THE ESSENTIAL GUIDE

TO FINANCE, PROPERTY AND MONEY

CRAIG POLLER

DISCLAIMER

The material in this publication is of the nature of general comment only and does not represent professional or financial advice. It is not intended to provide specific guidance for particular circumstances, and it should not be relied on as the basis for any decision to take action or not take action on any matter which it covers. Readers should obtain professional advice where appropriate, before making any such decision. To the maximum extent permitted by law, the author and publisher disclaim all responsibility and liability to any person, arising directly or indirectly from any person taking or not taking action based upon the information in this publication.

Contents

Disclaimer 2
Introduction 7
Why would you want to know more about finance, property, and money? 8
Financial Enlightenment 10
Is this you? 11
The Backdrop 12
The current state of economic affairs 13
What is the cause? 14
Debt equation in the US 15
Becoming Aware and Taking Action 17
Human Vice 18
The Land of Tick Tock 22
Compound Interest 24
Psychology of Money 27
Money and Power 30
How money keeps many poor, and the Ruling Class rich! 31
How Currency was created 32
Debasement of Currency 34
Hyperinflation 36
Fractional Reserve Lending (Money printing) 38
Financialisation of our Money Markets 41

A Sobering Study 46
5 Barriers to Financial Success 47
The Fear Factor 47
We dont know where to start 48
We don’t know how to do it 49
We don’t have the resources 50
We don’t want to 51
Are you dancing with the IBIZA set! 52
Waking up from the Party 54
The four wealth personalities 55
Grace! Growing Richer, Aware, Committed, Empowered 55
Kevin! Knows Everything, Invests In Nothing! 56
Hank! High Ambitions, No Knowledge! 56
Nina! No Interest, No Action! 57
Wealth Generation 58
The Economic Clock 59
How to create money or equity 62
Income Quadrants 64
Linear verses passive income 66
Why Budget and Save? 67
Personal Budget 69
The Snowball Effect and High Interest Debt 72
Getting your Snow Ball to Roll 72

Mortgage debt recycling 73
Control cash flow and develop a budget 74
Determine debt levels 75
Investing in assets 76
Pay down mortgage 76
Reborrow to buy more Assets 77
Seek Appropriate Advice 78
Investing options 79
What is your investment profile? 80
Short-term investments (1-3 years) 80
Medium Term investments (5-7 years) 81
Long term investments (7-12 years) 82
Stock Market and Leveraging 83
Direct Share Purchase 83
Margin Lending 84
Put and Call Options 85
Contracts for Difference 86
Property Basic Strategy 87
Buy small and trade up 88
Buy old dwelling on a big plot of land 89
Buy land and build on it 90
Buy into a managed apartment block 90
Buy a dwelling and transform it into a multiple dwelling 91

Buy the worst house in a street and renovate it 92
Buy commercial and split into offices 92
Summary 93
Preparing for a home loan 95
Basic Lending Rules 96
Tactics to increase your borrowing capacity 100
Don't peak out 101
Mortgage Insurance Restrictions 102
Credit Cards 102
PAYG Withholding Tax 103
Interest Only Repayment Strategy 104
Loan to Value Ratios 104
Submitting a Successful Application 105
How to plot the death of your mortgage 107
The modern day mortgage 108
The Inner Workings of a Mortgage 111
The key to the whole structure is a Budget 113
Mortgage Reduction Plan 115
WHAT MECHANICS TO WE EMPLOY? 116
Explore the possibility of using Trusts 117
Discretionary Trusts 119
Properties of a Trust 119
Building your wealth tree 122

INTRODUCTION

Thank you for making the decision to read this guide on finance, property, and money. These days', time seems to be of such short supply in an overstimulated environment - to stop, consider and read can be quite a task for some. If it is immediately interesting and stimulating, it is given more time to consider, but for most, the simple pastime of reading a book is an abandoned discipline.

It's a shame because the written word can be referred to many times, its tangible, and allows to be read and absorbed at a slower pace than mainstream digital applications.

This booklet will give you insights into finance, property, and money, and you can learn how we are pawns in a bigger picture, and how not to become a victim, using strategies to insulate yourself from the destiny of the masses. If you take the time to read it through, I guarantee you will find out things that you don't know, and through the ideas and concepts revealed, stimulate or plant a seed in your mind, to get you on the road to financial freedom.

It's worth setting aside some time to read if you can get away from life's other distractions for long enough!

WHY WOULD YOU WANT TO KNOW MORE ABOUT FINANCE, PROPERTY, AND MONEY?

Simple really…I guarantee that if you spend some time reading this book and taking on knowledge from those around you in professional circles, you will create greater wealth for you and your family in the future.

Your mind can achieve wonderful things and only needs to be shown the right path to succeed. Given the knowledge and instructions on how to progress…, it will immediately begin to seek achievement.

If you don't want to be assigned to the plodding existence of the masses, you must open your mind to how the world and abundance really works…, take the time to read this book and consider its strategies.

Even in today's uncertain times, there are opportunities to succeed, but mostly they are hidden to the uninformed. Once the mind is unlocked and nourished with enlightenment and the right knowledge, opportunities will arise spelling out how to proceed.

When you decide on your investment strategy, whether buying your first home, diversifying into investment or refinancing, to save money on repayments, I can help you walk down that path.

This is my promise to you as a Finance Broker. If you buy a property utilising my services -

- I will make sure your loan has the necessary features and is set up correctly to be as easy as possible to pay off faster, using the smart money management methods explained in this book, and avoid costly mortgage mistakes.
- I will future proof your loan by regularly reviewing it against the latest special offers and discounts as they become available to you. You can make an informed decision about whether to switch, knowing all the costs and benefits of doing so.
- As you build equity, if you decide you want to invest in property, I can correctly structure your lending and can provide as much assistance as you require with selecting and organising properties, making it as simple as possible.

To start this process, just email or call me directly. Let me know about your current situation and we can work out the best place to start that suits you.

Email me at craig@insyncfinance.com.au or call me direct on 0478486977 for a no obligation discussion about helping you become mortgage free and build wealth for your future faster and easier.

FINANCIAL ENLIGHTENMENT

To begin with, everyone in Australia has choice and behaviour in today's modern society… and it's the decisions that every one of us makes throughout our lives that dictate how we live and shape our life and ultimately prosper.

In fact, we have so much freedom and choice, our minds can become unclear how to proceed through life and in many cases, the vices in our society drag many down and lead to a life of unfulfillment.

Everyone writes their own story! This is especially true for finance, because it's not a quick fix unless we win the lottery or gain a lucky inheritance. It can take years of hard work, information gathering and savvy investing to see your finance tree grow and prosper if it ever does….

Sadly, in many lifetimes, the green shoots of a budding money tree, grow stunted and lifeless, leaving many with the shrivelled roots in retirement, enduring away on a government pension.

