WEALTHOLOGY
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The 5 Dirty Little SECRETS OF SAVVY Property Investors

Leonie Fitzgerald

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You Too Can be a *Savvy* Property Investor with These 5 Essential Tips.

Building a property portfolio is similar to running a small business and it is no easy feat sometimes. By doing so, you demonstrate you are wanting to create better financial security for yourself, reduce your risk, have determination, and that you also have a keen business sense.

Wealthology's *most savvy investors* share their Top 5 Dirty Little Secrets. Enjoy…

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TAX MAN HACKS

Building an investment property portfolio is a journey and here at Wealthology we believe it will be in your best interest to [hire a professional accountant] who specialises in property and here's why:

✓ **Increase Your Weekly Cash Flow Legally**

If you are a property investor you may be eligible for the governments PAYG Withholding Variation, which is by far the quickest and easiest way to legally increase your week-to-week cash flow as an employee and investor.

An Income Tax Withholding Variation is an annual application made to the ATO to vary the amount of tax withheld from your salary each pay by your employer.

It simply means that a taxpayer who is entitled to a refund at the end of the year can access the funds each pay period, rather than waiting until their annual tax return is completed and lodged.

✓ **Keeps You on Track and Helps During Confusing Tax Times**

Hiring a professional accountant keeps you on track with all of your payments, expenses, bookkeeping, and financial development. Having someone who handles your finances also decreases the potential for your property portfolio to be in financial risk because it eliminates the possibility of mistakes occurring. Bookkeeping records are essential as it keeps track of all financial interactions that occur and ensures detailed records take place. Plus you can foresee potential financial gains.

Tax forms can be tedious and often are extremely confusing to someone who is not familiar with how the system works. Having a personal accountant can help make sure that all of your ducks are in a row, the correct paperwork gets filed, and that you don't fall behind since they are specifically experienced in property tax matters. In addition to doing your taxes for you, professional accountants can guide you and give advice on any tax-related issues or decisions. Nobody wants to deal with the ATO, and a personal accountant practically guarantees you'll never have to have that concern.

✓ **Can Mentor on Financial Decisions**

Keep in mind that professional accountants are exactly that – a professional in their field of work. They may have great advice about investments you are planning on taking part in and guide you on the best decisions to make depending on your financial position and goals. An accountant may offer useful strategic planning tips and work with Wealthology to ensure you set up a property portfolio strategically ensuring you are financially stable.

Having a reliable personal accountant can benefit you in multiple ways. If you are considering hiring an accountant, or are looking to talk to someone about what your options are when it comes to someone else handling your financial needs we are happy to provide a recommendation. Together we can invest to make your financial future secure.

"Be wary of strong drink. It can make you shoot at tax collectors… and miss".

BE SMARTER THAN THE BANKS

One of the most important components when borrowing to purchase an investment property is to set it up in the correct finance structure. It is wise to use a professional lending specialist, someone who is efficient in arranging investment lending debt. You will benefit from their knowledge and wisdom, they'll do all the hard work for you and as they have regular contact with their lenders, will know which lender will suit your particular requirements best.

✓ **Equity Loan Deposit**

A popular strategy is to take out an equity loan to use as a deposit for your investment property purchase, rather than to increase your current home loan. This means that the loan used to purchase the investment property is tax deductible.

✓ **Keep Your Home Safe**

Keep your home safe by ensuring it's not linked to your investment debt. This ensures the banks do not have greater control over your properties than you do.

✓ **Annual Health Check**

At Wealthology an annual finance health check is conducted to identify which areas of your financial life plan might need reviewing as it's critical to keeping your financial future on course.

"Why do banks attach chains to their pens? If I'm to trust you with my money, you should trust me with your pens".

TIP TOP TENANTS

✓ **Tenancy Agreement Renewal**

January is the busiest time of the year for people wanting to rent a property so if you're a property investor when do you think might be the best time for your tenancy agreement to come up for renewal? Give notice in December that the rent is going up (if the market dictates it) and you may find, as it's the silly season it's a very busy time of the year so your tenant may possibly not have the time to look around for a new home. A new lease agreement will be signed with the increased rent or they will move out at a time when the market has very high demand, ensuring a new tenant is secured with ease.

