



NEGOTIATOR eNEWS

May 2009

www.negotiator.com.au

“Making the simple complicated is commonplace. Making the complicated simple, awesomely simple, that’s creativity” – Charles Mingus

Welcome to the May issue of Negotiator eNews – the free newsletter with Tips, Strategies, Articles and News related to Wealth Creation.

Interest Rate News

When the Reserve Bank met this month, they decided to leave rates on hold. With the state budget due out and the federal budget after that, it was always unlikely that any rate movement would happen this month. Hopefully the budgets have something favorable for you personally and get some things in place to stabilize the economy in general.

A very important issue that I would like to mention for anyone who is thinking of purchasing a property, is that many banks recently have made changes to their lending requirements. In regards to Genuine Savings, 3% minimum is needed of purchase price for first home buyers and 5% minimum for subsequent home buyers by way of progressive and regular savings over a period of not less than 3 months prior to the time of application. Proof of this is needed with a printout of the last 3 months of your savings account statement. Any large sums or deposits are excluded unless it can be clearly shown it has come from a sale of an appreciating asset that had been held prior to their disposal for a minimum of 6 months.

Give me a call if you need further clarification on this.

Feature Article

Getting Your Tax In Order

With the end of the financial year fast approaching, now is the time to get your financial situation in order, ready for tax time. Many people usually do their tax in a rush or at the last minute but if you are organised and disciplined, you will be rewarded in the short term and long run.

- (1) If you are planning to sell a property and it’s a property other than your principle place of residence, you’ll be up for Capital Gains Tax. Any gain can only be offset against capital losses. Ideally though, if you don’t need to sell then keep your property and you won’t have to worry

about Capital Gains Tax – it'll just be growing in value over the long term.

- (2) With a Tax Variation form, you can pay less tax throughout the year instead of waiting until your tax assessment has been lodged and processed before receiving a tax refund from your negative geared losses. By filling out this form, you can receive your tax deductions within each pay packet, instead of the end of financial year lump sum. This can make a substantial difference to your cash flow. This strategy is highly effective.
- (3) Every year property investors miss out on deductions that are claimable as tax deductions for depreciation. Many people think that a property has to be brand new to benefit and although you do receive more deductions, you will still get deductions from older properties.

If you need help with any of the above tax strategies, please don't hesitate to contact me and I will help you plan effectively.

Ask The Negotiator

Email gregg@negotiator.com.au if you have any topics you would like to see covered in future newsletters.

Helpful Product/Tips

How To Choose A Property Manager

Managing your own property can be an onerous task, and I choose to leave it to trained professionals, so employing a property manager to do the day to day running of your property will reduce your workload greatly, alleviate stress and protect your investment. A good property manager understands the law and are confident in applying it. Their job is to maximise the return on your property.

When looking for a property manager these are the questions I ask, so I feel confident that I am leaving my property in good hands.

I would ask:

- How long have you been a property manager?
- How many properties do you manage? - If there are too many, you may not get the service you would like.
- What is your policy on managing rent arrears or problem tenants?
- How often do you conduct market rent reviews?
- Which websites would you advertise my property on?
- How accessible are you when I need to contact you?
- Can you explain all the fees you will be charging?
- What checks do you do to assess prospective tenants?
- What happens to the security bond at the end of the tenancy?

If you need any help with finding a property manager, just give me a call.

Joke Of The Month

Bad Japanese Economy

As so many countries are affected by this economic climate, so is the economy in Japan and according to some contacts, it seems to be getting worse.

Following last week's news:

Origami Bank had folded.

Sumo Bank has gone belly up.

Bonsai Bank plans to cut back some of its branches.

Karaoke Bank is up for sale, and it is (you guessed it!) going for a song.

Meanwhile:

Shares in Kamikaze Bank have nose-dived.

500 back-office staff at Karate Bank got the chop.

Analysts report that there is something fishy going on at Sushi Bank and staff there fear they may get a raw deal.

Just remember, in times like this, it's good to keep your sense of humour.

If you found this newsletter helpful, why not forward this email to a friend or colleague.

Check out previous Negotiator eNews newsletters at: www.negotiator.com.au

Disclaimer

The information, statements and opinions expressed in this email are only intended as a guide. Although we believe that the statements are correct, they should not be taken to represent investment, accounting, taxation or legal advice and you must obtain your own independent advice from an appropriately qualified professional. Neither the publisher nor any people or organisations involved in the preparation of this material give any guarantees about its content or accept any liability for any loss, damage or other consequences that may arise as a result of any person acting on or using the information and opinions contained in this email.