Some of the cause can be found in the lack of financial themes in school education. Why isn't such an important topic taught as an individual core subject throughout our school system, from primary to secondary? Too many people get into financial hardship because they don't

know the basics of managing their personal finances. Yet even more people let opportunities slip because they don't know the key ingredients of saving and investing

IS THIS YOU?

Understanding personal finance is about learning a life skill that will potentially be of more benefit than almost any other subject or profession you will learn.

What good is that medical degree, or those four years of apprenticeship, if no one teaches you how to look after the money you earn and make it grow?

So, I'm sure you would prefer to be in control of your financial destiny, and not a member of the uninformed, allowing hard earned income over a lifetime to be squandered on depreciating assets, unchecked spending, and inadequate financial goals and plans?

Once you have seen the light, you will understand how people are pawns in bigger games played by richer, more powerful individuals and Corporations. So there's never been a better time to advocate strategies to enrich your knowledge base and understand how wealth is achieved over time with a plan.

In fact, if you look further into some of these financial creations put in place by greedy financial institutions and overriding governments, I am confident you will be shocked by their audacity and impact on our financials systems.

THE BACKDROP

We have been incredibly lucky in Australia in the last 2 decades with the massive explosion in wealth created by mining profits, and rapidly appreciating house and share prices. Householders gained substantial equity in properties, and money has flowed from the share market in one of the greatest bull runs in history. Coupled with historically low interest rates, our country has developed exponentially during that period. So, in summary – wealth was accrued passively through the wealth of the Nation, not ostensibly thru saving…

Now since the Global Financial Crisis crashed on the world's shores in 2008, the landscape has changed somewhat, and we are now suffering from the inevitable financial headache brought on by excessive irresponsible borrowing, encouraged by Financial Institutions pent up on greed for themselves and Shareholders. It has taken a while for it all to unwind but inexorably, it is occurring.

THE CURRENT STATE OF ECONOMIC AFFAIRS

In our own backyard, we have the recent cooling and basic shutdown of the Mining Boom and the subsequent drop in consumer confidence brought on by falling revenues, job losses and cutbacks to businesses.

On a larger scale, businesses, worldwide are struggling with technology innovations, applying pressure to traditional forms of sales. People are increasingly shopping online and avoiding shopfront stores to access a greater range of product and lower prices from a global market.

This, in turn, is changing the local demographics and structure of township life and removing the core revenue of a town's economic activity.

With increasing costs of business and changing revenue sources, the engine room which drives our mainstream economy is faltering. Coupled with burgeoning State and Federal debt, and large commitments to social and military spending, Australia, as we know it, is in recessionary territory constantly.

To succeed now in this deflated environment is much harder, highlighting the necessity for people to understand how knowledge of personal finance is a life skill, crucial in the proceeding decades to continue to build wealth.

Something is decaying in our capitalist system and may well have a finite end, as profit built on toxic debt never lasts.

When one of the largest economies in the world, the United States, is finding it difficult to extinguish its massive and rapidly rising 19 trillion dollar debt and looking for Congress approval to go higher, the financial system that our Western World is based on is flawed. It's a system based on – Unsustainable Greed!

Remember these terms "Fractional Reserve Lending" or money printing and 'Financialisation' the deregulation of financial markets and the alarming transfer of wealth from the ordinary person to rich families and Companies.

WHAT IS THE CAUSE...?

During the rising housing and stock markets, the banks became reckless and careless as they endeavoured to drive increasingly higher profits, offering low doc loan products and 106% loans that allowed people to borrow to their absolute limit and beyond.

The onset of the GFC was created by some despicable lending practices by Financial Institutions in the US, the subsequent 'hang over' has caused protracted pain for many, especially in the US where negative equity in property and a 'punch drunk' and limping economy is a very real event.

DEBT EQUATION IN THE US

To project a simplistic view of the situation in the US, here's a simple figurative analysis equating the current US Government income and expenditure to a regular household budget 2015

U.S. Tax revenue: $2.17 trillion

- Fed budget: $3.82 trillion
- New debt: $1.65 trillion
- National debt: $14.2 trillion
- Recent budget cuts: $ 38.5 billion

Now, remove 8 zeroes and pretend it's a household budget and it looks like this**!**

- Annual family income: $21,700
- Money the family spent: $38,200
- New debt on the credit card: $16,500
- Outstanding balance on the credit card: $142,710
- Total budget cuts: $385

So, you can see from this simple analogy of comparing apples with apples, US national figures with a household budget,

the US Govt and economy are hopelessly equipped to deal with the increasing debt crisis.

In our own Country, we now have a 2-speed economy brought on by -

- The demise of the mining boom affecting those States most reliant on it,
- Low interest rates encouraging investors and home buyers to extend their lending
- And the ramped-up speed of the development of Australia's Super Cities, Melbourne and Sydney, who are drawing in people like giant vortexes, which in turn has fuel injected property prices in these centres to unsustainable levels.

High interest debt, depreciating assets and bad investments take their toll of the uninformed.

Regular saving, investing and wealth creation strategies go unused by many, resigning them to a crumbling, unsustainable pension scheme, and a frugal and unfulfilling life in retirement.

So now more than ever, people need to think hard about their investment decisions and see the light about how we live in modern society, and maybe the New World order that is coming, with the apparent tumble of the US and Chinese economies. To lift your head above the pack, you must take advantage of the masses of information out there, learn from it to make better decisions, and use

it to apply successful investment strategies and insulate yourself against the system.

BECOMING AWARE AND TAKING ACTION

The key here is to be positive and active in managing your finances. The whole point of education is to enrich our lives and hone our skills.

No matter what path the next generations choose, everyone will need to manage money, be it, a Centre link benefit, lottery win, hard-earned wages or hundreds of thousands of dollars borrowed for a mortgage. More and more advertising targets young people, bombarding them through their phones and PC's with things to buy and trends to aspire to. Often the day they turn 18 is the day they get their first pre-approved credit card application in the mail, or an offer to open an account over the internet.

These strategies employed by Banks are the thin end of the wedge, enticing new young players into the market and suggesting the use of debt to fund consumer items.

It is also not long before the temptation of a brand-new car is proposed by car dealer offering buy now, pay later car loans at high interest rates, on highly depreciating items, beginning the cycle of bad debt that is taught and continued throughout their life.

Financial difficulties are common in this scenario and stem from poor financial literacy. The population is rail roaded into financial contracts to buy without considering the consequences. It's this process and financial apathy that leads to a life of high interest debt and depreciating assets that stifle any wealth building process.

It all gets down to the choice and behaviour of that person.

The best example of this concept that I can relate from the finance industry would be investment seminars. The event holders advertise and invite people from far and wide, and they may have 100 people register their interest to attend, but on the night, only 15 or 20 people do attend.

Why is this…?

It's Choice and Behaviour.

Our Human Vices…

HUMAN VICE

Because they have 'free will,' they choose to change their minds and make excuses why they should not attend.