✓ **Tips to Increase Your Rent**

- Do a 12 month tenancy agreement with a clause in it that says if the market dictates it, a rent rise will occur after 6 months.
- Adding a reverse cycle air conditioner to the property, particularly in warmer climates. For colder clients it can act to keep the room warm.
- Install a dishwasher to increase the rental appeal of your property.

✓ **Be Kind to Your Tenants**

At Wealthology we recommend conducting a yearly inspection with your Property Manager and there are two reasons for this:

- It's a great opportunity to thank your tenants for looking after your investment property and to let them know how much you appreciate them taking care of the place for you.
- It gives you an opportunity to connect with your tenants on a personal level. Hopefully the more they know you the more likely they are to do the right thing by you i.e. pay the rent, maintain your property.

"I hate how spiders just sit there on the walls and act like they pay rent".

MASTER YOUR MINDSET

According to the latest brain research, our ability to manage our thoughts, emotions and behaviours is a learned ability that anyone can master. Our success is no longer determined by our current results, circumstance or even genetics which means we have the ability to shape our results by learning how to retrain our own brains deliberately. Powerful stuff!

✓ **Learn to Meditate**

Your mindset is a muscle that can be strengthened and improved upon and one way to better your mindset and embrace change in your life is to learn the exercise of meditation. To be a savvy property investor it's important to be able to manage your emotions as we must transact with our head, not our heart. With meditation, the physiology undergoes a change and every cell in the body is filled with more energy. This results in clearer thinking, improved decision-making, peace and enthusiasm as the level of energy in the body increases.

✓ **Make Self-Education a Priority**

Taking the time to work on your own development can be incredibly challenging. However, it is the only way to embrace change and manage the challenges that may come from investing, and life in general. Whether it is attending educational events, reading books, working with a mentor or coach, or just self-inquiry, intention about your own growth and path will help you on your journey.

✓ **Surround Yourself with Winners**

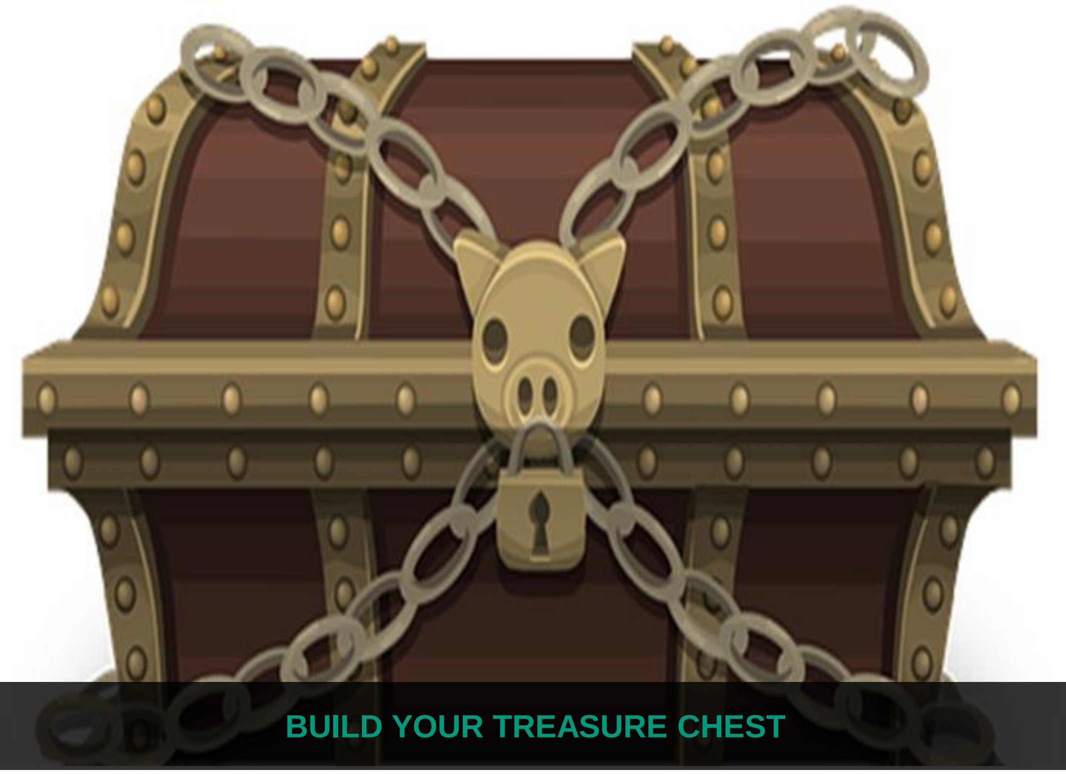
Are you surrounding yourself with inspirational people, people who encourage and support you, people who elevate your thinking, your performance? Jim Rohn says 'We are the average of the 5 people we spend the most time with'. This relates to the law of averages, which is the theory that the result of any given situation will be the average of all outcomes.

