedures, and to train managers who supervise couples to respond effectively to any fallout when a relationship comes to an end and turns sour.

In doing so, they will walk a fine line between ensuring continued productivity in the workplace and interfering in an employee's private affairs.

Employees involved in workplace romances should also ensure their new relationship does not create friction in the organisation.

They should be familiar with policies on workplace relationships, behave discreetly in the workplace and conduct themselves in the same professional manner as they had demonstrated prior to engaging in a relationship with a colleague.

The breakdown of a workplace romance can bring with it carnage, ranging from intense office gossip and innuendo to damaged careers and sexual harassment claims.

A cautious approach, in which both employers and employee accept that while Cupid can strike anywhere they should adhere to policies that minimise office love turning ugly, can pay huge dividends.

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