Their minds are weak and they make unconfirmed excuses to themselves on the night - they believe they may get sold to or be pressured, it's too cold or too hot to go out, I'll go another time and so it goes on…basically, the truth is they're too apathetic to think about changing their lives, so they stay home and watch TV or go and have a few beers because it's easier and safer to do so…

They are the same people who base their working week around getting their weekly Lotto money together, which is the sum of their thinking about finance for the week.

It's a shame because more time spent actively thinking about finance, saving, investing will ultimately improve their financial situation, as information brings clarity and so many more choices later in life, but they don't attend.

Choice and Behaviour, 'free will' gifts they are given when born into a Westernised society, are squandered, keeping them from learning and improving their lives.

Gurus become wise because they take the time to seek out information and then think deeply about it. By doing

this they give the mind time to digest and absorb. When they speak, it is measured and slow and what they say has clarity and wisdom, because they have taken the time to learn and consider their subject to make

informed judgments. We need to consider the same techniques if we want to truly grow a money tree.

Time ticks slowly, but inexorably keeps ticking, and the longer it does before a person begins to invest, if ever… the poorer they will become in later life when they cannot work any longer through sickness, injury or old age –

Choice, Behaviour and Time are revealed as one.

- Do they have investments that will provide passive income?
- Will Superannuation provide that lump sum in retirement?
- Have they looked after their health sufficiently to enjoy retirement?

All these questions become apparent when it's too late, so they must be addressed when the investment window is open and be like a Guru, but not as devoted.

Just enough to stop for a while, and absorb some knowledge and information, to be able to apply it with conviction throughout their lives, no matter their circumstance, when time is on their side and they have the capacity to earn an income.

These material facts stem from the books on finance and investing I have read which has shaped my understanding about the modern-day world and the way we live. That knowledge has been derived over a 30-year period which would have been handy in my early 20’s.

If that was the case, I may not have been persuaded by my Mother to cancel a purchase of a 2-bedroom unit right on the beach for $26000 in 1995. I can still see her wringing her hands and imposing her view on where the market was going based on her limited understanding of real estate market factors. That same unit would be worth 12 times the value in today’s market.

I also may not have bought underperforming shares or dealt in currency hedges that I didn’t understand, but I bought because I was sold on the glossy prospectus I had received through the mail.

I did these things and wasted my money and opportunities, especially time, because I was misinformed about finance and listened to the wrong people.

I hadn’t grasped the concepts about compound interest and how time was the biggest factor, and hindsight brings clarity, which is an unfair process, as we make decisions based on our knowledge at the time.

I did, however, spend enough Guru hours since that time contemplating, reading and absorbing knowledge on finance and investing to have financial choices in later

life. I have used leveraging, compounding, developing, renovating, saving and share trading to various degrees to launch my wealth train somewhat along the track. This has allowed me to work in the Finance Industry building greater wealth whilst helping others do the same.

THE LAND OF TICK TOCK

This theory I have borrowed from an American writer called Stuart Wilde, who is a bit of a maverick money guru, who travels the world lecturing people about how to tap into money metaphysically. Regardless of his other beliefs, his fictional creation 'The Land of Tick Tock' has always rung true with me.

If you're middle class, you can live quite well, stressed, busy, but well enough!! This is the majority and is most effected and utilised by 'Tick Tock'

To use his analogy, 'Tick Tock' is the mainframe that our society exists in. It's the rules of the game and the board, the game of life is played out on, and here in Australia, on 'face value,' it's not all that bad for the participants. If you're a low-income earner, you're supported by the game, with subsidised

education, medical, and housing, but in return, you must subscribe to mediocrity and ‘handouts’ to subsist, so it’s still not a good way to live….

And for the Rich… they have discovered the cheat sheet for the game by working hard but smart and picking up the bonus cards (time, information and knowledge) along the way that has fast tracked their wealth.

Now this mainframe which the masses exist in, is a stable type portrayal, designed to keep the populous subdued in a somewhat ‘battery hen’ state of happiness. They work, consume, live and die within the general constraints of the game.

There is freedom within ‘Tick Tock’ which is admirable, but it’s a subtle distraction from discovering the secret gifts of the game!

There is employment, money, nice houses, holidays, cars, caravans, boats and vices like cigarettes, alcohol, and drugs. The rules allow all to participate as is their ‘free will’, but there are also many taxes in the game, bad debt, high interest rates, credit cards, temptation, lethargy, procrastination as well as other destructive traits.

These are the negative aspects and vices of the game which can grow into ‘cancerous’ debt and life-sapping situations that stifle, muffle and devalue probably the

game's greatest gift or card…, that given time, can put others ahead of the game in its later stages –

That opportunity is the Compounding effect Time has on Money; a commodity termed - Compound Interest

COMPOUND INTEREST

Money can be in the form of property, shares, managed funds, term deposits or as equity in a business or property…. but time is finite and exclusive to the Universe and exists only in one pure form.

Compound Interest combined with investing is the most powerful wealth strategy within the game, but to harness it, the player must waylay the vices of 'Tick Tock', go against the game almost, and set a plan in place to allow the compounding effect to begin.

Everyone within the game is given ample time, the same time… on average the sun will rise and fall in their lifetime 30000 times, plenty of opportunities to leverage money through time, but our inherit wastefulness through the 'game,' stifles our chances to succeed.

This strategy isn't easy to discover or recognize, as in its infancy it looks so small and insignificant,

that it is largely ignored, snuffed out as a seed before it has begun to sprout.

As an example of its power, consider one grain of rice sitting on one square of a chessboard of 64 squares. If I told you to double the rice grains on each successive square, how many grains do you think you would have to put on the 64th square? "A handful or two I suppose" you might say, well how about -

9.2 Quintillion grains of rice to be precise!!

For a total of 18.4 Quintillion grains of rice on the entire board. To put that in perspective, just the second half of the Chessboard would weigh 6 times the total Biomass of the Earth. Hard to fathom, but that's the potential of Compound Interest; a small amount invested regularly over time can be very powerful.

So it's one of the most commanding strategies in the game of 'Tick Tock' but not easily recognised or charted. Other powerful approaches include knowledge, combined with strategy, discipline, and a plan.

Similarly like a hive of bees, who work tirelessly during their short lives to make honey for the hive, the Queen bee releases a pheromone that keeps all the drones asininely working.

These cards can be found and learnt, but the excesses of the game distract, disinterest and confound most, as they follow along the main frame of the game's existence, shackled with debt, living on the sugary outer coating of the game's mainframe. Similarly like a hive of bees, who work tirelessly during their short lives to make honey for the hive, the Queen bee releases a pheromone that keeps all the drones asininely working. Their toil is mostly in vain, as ultimately the hive is robbed by the beekeeper for ultimate benefit.

Money and water have similarities, seamlessly finding their own level, and many find that if they earn more money, their spending rises as well, so that they never benefit from wage increases. Personal incomes are insignificant factors in the game, as perversely, in many situations the higher the salary, the higher the consumer spend and combined with a climbing tax rate, equates to reduced savings.

