



dignity in a sea of sharks? Two things: Fees and the percentage of your assets you're willing to invest in the share market.

And unfortunately, there is no one-size-fits-all solution for the asset mix — it's based on your backbone.

And that's why I think the Productivity Commission should focus on the only thing anyone can control and the government can legislate on — fees.

Where are they now?

Kim says: One year ago I wrote to you on the day I found out I was pregnant.

I told you how, after 10 years of being together, I married my partner and then discovered he had been lying to me all those years and had

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called me really resonated with him, as he respects you a lot; it started the turnaround.

He then admitted he had a problem (after he tried to put it back on me and I wouldn't have a bar of it) and has not gone back on that.

The calmness in the house is amazing, and we have been working together as a team over the past few months.

Thank you for your support — it has meant so much to our little family. You're a legend.

Barefoot responds: Well done, you (and your hubby) have got this.

Good luck for your first year with the baby.

I'm on my third now and it doesn't get any easier (so my wife tells me).

run up huge debts from online spending.

You suggested he might get some help from Beyond Blue and that we talk about money together at a monthly Barefoot Date Night.

Well, a year on here's my update.

I have had a little girl and my husband has completely turned his life around — I am so proud of him.

Telling him that you had

Reversing the fortunes of the asset rich

RISING life expectancies, combined with ever-increasing costs of living and house prices, mean more retirees are finding themselves asset rich and cash poor.

One option is to downsize to a cheaper home, but this often has major disadvantages.

Converting an exempt asset — the family home — to an assessable asset, such as cash or shares, could mean a severely reduced pension or even total loss of the pension.

To make matters worse, the cost of moving from one home to another is probably close to \$100,000, which is a big loss of capital unless the move is essential.

As a result, many retirees take the view they are better off to battle along in their present home which, if history is any guide, should continue to give them a reasonable tax-free capital gain.

A reverse mortgage is probably the next thing that comes to mind, but these are becoming difficult to get as banks tighten lending criteria because of bad publicity from the royal commission. In any event, taking out a reverse mortgage involves making some significant decisions. If you take a fixed rate, there may be hefty exit fees down the track; if you take a variable rate, you could suddenly find yourself in strife if property prices fall when interest rates rise again.

Enter the Pension Loans

Noel Whittaker



Scheme, a type of reverse mortgage offered by the Federal Government. It has been around for years, but was hardly used. However, the terms were improved in last month's Budget and it should now take off in popularity.

The new rules take effect from July 1, 2019. From that date a couple on the full age pension could receive an additional \$684.10 a fortnight (\$17,866.60 a year) between them by way of this loan. It will be paid fortnightly, like the pension, and the interest rate will be a reasonable 5.25 per cent.

The loan can be repaid on demand without penalty, but it would be reasonable to expect the repayment will come from the eventual sale of the family home.

The amount a part age pensioner will be able to borrow will be the difference between the amount of the age pension they receive and 150 per cent of the maximum rate of age pension. For example, if a couple received an age pension of \$800 a fortnight between them, they would be eligible to draw an additional \$1252 a fortnight (\$32,552 a year) under the proposed system.

The scheme will be available to others, too. A self-funded retiree couple will

be able to draw 150 per cent of the maximum rate of pension, or up to \$2052 a fortnight, combined.

Even though borrowing money under this scheme may solve a short-term cash problem, remember that the essence of a reverse mortgage is that no interest or principal repayments are made on the loan, so it increases faster and faster. The Government is aware of this, and as part of the set-up will require a licensed valuer to value the house used as security for the loan. There will be no cost to the applicant for this.

Furthermore, the amount of the cumulative loan debt that can be accrued will be limited based on a number of factors, including the pensioner's age and their equity in the secured asset. This maximum cumulative loan amount available will be recalculated every 12 months.

That's a welcome move. Think about a self-funded couple who borrowed the maximum of \$53,352 a year via fortnightly draw-downs. In just 10 years the debt would be nearly \$700,000 and in 15 years a staggering \$1.2 million. A reverse mortgage is like a strong drug — good in small doses in the right circumstances.

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 noelwhitt@gmail.com or tweet @NoelWhittaker

Q If I own my home as the sole title holder and my spouse uses it to run her business, would I be liable for capital gains tax when I sell the property?

A Obviously, this is something to discuss with your accountant, but the crucial element is that you as the sole owner have not used the property to produce income. Just don't charge her any rent or any share of outgoings on the property.

Networking doesn't need to be awkward

Have you ever been to a function or event designed to create business or strategic networks, only to find that many staff tend to gather in clusters with people they know and avoid chatting with invited guests?

The fact is many employees feel uncomfortable in a face-to-face networking environment. For many, engagement in the networking process is awkward, painful and feels "forced" or unnatural.

For those who find themselves thrust into face-to-face networking situations there has often been little discussion

WORKPLACE MATTERS

Gary Martin



or development on how "best to network" and avoid turning it into an awkward — and unproductive — occasion.

So how does one get the best out of an uncomfortable networking situation?

The most effective networking sessions are those that come with goals attached. The goals might be linked to who to meet and the reasons for wanting to meet those people. Some

preparation by way of gathering background information on those on the "meet and greet" target list is desirable.

Skilled networkers overcome their discomfort by "breaking in" to clusters of people at an event. They develop the confidence to move towards a group and position themselves around that group until they are drawn into the discussion.

And just like any introduction, first impressions are important.

So those attending a networking event should give some thought to an "introductory pitch". A short, sharp

introduction that typically lasts no longer than 30 seconds is best — any longer and the listener might get an impression of self-centredness or they might even lose interest in you joining the discussion.

Effective networkers use the information they have researched about an individual to make a connection with that person. Asking a question about a person's role or making a comment about a past achievement helps to establish a relationship. They plan open-ended type questions to create meaningful discussions and avoid a conversation being cut short by "yes" or "no" answers.

While many view networking as an opportunity to "win" something — think resources, access, promotion, job opportunities — effective networkers recognise that they need to give to receive.

They are helpful and supportive of those they had planned to meet and attempt to provide some balance early on to guide the type of relationship they want to establish.

Above all, effective networkers are effective listeners. They are genuinely interested in others, listen carefully and respond meaningfully to what has been said.

The biggest challenge for

networking? Even some of the most proficient networkers find it challenging to move on from one person or group to the next without seeming rude.

So just like you need to plan your introduction to join the conversation, the skilled networker must plan a graceful exit.

And, by the way, effective networkers follow up on their conversations. If you promised some form of post-meeting action, make sure you follow through with it — promptly.

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