When it comes to relationships, we are greatly influenced (whether we like it or not) by those closest to us – it affects our way of thinking, our self-esteem, and our decisions. It's common for those building wealth to underestimate the importance of the company they keep.

Here's the kicker… Critiquing those around you may sound ruthless, but understanding their influence on your performance is critical to your success. As someone who is wanting to create a better lifestyle financially, there is too much at risk. If someone is continually bringing you down, you may have to reduce their involvement in your life. Not doing so will alter your ultimate success.

A tell-tale way to tell is to check your energy levels – uplifting people give you more energy and toxic people drain it.

"Don't let anyone rent space in your head unless they're a good tenant".



BUILD YOUR TREASURE CHEST

Most start with nothing but a desire to grow wealth and then they learn a few things along the way…

✓ **Follow Sound Money Principles**

A classic, The Richest Man in Babylon offers an understanding of – and solution to – your personal financial challenges that will guide you through a lifetime. It shows you how to practise sound financial principles in acquiring money, keeping money and making your money earn more money.

Money is plentiful for those who understand the simple rules of its acquisition:

1. Save 10%
2. Control your spending.
3. Multiply your money.
4. Keep your money safe.
5. Invest profitably.
6. Insure a future income.
7. Increase your ability to learn.

✓ **Benefits of Budgeting**

Budgeting is one of the most basic and effective tools for managing your money. Yet, most people avoid doing it because it is additional work, much like cutting your lawn or fixing the roof. Budgeting also connotes that you have to give up and stop yourself from enjoying stuff.

What budgeting actually does is clearly show you how you allocate your money and present you the choices on what stuff to enjoy – based on your financial limitations. It will save you the grief of overspending and being too much in debt. Budgeting does not stop you from enjoying stuff, it ensures that you enjoy stuff when you want it.

Although budgeting is indeed more work, it pays off with many life-enhancing benefits:

1. Gives you control over your money and keeps you focused on your wealth goals.
2. Makes you aware what is going on with your money.
3. Helps you organise your spending and savings.
4. Makes you decide in advance how your money will work for you.
5. Enables you to save for expected and unexpected costs.
6. Enables you to communicate with your significant others about money.
7. Provides you with an early warning for potential problems.
8. Helps you determine if you can take debt and how much.

✓ **Invest Your Treasure in Good Performing Assets**

Once you have saved a sum you will then need to invest a portion of your treasure in to good performing assets, to grow your treasure chest. Most people are comfortable with property due to it's proven track record and it's classed as low risk by the banks, compared to other assets.

Lastly, we'd like to say that creating better financial security for yourself means having choices, the freedom to choose. Without choices in life you are restricted and have limited opportunities to live the life you would really like. YOU then choose what to do with your money. Whether it be:

- Provide better education for your children.
- Continue with your current (or better lifestyle).
- Help your local community.
- Provide for those you love.
- Retire your partner early.
- [Insert your goals / dreams / desires].

It is completely up to you what you do with your wealth. Create the freedom to make the choices in your own life based on whether you would actually LIKE to do something rather than if you can afford it!

"A man's wealth is not in the money he carries in his purse, it is the income he builds, the golden stream that continually flows into his purse and keeps it bulging. That is what we all desire – an income that continues whether you're working or off sailing around the world."

Give a man a fish and you feed him for a day;

Teach a man to fish and you feed him for a lifetime.

We Would Love To Hear From You, Get In Touch With Us!

Up Your Wealth Game

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