Following on from this theme, 'Tick Tock' can be played well or poorly, in fact players can reside side by side in

the game, doing well and poorly at the same time, and it is hardly noticeable who is winning, but infinitely in the background the playing cards which represent time and wealth are handed over regularly.

Both participants can go to Bali and stay in a 5 star hotel, but one will pay cash from savings or passive earnings, the other will use a VISA card from debt and live with the headache for many years, dragged down by high interest rates charged by the Banks, one of the main beneficiaries and owners of the game.

As the life cards run down, and the players' ability to generate income wanes through sickness, weariness and old age, the excesses of 'Tick Tock' come to the fore, and those who abused the game or ignored its principles, begin to fall behind. Passive income must be found or encouraged earlier in the game so that as the game progresses, compounding can occur and provide income in later life.

PSYCHOLOGY OF MONEY

Money has practical uses, buying necessities and determining the value of our work. It also most importantly represents - Power.

It is important to recognise this power, but not become seduced by it. That's why I like the Matrix Trilogy of films, especially the first one.

One of the central ideas of the movie, The Matrix, is the concept that people live their lives blinded to the true nature of existence, like a sleeping man, and similar to those living in 'Tick Tock'.

Money makes a big personal difference to our power. Security, comfort, health, time, – all these things are governed by cold hard cash. That's why people fight and work themselves to death over coloured bits of paper.

The film uses the comparison "taking the red pill or taking the blue pill" to illustrate the idea of Choice and Behaviour, to become aware or not. "The blue pill will leave us as we are, in a life consisting of habit and things we believe we know... The blue pill symbolises commuting to work every day or mundanely walking the dog". The red pill, by contrast, takes the main character Neo on a ride where he arrives in another world and awakens to see the Matrix, suggesting the system of control over humanity, of which he is now from.

The film runs a similar theme to today's society. The system creates a world for the masses to live, work and die in, to provide taxes and dividends to the game makers.

The rules of the game are set up so that the majority live in a life of mediocrity and can never escape because of the negative emotions created by the game. This is in turn linked to their ability to attract money. They are continually caught in the cycle of debt as taxes, high interest debt and depreciating assets accumulated through a mass advertising, consumerist society drags then down continually.

Like the film, it is only those that realise they are in the Game who have a chance of escape. To succeed they must fight many negative emotions generated by society to keep them with the masses. They must change their attitude to money, which requires reprogramming the brain to accept abundance, and remove the negative thoughts of the masses taught to us from a small age.

We've all heard the sayings –

> To make money you have to work hard,
>
> A dollar saved is a dollar earned,
>
> A stitch in time saves nine'

These phrases are from the Game of 'Tick Tock', designed to keep you down and espoused by people who have worked hard all their lives, and want you to do the same so they don't get lonely!

The people who sell you on the struggle of life, are those who know little about how to make it out of tick tock and are not the best people to use as advisers. The life force within the game is money or currency. This is the unit of

value used to tell everyone what things are worth, and the reason why people participate in the game, to get more of it.

MONEY AND POWER

Throughout man's existence, the people in power have always tried to keep the masses under control and attached to the yoke, or in other words, the system, created to provide for them.

To get more, they had to devise structures that would put the masses to work to provide taxes for their regimes.

The system would never let the masses break out of their existence. In the case of the Romans, the aristocracy controlled the people, currency, and army and they consequently became exceedingly rich for 700 years, whilst the populous mostly struggled, not able to own land and having to fight in the army for 20 years to earn rights to land and money.

Today most societies don't work for rulers or monarchs, the yoke of oppression from earlier centuries has been lifted. Now we work within a government system where 'Free Will' and enterprise are freely given, to allow the masses to strive for a better life and build wealth…or so we think…!

As currency is still our main unit of value in today's world and is indeed our key symbol of survival and ego, people in the Game derive their worth from the amount of money they have in their possession. Because the ego's overriding function is to sustain the individual's survival, which is intricately linked with money.... it is natural that the ego and personality is obsessed emotionally with finances and abundance.

So it follows if the ruling classes control the money, they control the populace.

HOW MONEY KEEPS MANY POOR, AND THE RULING CLASS RICH!

It is suggested just a few people, somewhere between 500 and 1,000 families own the world's wealth. These families also own the Governments, the societies, the banking systems, and all the financial institutions. Recently, a Van Gogh painting was purchased for $226 million dollars by one individual.

That's how much money the rich have at their disposal! They have found the keys to the game.......

The reason why so few have so much money is that they control the financial system; hence, the masses and the emotions they have around money.

Case in point, the US Federal Reserve is not a Government Institution, it's owned privately by large

financial institutions and it's these entities that set interest rates for the US economy and ultimately the world.

Now moving on, it's a fact, if the total wealth of the world were divided equally amongst man, women, and child, everyone would be a millionaire. Yet we experience lack, why…? Because only a very small percentage of people are free of negative emotions around money…. and have a system to control the masses.

So money and the Game of Tick Tock have had a close association over the many centuries, ever since people gathered in communities and began to use money as a convenient way to trade and cleverly measure wealth.

When this could be achieved, money meant power and the ruling elite began to spend time creating ways to tax the commoners for money. The rich began to horde the physical elements, gold, and silver, that were used to mint currency, and with money and power, they controlled the very commodity that sustained their known world… the people.

HOW CURRENCY WAS CREATED

Currency was initially created to solve the problem of the barter system, by introducing an equitable medium where goods could be purchased using a standardised unit of value. This system worked well, but others learnt

that they could derive more from currency if they control its flow and availability.

Fledgling trade began when tribes began to move outwards from their known worlds and meet with others to trade. New commodities became available and the bartering system was born.

This existed well for many centuries but the problem remained, if someone had a cow and the other a goat to trade, one may not want the other's trade good….the cow or goat, so a suitable buyer would have to be found elsewhere or alternative goods suitable to both parties traded, if they had them. To solve this problem, previous civilizations invented currency, an item of standard weight, size, and worth.

The first coins were minted around 600 BC in the Kingdom of Lydia, a region, lying within modern-day Turkey. The Lydian kings created small pieces of metal with a standardized size and weight. These pieces of metal were then stamped with an emblem that verified their worth.

The invention of coins greatly expanded the potential for buying and selling within Lydia. For the first time, even an illiterate person could buy and sell with confidence. Instead of having to weigh pieces of gold or silver and evaluate their purity, all a person had to be able to do

was count coins. In this way, the Lydian coins sparked a commercial revolution. Lydian merchants started to trade a large variety of products, and the Lydian ruling class became very rich.

As a result, the Lydian's were responsible for some of the most important social innovations in history. For example, in the late 7th century BC, the Lydian's created the first retail market, in which merchants, often from remote areas, would gather in a central location to sell their goods to the general population.

DEBASEMENT OF CURRENCY

Probably the first of the most robust system of currency was introduced by the Romans, to bring uniformity to their society, which allowed them to pay their army and remove their reliance on the barter system.

