So I suggest you do a couple of as boring as hell things that you'll never regret: invest long term by boosting your pre-tax super contributions to 15 per cent of your income (up to the $25,000 cap). Then start saving for your wedding, so you don't have to resort to Afterpay — because those late fees are a total rip-off, right?

Barefoot plastic surgeon

Chloe says: I read your book 15 months ago and — as of last Friday — I have paid off my three credit cards. I'm free of credit-card debt for the first time in 11 years. My partner and I still have a car loan and a mortgage, but it has been so nice just paying for everything in cash. When I was asked by the lady at the bank why I wanted to close the credit card account, I told her I had read your book and did not want the debt any more. She said I was the seventh customer to say your name to her that day. Thanks for the valuable advice on reaching financial freedom.

Barefoot responds: Well done. I know a lot of staff working in bank branches who are under a lot of pressure to hit sales targets.

It can be a really depressing job when you're flogging product all day. However, I also know that most of them are good, caring people who genuinely want to see customers doing well.

So you just might have made her day.

A smart way forward for Barnaby's bub

Noel Whittaker

I ONLY watched the Barnaby-Vikki show for a short time last Sunday, but one sentence from Barnaby sounded warning bells: "The money won't go to us — it will go into a trust fund for Sebastian".

Setting up a trust won't help Joyce and Campion, or Sebastian, avoid tax. And it might even make the problem worse.

But first, let's focus on whether the $150,000 is taxable income for the interviewees. Probably, yes.

To this end, the ATO's 2001/206 Assessability of Monies Received for a Media Interview is a great starting point.

The Australian Taxation Office says money received for an interview is taxable if the amount of the payment is significant and is not merely a nominal amount to cover the taxpayer's costs or inconvenience.

It is also taxable if the taxpayer needs to provide a service in order to receive the payment (i.e. must give the interview); and if the taxpayer is motivated to provide the service by the receipt of the payment (as evidenced by the negotiation that took place over the payment and the fact that the interview was planned and organised in advance).

This all seems to fit nicely with the Barnaby-Vikki scenario. It would be preferable to have all the proceeds paid to Vikki, who is almost certainly in a lower tax bracket than Barnaby, but the tax office could well take the view that the interview was a joint effort and the tax should be split 50:50.

So, let's assume the tax levied is 40 per cent, or $60,000 — leaving $90,000 for the baby's future. Now, let's focus on what to do with that money, for Sebastian's benefit.

Leaving it in the bank would be useless, which leaves his parents with three choices:
1. Setting up a trust and investing it as trustee for the child.
2. Investing it in one of the parents' names.
3. Investing it in insurance bonds.

The big problem with a trust in their son's name is that earnings on the $90,000 would be treated by the tax office as "unearned" income for a child.

The tax would be punitive — 66 per cent for any investment returns above $416 a year, or a flat 45 per cent on the lot once the income reaches $1307 a year.

The parent must at all times act as a bona fide trustee and not intermingle trust money with their own, which is difficult to maintain over a 21-year period.

Investing the money in, say, Vikki's name would mean she pays tax at her top marginal rate on the future earnings and capital gains tax would apply if she ever transferred the money to Sebastian.

Insurance or friendly society bonds are the ideal investment vehicle for this situation.

Tax of 30 per cent is paid each year within the investment, but there's nothing to declare on anybody's individual tax return each year, and once Sebastian reaches 18 years old, the bond could be transferred to him with no capital gains tax payable.

He could then cash it in tax-free, or continue to let the money grow in a low-tax environment. If the bond earned 8 per cent a year — which is reasonable — Sebastian might receive $475,000 tax free at age 21.

Not a bad return for one appearance on television.

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 My wife and I are both aged part-pensioners, with an annual income of $40,000 and assets amounting to $600,000. Unfortunately, my wife has a terminal illness and probably has less than 12 months remaining. I would like to retain my single pension. I can reduce my assets by buying funeral bonds and gifting $10,000 to our children. If my wife bequeaths, say, $20,000 in her will to our children, will Centrelink view this as a deprived asset and count it as among my assets?

A Any asset that is bequeathed to a beneficiary in terms of a will is not treated as a deprived asset. Obviously, you will need to take advice around estate planning in its entirety, but your proposed strategy appears to make perfect sense.

Spotting self-doubters key to productivity

WORKPLACE MATTERS
Gary Martin

HAVE you recently been promoted, asked to manage an important project, or handed a new and important workplace responsibility, but feel like you don't deserve it?

Welcome to the secret circle of high achievers who suffer from "impostor syndrome" — an intense feeling of self-doubt and lack of confidence, or even a sense of fraudulence.

That's right. Despite overwhelming evidence of their achievement, those inflicted with impostor syndrome feel like fakes and believe they have managed to blunder their way through their careers with exceptional luck and being in "the right place at the right time".

Those predisposed to this career-limiting phenomenon are often smart, successful individuals who have a proven track record of achieving goals.

Most people will at some time experience self-doubt.

One or two episodes of self-doubt hardly make for impostor syndrome. But what if these disruptive thoughts and feelings prevail over weeks, months or even years?

How do you determine whether you are caught up with this longer-term, career-crippling ailment?

Typically, those suffering from impostor syndrome fear they will eventually find co-workers will eventually find out they are not as capable as they portray, so they shy away from praise, find it uncomfortable to accept compliments and consider their successes a result of external factors, rather than their own professional expertise.

A feeling of failure paralyses those with impostor syndrome, as do consistent and pervasive feelings of being a fraudster or a phony. And for those suffering from this affliction, the focus is always on what they have not achieved, rather than their successes.

And to top things off, a healthy dose of "perfectionism" — the need to get everything done perfectly and not rest until this goal is met, no matter how unattainable — is often associated.

If you believe you suffer from impostor syndrome, you can take a number of steps to remedy the situation.

One of the best is to acknowledge that you suffer from this malady. By "calling out" disruptive feelings, you will have a strong foundation upon which you can implement other strategies to remedy your current situation.

For example, constantly reminding yourself of actual achievements works for many who suffer from this syndrome, as does reframing your own mental disposition to the point that you accept your feelings of inadequacy are not based on anything real: in other words, they cannot be substantiated.

And, of course, talking to a trusted co-worker or friend about your waning self-confidence can help to alleviate these debilitating thoughts.

Some experts argue today's fast-paced, dollar-focused workplaces have become "a confidence desert", fuelling impostor syndrome among high performers to result in a drop-off in productivity.

The key for leaders and managers is that if you want to get the best out of your team members, make sure you build up their self-confidence to ensure a boost in workplace performance.

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