debt-riddled 22-year-old father (of a little daughter) who could not say no to a good time.

I gave him an ultimatum — get his finances up to scratch so we could start our future, or we have no future. So he consolidated his debts, paid back Telstra, paid back his parents, and paid back the three debt collectors who were chasing him.

He then changed jobs and started making big bucks in construction. He would come home, covered head to toe in mud, with just the whites of his eyes glowing, while I helped peel off his muddy clothes. He gave up time with his daughter to work, while I learnt how to parent a child who wasn't mine.

So, tonight he is going to pay off the last $2500 of the loan and we can put this chapter behind us.

He is going to be out of debt for the first time in 10 years. I want to cry I am so happy, and so proud of him (and us as a couple). Thanks for your help!

**Barefoot responds:** Amazing! Jack should be rightly proud of pulling himself out of the hole. Yet be honest — it was a team effort, right? This is why I am so passionate about Barefoot Date Nights: they're a once-a-month check-in, a time to refocus and track the progress you're making towards your goals . . . and ultimately a celebration of the power that is you two!

You got this!



# Self-managed super not for the novices

SELF-MANAGED superannuation funds appear to be one of the main targets of Labor's attack on the refund of franking credits.

As I have said previously, it is easy to get around the proposed changes in the rules — all you need do is cash in the Australian share component of your self-managed fund and transfer that amount into a retail or industry fund choosing the "Australian shares" component. It may even be time to roll your entire self-managed fund into a retail or industry fund.

So, let's consider the question of whether you should keep running a self-managed fund at all.

Certainly, having your own fund provides extra flexibility, enabling you to invest in a much wider range of assets, such as direct shares, unlisted international funds and property syndicates. But I can state unequivocally that many people running their own funds would be better off having one of the big funds do it because it's not as simple as it sounds.

It involves three major jobs: administration (doing the paperwork), investment (deciding where to place the money) and insurance (arranging appropriate cover for your circumstances).

If you can handle these tasks with ease you are well on

Noel Whittaker

your way, but there are five major factors that should influence your decision:

1 The fund must have assets of at least $200,000 or the set-up costs and annual expenses are almost certainly not worth the exercise.

2 Your work situation must make it practicable. If you work for a major company you may not be allowed to transfer your balance in the employer's fund to your own. If your main fund is a defined benefits fund, it would be impossible to transfer your balance. Self-employed people, or those with large amounts rolled over, are best suited to start self-managed funds.

3 You must have the time and skills to handle administration, investment and insurance. This need not be a difficult job if you hire good people to do the work. Your accountant could do all of the bookwork and, if your self-managed fund invests mainly in managed funds, such as share trusts, you and your adviser could decide which funds to use.

4 You must be the type of person who understands the importance of carrying out your legal responsibilities.

There are many competent people who run small businesses but work so hard they ignore or forget about statutory requirements, such as having meetings and keeping detailed records. If you are like this, and want to run your own superannuation fund, contact a company that specialises in administering self-managed funds to do it all for you.

5 You must have a plan for what happens if the person running the fund becomes incapacitated. If the fund members are a couple, typically one person does all the work. Of course, this can cause enormous problems if the person who handles the fund becomes ill or otherwise incapacitated.

In summary, you should not start your own fund just because the share market is down and you think "I could do better myself". Taking control of the investment decisions for your life savings is a massive responsibility and making mistakes with your own money while you are learning could cripple you financially. To run your own fund you need to have a good track record with investing and be able to take care of all the other aspects outlined in this article.

*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 76 and in the process of writing my will. I have $380,000 in super and intend to leave the balance on my death to my two grandchildren, ages 25 and 22. I understand this will incur a death tax of 15 per cent, plus 2 per cent Medicare Levy. If this is correct, is it advisable to withdraw the balance and place the funds into a term deposit or an alternative you may recommend?

**A** Your superannuation will probably, but not necessarily, have a taxable component and non-taxable component. Only the taxable component would incur the death tax if left to a non-dependent. I assume your grandchildren are not dependants. I agree, you should withdraw the money at some stage, but when this should occur will depend on your age and the state of your health. Putting the money in the bank should not affect your pension as your super is being assessed now under the deeming provisions.

# Look in rear-vision mirror for blind spots

WHEN driving, it is that spot just behind the shoulders that we often to refer to as the blind spot: an area in the range of your vision that you can't see, but need to be able to see if you want to remain safe and effective on the road.

That very same concept has also been applied to those in management and leadership roles. Leadership blind spots are areas where a leader lacks awareness of their weaknesses. These blind spots can diminish a leader's effectiveness in the workplace and, in more extreme cases, derail their careers.

WORKPLACE MATTERS
Gary Martin

In the worst-case scenario, a leader can continue to advance and climb the career ladder until an unknown weakness (or blind spot) suddenly derails their careers.

There are numerous examples of common leadership blind spots in our workplaces.

For example, a common blind spot relates to under-communicating of strategic direction, resulting in considerable ambiguity for those in the workplace.

Others create a harmful blind spot by failing to see the impact their decisions have on others in the team.

Still others create a blind spot by forming an "inner circle" of key advisers and confidants, which can jeopardise a leader's capacity to take on board new ideas and see the reality of current situations.

This is because those in the inner circle can become focused on preserving their access to power, making them less likely to deliver honest assessments that might upset their leader.

Let's not forget some leaders also create blind spots through their inability to accept that they might be wrong — the "know it all" blind spot. This occurs when a leader believes they already know the correct answer or best course of action and refuse to listen to others.

But the most common of all leadership blind spots is the failure to adapt to changing times. This problem occurs most often where technology is concerned. It can lead to real conflicts within the team on how to conduct business — and should the leader in question continue to resist the changes, derailment is highly likely.

Identifying blind spots is essential for any leader because it both helps prevent their proliferation and assists the leader in recovering from their effects.

One of the best ways for a leader to deal with blind spots is to spend more time out of the office to broadening their circle of contacts.

Consulting more with customers, clients and employees and other industry heads can help the leader become more "grounded" and better able to take the appropriate actions to eliminate — or at least mitigate — the impact of blind spots.

But for some, the most effective way to gain an insight into their blind spots is to engage a workplace coach who can act as a sounding board, help to raise self-awareness and assist in eliminating career-derailing blind spots.

Have you checked out your blind spots?

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