Their monetary system consisted of a bimetallic currency, namely gold and silver coins of certain weight which were minted to represent a currency value. Thus, the idea of currency was introduced to a sophisticated society. Rome began as a democratic social order but as is the way of a society, the government and aristocrats had control of land and all wealth.

The ruling powers always wanted more for less, and with the introduction of gold and silver currency, but especially silver, they found a way to debase it to create more currency. By melting down coins in circulation and adding in base metals of a lesser value, more coins could be produced when minted again.

The denarius was a silver coin the Romans used for over 500 years, and from beginnings of almost pure silver, was debased continually to create extra currency for the Emperors over the centuries. This debasement almost always caused inflationary pressures which were eased by increasing the taxes on the populous, or warring with other nations, to collect booty and taxes to inject more currency into the system.

Eventually, late in Roman history, Emperors that succeeded Nero, liked the idea of devaluing their currency in order to pay the bills and increase their own wealth.

By 218 AD, the denarius was down to 43% silver, and in 244AD, Emperor Philip the Arab, had the silver content dropped to 0.05%.

Around the time of Rome’s collapse, the denarius contained only 0.02% silver and virtually nobody accepted it as a medium of exchange or a store of value.

HYPERINFLATION

This is the Achilles heel for the concept of currency, it works well when it's value is akin to the amount it's representing, but when ruling powers debase the currency by diluting its purity or printing money, the link is broken between currency and commodity, and inflation or deflation are released.

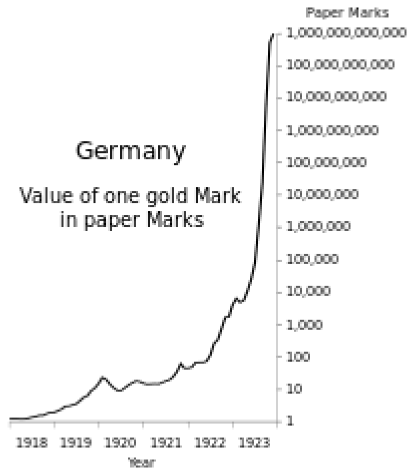
Case in point, is our modern economies, all based on paper currency and created through a process you may find hard to believe. It creates wealth for the ruling class, but also ultimately can create hyperinflation or deflation which can bring an economy to its knees.

As an example, after WW1, Germany was under pressure to pay retributions for starting the war, under the Treaty of Versailles. The bill of the war was immense… about $33 billion today. The German economy was destroyed by the war, and this extra strain caused hyperinflation.

As Germany got more and more into debt and was unable to even back its domestic spending – the currency became worthless because the population lost faith in the German economy.

Truckloads of notes were needed to just buy milk, and prices rose every few seconds. The paper on which notes were printed literally became more valuable.

In November 1919, just after the war, one U.S. dollar cost about 4 German marks.



By July 1922, a dollar cost 500 marks. By January 1923, the cost had risen to 18,000 marks. At the height of the German inflation, in November 1923 — four years after the war — a German mark was worth so little that it cost 4.2 trillion marks to buy a single U.S. dollar.

The hyperinflation came to an end in 1923, when Germany began a new currency at a ratio of one to one trillion old marks.

Initially, the currency was pegged to land values, but an American loan in 1924, returned Germany to using the gold standard. This stabilised the situation and paved the way for recovery.

What sort of parallels can we draw from the German example and today's financial economies? Well, devaluation of a dollar in one country will have an effect in another, because of the intrinsic way that our

economies are now entwined. Case in point, Australia and the US….

Currently, there has been a substantial devaluation of the US dollar, caused by the excesses of an irresponsible financial system causing the inevitable semi-collapse of the US financial system.

America needed funds fast and to do this they used a system created in 1100 AD, which has been used by Western Nations to create money out of thin air since that period.

FRACTIONAL RESERVE LENDING (MONEY PRINTING)

It is termed Fractional Reserve Lending and is the basis of an economy built on debt which creates massive profits and power for financial institutions, whilst using the general population to foot the bill

The world's wealthiest, most select families have controlled the money, governments, and citizens since time immemorial. Families like the Rothschild's in the early 19th century used fractional reserve banking techniques to control central banks all over Europe and USA.

This questionable practice was introduced by Goldsmiths in the 11th century when they realised that often only a fraction of gold that they were entrusted with, was required by their clients. They used to issue paper receipts to show that gold had been left in their trust, and these receipts later became an early form of paper currency. These early bankers knew that they could loan much more than they had on deposit, because not every receipt was called in each year. Moreover, by loaning out this surplus, they could earn interest with other peoples' money.

This was the birth of Fractional Reserve Lending and incredulously is the same system that Banks use today!

Paper currency was useful because it was easier and safer than gold for everyday use. Over time, the link between the value of the gold on deposit, and these paper receipts or currency – became more and more detached.

As more 'surplus' was loaned out and less gold deposited to back this up – so currency became unstable. And the more unstable it became the more the banks worked to convince us they were the safest places for our money.

In Banking terms, the reserve requirement is the stipulated amount that a Bank must hold as deposits, the rest is a fictional creation used by the Bank to lend out and earn a rate of return on!

Governments can print currency and mint coins, but increasingly banks and financial institutions use complex instruments to create money by just changing the data they store. Most money, today, is simple numbers inside a computer and often has no tangible link to anything physical. 90% of the US's money isn't in physical form.

In your own life, you will see that most of your money isn't in cash or coins, it is numbers in your account.

So the fact is the bank doesn't have bulging vaults with all our cash waiting for us to retrieve. Banks loan out the money we deposit as soon as possible – this is how they generate profits. The interest you earn is always less than the cost of borrowing – so the bank takes a slice from the middle.

People, perhaps unwisely, trust banks and leave their money in deposits. If many of us suddenly asked for our cash back, there might be a 'run' on the bank – which would potentially cause the bank to collapse. For one thing, the return of money to depositors would cause the total amount of cash around the world to shrink, which

would damage the economy. This happened during the GFC… and caused havoc in financial markets.

For the average Australian, the odds are heavily against fairness. Those who create and control the supply of money have all the power. The man in the street must come to the rescue of failed banks and governments. In fact, when inflation rises, the same man must add to bank profits via interest rate rises.

The situation today is that most banks loaned out far more than they ever had in reserve, from depositors. Then when they got into trouble, they found ways of moving paper around… – but not the underlying value of the money, the gold.

Finally, to add insult to injury, ordinary people had to come to the rescue and use their money AGAIN – to shore up the financial system when it began to collapse.

FINANCIALISATION OF OUR MONEY MARKETS

Apart from the complications and long-term effects of money printing that have manifested since President Nixon cut the link between gold and the US currency in the 1970's. A new financial theme was also created and has gained momentum exponentially throughout financial systems in the last 10-15 years.

Financialisaton has amplified the concept of money debasement and heralded the age of Titan finance corporations working and investing for their owners, shareholders and less for business.

Financialisaton, is the creation and leveraging of financial instruments to create more wealth for finance institutions. It is a cancer on our financial systems.

