> “You’re signing a legally binding contract that commits you to pay the $746 annual fee until . . . wait for it . . . 2080. Regardless of whether you actually use a hotel.

aren’t like bread: they don’t go stale. However, it is true that if a home sits on the market for months buyers may start to think there’s something wrong with the property, or something wrong with the vendors.

And they’ll lower their offers accordingly.

Waiting to break even sounds like it’s already broken you. It’s time to act.

I’m on my way

Dina asks: I’ve just finished reading your book. I left an abusive relationship and my three kids and I live on the very edge of poverty. I can tell you now that if it wasn’t for my kids I wouldn’t be here. A big part of that is living hand to mouth and being afraid of not making the rent.

Tonight is the first night I have felt positive in a long time. Your book is uplifting and amazing and I feel I suddenly have a clear path. I have booked my first “date night” for Saturday (by myself at home, but I’ll make something nice).

I’m taking the first step right now. I will write again in a year. Thank you.

Barefoot responds: Thank you for writing . . . and for talking to me on the phone just now. (I called Dina up after I read her letter.)

The entire Barefoot community is looking forward to celebrating your story when you update us in July 2019.

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

Making your estate plan a dead certainty

Noel Whittaker

GETTING estate planning right is a must, but many still don’t understand the implications of making the wrong choices or not having a will at all.

The first thing to look out for is that certain assets do not pass to the beneficiary in terms of the will. Special rules apply. These include assets held as joint tenants, insurance bonds where there is a nominated beneficiary, and superannuation.

When a joint tenant dies the asset passes automatically to the other joint tenant, irrespective of the terms of the will. Similarly, the proceeds of an insurance bond are normally paid to the nominated beneficiary, which makes them the ideal investment for someone who does not want their will challenged. As for your super fund, it is the trustee who makes the final decision about where the money goes, unless the deceased has executed a death benefit nomination.

The next thing for pensioners to keep in mind is the difference between the asset cut-off point for a single person and that for a couple.

For a single homeowner the cut-off point is $561,250 — for a couple it is $844,000.

Many pensioner couples make the mistake of leaving all their assets to each other, which can cause a lot of grief when one of them dies and the survivor loses the pension because their assets are now over the single cut-off point.

This is particularly relevant if you have investments in Australian shares, because if Labor gets into power and denies a refund of franking credits to non-pensioners, the survivor may well face the triple whammy of losing a partner, a pension and their franking credits.

The situation of a widow or widower losing their pension on the death of their partner is becoming so common that I am now receiving many emails asking if it is possible to refuse a bequest, so as to preserve the status quo.

Unfortunately, it’s not that simple.

Centrelink says a person’s interest in a deceased estate is not assessable by them until it is received, or able to be received. It does accept that it may take up to 12 months for an estate to be finalised, after which the survivor needs to advise Centrelink of the date the interest in the estate was received or able to be received.

If the estate has not been finalised after 12 months, Centrelink would need to consider what has led to the delay. If it can be proved the delay was outside the control of the beneficiary, it would still not be assessed at that time.

However, if Centrelink believes the beneficiary has contributed to the delay, the interest would be regarded as available and assessable.

It is open to any beneficiary to decide not to accept a bequest and make appropriate arrangements with the executor of the estate. However, Centrelink would treat the money forgone as a deprived asset, so the surviving spouse would be subject to the deprivation rules for at least five years.

There is an easy way to avoid all this. If you are likely to be a recipient of an age pension at some stage, ensure your will is set up to distribute assets in a way that optimises both tax and Centrelink outcomes. The easy way to do this is to leave part of your assets to your children, or other deserving beneficiaries. The survivor will have the satisfaction of sharing the joy with the beneficiaries, instead of having to accept all the proceeds and the grief that may go with that. But it’s complex — that’s why a conversation with a good lawyer is essential.

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 refer to your article on tax deductions for personal contributions to super. I want to salary sacrifice to super and wasn’t aware of this option. Is there a financial benefit in fortnightly salary sacrifice, or is a lump-sum contribution at the end of the year better?

A If you make the contributions fortnightly, you would get the advantage of dollar cost averaging and the benefit of automatic payments. If you choose to invest in one lump sum, financial circumstances could prevent you making a contribution when you wished to do it. My advice would be do it by salary sacrifice — it’s then automatic.

Why reference checks have strings attached

WORKPLACE MATTERS

Gary Martin

CHECKING the references of prospective employees was for years an indispensable practice for organisations, delivering a perceived robustness to the hiring process.

So why are many organisations now choosing to downplay the importance of the reference check?

The fact is, weighting the importance of reference checks too highly can distort the selection process. While a reference checking process is vulnerable to attracting a bias direction during the process, it actually starts with bias, simply because candidates for positions usually nominate their referees.

Job candidates will rarely nominate referees who they believe will deliver anything but a glowing reference. It is the reason written references accompanying work resumes fell by the wayside years ago.

But wait, there’s more.

In today’s litigious world, most employers take the task of providing references very seriously.

An inaccurate reference or misinformation about a candidate can result in a costly hiring mistake and expose the referee to legal action.

Similarly, an employer who provides a derogatory reference to seriously harm an individual’s job prospect can also expose themselves to legal action.

Both circumstances can lead to those being asked to provide references to take a very cautious path and adopt a “less is better” approach.

A closer view of the employment reference check reveals yet another flaw. Imagine an underperforming employee in your organisation who has been short-listed for an interview for a position with another company.

As the employee’s line manager, you see this as a great opportunity to move the underperformer on.

You are asked to provide a reference and, to help talk up the employee’s prospects and increase the chances they leave your orbit of influence and responsibility, you overstate their capabilities. Sounds unethical but, yes, it happens.

Delving further, another source of bias is revealed.

When an employee leaves an organisation for another, it is quite often the case that the employee will end up working for a competitor. Reference checking can be fraught with bias in this situation as an organisation works to retain a valued employee by providing a less than glowing reference.

And in some cases, a competing organisation might not even be prepared to provide a reference.

Finally, when a referee provides information about a candidate, they usually comment on the candidate’s operating history in a unique context: a specific organisation, department or job role. No two organisations are the same, so without substantial knowledge about the organisation the candidate is seeking to enter, referees are unable to provide insight into how they will operate in a different context.

Referees focus on past performance, not on the future.

The canny employers will recognise that reference checking might have a place in the modern recruitment process, but it is not the be-all, end-all it once was.

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