It is a concept and theme which fits in perfectly with that Wall St adage 'Greed is good", and is the complete moral breakdown of a Institutions fiduciary obligation to serve the business sector.

Companies are becoming so large and greedy that most of the money created by financial instruments is siphoned off and out of the local economy and going to the financial wells of the rich.

Rather than funding the new ideas and projects that create jobs and raise wages, finance has shifted its attention to securitising existing assets, (like homes, stocks, bonds) turning them into tradeable products that can be sliced and diced and sold many times over.

Only 15% goes to funding businesses in the US now. The rest now simply stays within the financial system enriching the financiers and corporate titans and the

wealthiest fraction of the population which hold most businesses and financial assets in the world

There are many instances of the insidious nature of financialisation, with a prime example coming from probably the biggest business corporation ever created – Apple.

In the spring of 2017 CEO Apple decided to borrow 17 billion, so they could repurchase some of their shares in a share buy to boost dividends and goose the companies lagging share price. (Does that sound legal?)

Apple had $US145 billion in cash deposits sitting in overseas bank accounts with another 3 billion in profits coming in each month.

They didn't want to return the money required, to the US as they would pay tax on it.

So instead they borrowed money in the US at very low rates increasing the Company debt levels which was sustainable but effectively was a 'money grab' by the beneficiaries of Apple.

These moves enriched top management and largest shareholders but stifled Apple's capacity for innovation, depressed job creation and eroded its competitive position in the long haul with the extra debt.

There have been $6 trillion spent by S&P 500 Companies between 2005 - 2014 involved in bolstering share prices which has in turn directly related to job losses and stifled investment.

Over the last 10 years, for every stock bought — in net terms — by the public, foreigners, pension funds, investment funds, or other institutional buyers (the normal buyers of stocks, in other words), the corporations themselves bought nearly 50 stocks.

In other words, the largest source of demand for stocks, by far, was not investors; it was corporate buybacks or acquisitions.

The math is pretty simple.

A corporation with a cost of capital of 4% could buy its own shares, earning, say, 8%. Then, the buying would reduce share count; increase the earnings per shares; drive up the stock price; trigger bonuses and stock incentive schemes; and generally, put a smile on investors' faces. Recall that between 2012 and 2019, the US economy limped along at 2.5% per year. Wages were flat, and pre-tax, Main Street earnings were flat. But the S&P 500 doubled from 2012 to 2019, thanks to corporate buying..

The peculiarity of this deepens as you do the math. The current yield on AAA corporate bonds, for example, is only 3.69%. And a company might have a profit margin on sales of, say, 15%. So, if it borrows $1 billion to buy its own products…it would make $150 million on the sales, while only paying $36.9 million in interest.

So, sales go up. Profits go up. Inevitably, the stock price goes up, too.

They are losing billions of dollars in their Main Street operations (Lyft…Uber…Tesla) and counting on money from Wall Street to keep them in business. They lose money on each sale but fill the gap with equity or loans — both made available on exceptionally easy terms.

What is going on?

It distorts an economy from using real resources — time, raw materials, skills — to make things and turn an honest profit…to using fake money to make more fake money.

This shift has been widely noticed, but little understood. The dots are too many…too mobile…and too indistinct; it's hard to connect them. But when almost all stock buying is done by the stock issuers, you know something funny is afoot.

When the Feds can add more than a trillion dollars a year to the national debt — in a boom year — you know something is fishy. And when corporations can fail miserably in their Main Street business operations…and still be worth billions on Wall Street, you know this is not your grandfather's stock market.

This is the 'dark side' of financialisation and it's going on behind the scenes within large Companies.

A SOBERING STUDY

The following study shows that for every 100 people aged in their mid-twenties, by the time that they reach retirement age in another 40 years, the fortunes of this average group will be vastly different.

63% of the original group will be dependent on some form of welfare .24% were still going to be reliant on work and just 1% of that original group were wealthy or financially independent.

This is a staggering set of statistics, and damming evidence, that most people are stuck within the Game of Tick Tock, financially, mentally and physically and just don't do enough in the areas of their lives to make a difference.

Why is that? We live in one of the wealthiest nations on earth…. but so few of us achieve the riches most people desire.

Believe it or not, the five most common reasons people become involved in financial difficulties are right inside their own minds. Research shows that there are five common blocks that hold people back….

These are barriers that prevent people from achieving financial security. If you know what they are, and can do something to change them, you could change your whole life.

5 BARRIERS TO FINANCIAL SUCCESS

THE FEAR FACTOR

This is the Number one factor for holding most people back from escaping the game of Tick Tock. Fear of failure, fear of losing everything, it's a belief pedalled by many because they believe the stakes are too high to risk their current existence. It's one of the most negative and destructive of all human emotions. It drives so many of our decisions. It is said that FEAR is really an acronym...False Expectations Appear Real.

The truth is everyone that has succeeded at an endeavour has failed at first more than they have succeeded. They used these failures to learn and grow stronger so that their determined efforts became a successful reality. Now I'm not supporting reckless, ill-conceived plans that will always end in failure, I'm talking about spending some Guru hours gathering information and applying strategies with due diligence. Doing this dispels fear and empowers the investor to forge ahead.

WE DONT KNOW WHERE TO START

A lot of people simply have no idea what wealth creation is all about. After all, they don't have a subject called Personal Wealth Creation at school, and while our parents do many wonderful things for us, like loving and encouraging us, and teaching us right from wrong, they can't teach us how to create wealth unless they understand this process themselves.

Of course, there are a lot of articles on investment in the newspapers, and even books and internet on the subject, but they usually assume you know something about it already, and all that investment buzz talk simply hides the fact, that the starting point of every wealth creation plan is quite simple.

All you need to begin with is a vision. An idea of where you want to end up. Because you can't get anywhere unless you have a vision of where you are trying to get to. That applies to everything in life - even something as basic as baking an apple pie.

Unless you have a clear vision of how an apple pie should look, smell and taste, you'll never want to make one.

WE DON'T KNOW HOW TO DO IT

Some people grow up with an understanding of money they absorb from their parents or a family member. Some people are born entrepreneurs - think of the kids at primary school who made money trading marbles. But for those of us who are not born entrepreneurs or were not raised in an investment-conscious household, it is not easy to know where to start.

Having the vision is the all important first step. But many people who have a dream of financial security or wish they could change the direction of their lives, just don't know how to make that vision a reality.

To do that, three things are generally necessary. The first is a plan. A detailed map of how to get from where you are now to where you want to be. Without a plan, you're driving blind.

The second essential is time, which means patience and commitment to the plan to make it work. Why is time so important? Simply because if you choose your investment wisely, time will almost always do the rest. And the third is leverage, meaning we use money as a lever to borrow more to increase returns…

WE DON’T HAVE THE RESOURCES

Wealth creation demands discipline. We must understand that there is a price to pay for every dream, and if we want that dream enough, there may have to be sacrifices.

Every wealth creation plan must start from where you are now. Your income and your assets. Most of us have a fixed amount coming in each month, and if we want to accumulate enough money to invest, we must save some of it or find ways of bringing in new income. Sacrifices are hardly ever fun and never easy, and we may have to redefine the terms essential and non-essential, but if we have a vision and we have a plan to achieve that vision, doing without the non-essentials is a lot easier.

Of course, sacrificing non-essentials is not the only way to get the seed money for your financial tree to grow. For example, if you are buying your own home, the difference between what you paid for it and what it is worth now (equity) is an asset that can be used for investing.

Many people think they simply cannot afford to save and invest - even those on above average salaries. But if you sincerely want to create personal wealth, and if you really care about achieving your dream, you will make the lifestyle changes required to get you there.

WE DON'T WANT TO

Some people say that they are 'simply not interested in money, as though this were an achievement. But most people who say they are not interested in creating wealth, must either have very wealthy parents or live an ostrich-like existence with their heads in the sand.

They have obviously never asked the tough question: how long am I going to live for? (It could easily be 90 years or more in Australia right now). And this leads to even more questions. When will I have to stop working? And how many years will I have to support myself out of my savings before I die?

The fact is, if you want to live like an ostrich, that's your choice and no one can help you.

On the other hand, if you would really like to achieve some financial security, but don't know how to start or what to do, there is a simple solution. Find someone you can trust.

A professional who will take the time to understand your hopes, needs, and finances, and help you define an achievable goal. Someone who will help you draw a map to take you from where you are now to where you want to be, and help you find the self-discipline to achieve it.

There always must be a beginning… so don't waste any more time and begin to get involved in planning and investing in YOUR future.

ARE YOU DANCING WITH THE IBIZA SET!

Apart from the factors above, being part of today's IBIZA set will certainly keep you from building wealth**.**

If you are aged between 25 and 45, earn a good income, but are still renting and have no assets of any real value, you could well be part of the IBIZA set.

There's a coastal town in Spain called Ibiza where the English go to get 'smashed', tan up on the beach! And spend pounds to put on pounds. It's a place with no inhibitions no rules, where money runs down the drain in a swirling party atmosphere. Parallels can be drawn between this Ibiza and a condition here also termed

IBIZA…. I have a Big Income, but Zero Assets.

If you are dancing with the IBIZA set, your prospects of building wealth will be severely affected! Party goers in this subset don't place any emphasis on investing. Stereotypically they earn a good income, commonly in West Australia from the fly in, fly out mining industry currently driving our economy. They're locked up for weeks in 'dongas' in hot, harsh conditions and when they fly home, they practice an excessive lifestyle, eating out

most nights, buying new cars and going on exotic holidays.

Well, you might say, “It doesn’t sound all that bad”, they’re having a hell of a time within the game of Tick Tock, but the one thing they are missing, if they don’t wake up and save and invest for the future, when the party is over, the IBIZA set will suffer the inevitable ‘hangover’.

Their Superannuation will fall well short of their requirements when they retire, and in our world, there are only two ways to generate income – exchanging your labour and skills for dollars, and, saving and creating wealth that provides passive income. Once you stop working, you can no longer exchange your labour for income, and if you haven’t invested, there will be no income from passive alternatives.

If you are dancing with the IBIZA set, all your income now is generated by selling your time and skills on the labour market. But that is only the first stage of your financial journey through life. The next is about transitioning the source of your income so that you use less of your own fading work hours to generate income as you age. Drive

along the roads and have a look at the numbers of grey-haired men, bent over repairing the road or rail line. They must be in their 60's and some 70's but they're still toiling away, why is that?

They never began their journey to grow their wealth tree.

WAKING UP FROM THE PARTY

> ***Once you stop working, you can no longer exchange your labour for income, and if you haven't invested, there will be no income from passive alternatives.***

We all like a party but what keeps the IBIZA set dancing into oblivion? The root cause seems to be the mental attitude we have mentioned in the 5 barriers to financial success. There's fear, lethargy, ignorance, procrastination to name a few – the 'live in the moment' mentality perpetuates the continuing failure of any semblance of saving and investing. That leads to a feeling of resignation and this is compensated by lifestyle spending.

But there is always hope for the IBIZA set. With a good income, their situation can quickly turn around, but they must acknowledge their predicament and make efforts to change the situation.

Everyone has a chance to have a goose that lays a golden egg. If that goose is eaten or neglected, these golden eggs disappear forever.

As we can hopefully see, we don't want to be part of the IBIZA set for too long or have no prescribed methods for achieving wealth with a plan of action. Apart from uncertainty, lack of knowledge and lack of desire there are certain personality traits that are more conducive towards being successful at wealth creation. www.WealthAdvisor.com.au have created acronyms to describe each trait of 4 personality types that can be linked to certain types of financial behaviour. These are Grace, Kevin, Nina, and Hank.

THE FOUR WEALTH PERSONALITIES

To be successful, you must understand which personality type you belong to, and if necessary, change your behaviour to become a person who combines knowledge and action in the right mix to begin to achieve.

Let's start with:

GRACE! GROWING RICHER, AWARE, COMMITTED, EMPOWERED.......!

Grace is close to the top of both the action and the knowledge segments. Grace understands the basics of

investment and has a definite goal in mind. She has developed a plan to reach that goal. She appreciates that by taking a long-term view and being very committed to it, she has an excellent chance of getting there.

KEVIN! KNOWS EVERYTHING, INVESTS IN NOTHING!

KEVIN understands the basics of investment but is just too scared and lacking in confidence to make the commitment to act on that knowledge. Kevin can often be very cynical. We've all met the odd Kevin. He's the guy at the barby who, when you say you are saving for the deposit on an investment property, replies: "*Why would you do that, at this time, the market is flat….and you're borrowing a lot?!?*" For all his theoretical knowledge of investment markets, Kevin has never realised that there is no right or wrong time to start creating wealth and that the important thing is to make a start. The next personality type is Hank.

HANK! HIGH AMBITIONS, NO KNOWLEDGE….!

HANK is strongly motivated to create wealth but has a low knowledge base and doesn't know where to start. Hank has typically been working for a while and could be self-employed or rising up the corporate ladder.

He is paying off his house but knows he will have to do a lot more to reach his dream of a comfortable retirement or making a sea change in his 50s. Hank is often a risk-taker, jumping into things without properly understanding them or the associated risks.

If Hank has a personal goal and is prepared to act to achieve it, all he needs to get there is a mentor who can help him design a bridge between, where he is now and where he wants to be - using his current financial situation as the starting point. And finally, we have Nina.

NINA! NO INTEREST, NO ACTION…!

NINA knows nothing of investment or wealth creation and does not want to know. Sometimes Nina can be poorly educated and just scraping by, with no energy for anything beyond the next fortnight's survival, subscribing to governments ‘handouts’ in some cases. However, Nina could also be a couch potato who never thinks about anything much. Or a party girl, living only for next weekend's fun and games.

Of course, when it comes to creating wealth, Nina is out of reach of anyone who can help her. But you have control over your destiny, none of us is locked into any one of these four squares for life.

Nina the party girl could turn into Grace the committed saver as she grows a little older, maybe marries and starts a family, and starts thinking about a future that's more than a week away.

WEALTH GENERATION

That can all change when people have a defined goal, they will make the sacrifices necessary to achieve it, even if that means giving up a few of today's pleasures for better lifestyle choices or security in the future.

There are a lot of KEVIN's in the world.

They generally start to wake up to the fact when they turn 50, that their income will stop in 10 -15 years and realise they will not be able to support their lifestyle.

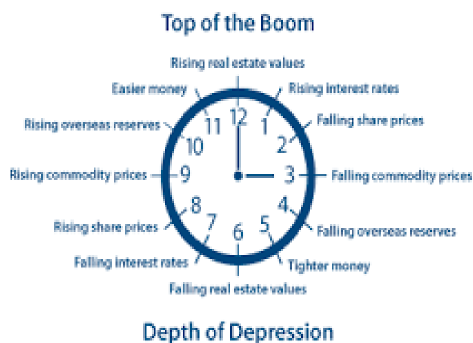
Think about where you sit in the quadrant and take comfort in the fact everyone can change quadrants and it's generally never too late to start…

OK, have we convinced you that if you're not already you must begin to invest for the future? You must move into the GRACE quadrant and become informed and combine that with action to start the wealth train rolling for your future. This is for you and the others that may not be around

now, but maybe a big part in your life later…. your children. So, you owe it to them! There are several ways to do it and the purpose of this guide is not to deliver on complex investment strategies, but to awaken you to the various methods of accumulating wealth. Once you make the decision to move into the quadrant of knowledge and action like GRACE you will by default acquire the knowledge required to begin your journey.

THE ECONOMIC CLOCK

If we look at the Economic Clock, which charts the course of an economy through its inevitable boom and bust in a 10-12 year cyclical period, pundits put the cycle currently between 7 and 9 o clock, but following the Global Financial Crisis (GFC), the standard variables which dictate the flow of economic time, have been somewhat 'warped' and offer a cloudy, visionless outlook currently.



This is mainly a result of the massive ongoing repercussions of the GFC that are playing out within the

US economy and the increased Financialisation of equity markets.

Basically, the US Treasury is drowning in debt with no feasible way out. With National Debt reaching 19 trillion US dollars from consecutive budget deficits since the 1970s, the interest repayments for 2010 are $410 Billion dollars alone, which is in the top five biggest costs of Treasury along with Defence and Social benefits.

This is forcing the US economy to its knees and hinders any steady recovery casting a shadow over the financial world order.

This is having repercussions with rising unemployment, depressed housing prices and a depreciating currency which has Americans paying more and more for its imports.

If the US were to default on its interest payments, the 'fall out' would be catastrophic for the US and plunge it into Depression. The US dollar which has been the World's Reserve Currency since WW2 is in jeopardy of becoming superseded.

So while the Economic Clock keeps ticking for a US recovery, the time bomb of National Debt looms above, with the potential to spoil any US or World lead recoveries.

In Australia, we also suffered from the repercussions of the GFC but because of our diverse economy, our economic mainstays are still intact, but during that

period of reduced lending, the drop-in commodity prices and ensuing financial jitters that washed up on our shores, we were not immune to the perils and will never be.

In the last decade, we have had unparalleled increases in property and share prices that have greatly increased immensely the wealth of the householder.

We now have one of the most expensive Real Estate markets in the world, prices are still high but stagnant and receding slightly, so what do you do, how do you invest in such a market? How much higher will they feasibly go? Or will they fall?? Knowledge and action will ostensibly provide the answers.

Property is property, it’s a necessity we need to live in, to house businesses in, provide short term accommodation, to provide homes for those who can’t afford to buy property.

That is not going to change. We are in a unique position in Australia with low unemployment, good fiscal policy, robust export sector and an undersupply of dwellings.

We are still expanding and growing and even though the machinations of supply and demand for housing are currently suppressed, we still have a long way to go to get on top of supplying enough housing for the development that is occurring.

Prices will inevitably rise again, but you must be savvy to pick out the absolute deals that will even fly in a down market. Knowledge and action must be applied. Even though we are now experiencing uncertain times, people who have taken the time to learn how to build wealth will ultimately profit from economic instability.

HOW TO CREATE MONEY OR EQUITY

The hardest step is always the first, and in today's current environment, entering the property market or investing in equities isn't easy. You must firstly nurture and save money to have enough to use for investing.

As mentioned before, this is where the game of Tick Tock is against us. All the distractions of modern life are played out on the board, consumerism pushes spending, debt is available if you want it, buy now and pay later, holidays, cars, eating out, eBay, shopping, – it calls out for us and it's so easy to do…

Our spending habits feed our compulsions, we are addicts, obtaining an adrenalin hit for every purchase, and we ignore time, knowledge and investing.

To break this habit, we must replace our adrenalin kicks derived from spending with attaining kicks from saving and investing in appreciating assets.

Once the seed is planted, an ultimately greater feeling of satisfaction and drive begins to emerge, and then remain with us, as fledgling investments begins to show hope and the benefits of this action begin to bear fruit.

Tax rebates, depreciation, franked dividends, capital appreciation, passive income, income splitting, asset protection, the list of benefits are many.

You then begin to use the system against itself and play your cards with greater wisdom whilst moving within the rules of the game, you discover your Matrix!!

Like Neo, you have extra special powers not available to the masses in Tick Tock, and once your first cache of money is saved and invested, you have begun your journey.

INCOME QUADRANTS

When it comes to how successful people are at building wealth, there are several different quadrants which usually dictate where most money is made. Understand this, and you will prosper!

If you are an employee, you work for a business and trade your time and skills for money. This immediately puts you at a disadvantage, as you cannot leverage your time and, therefore, have a finite amount you can earn in a working week. You are taxed at the full tax rate and is taken from you by the Government on payday with limited options for tax rebates.

For self-employed people who are typically small business owners or professionals. They are slightly better off than Employees, as they can increase their income by employing others within their business which increases the business turnover.

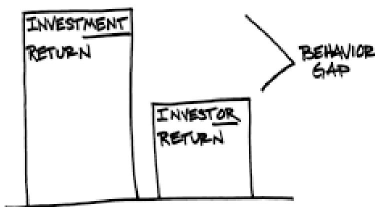
Although this situation appears better, they are still employees of a business and still swap their time for money and instead of having one boss, work for many bosses which are their clients, demanding their time and are usually too busy to take time off or set strategies in

place to build real wealth. Think of how busy tradesman are...

The Investor, as opposed to employees and self-employed, make money with money. Once they have built a sufficient cash reserve, they work smart by putting their money to work for them. There are also many tax advantages available to investors as a result of building their assets and not their income directly.

Some people take this concept one step further and become sophisticated or professional investors where they run their affairs like a business full time, building a system that generates income day in, day out without their daily intervention.

These people understand the system of Finance, Tax and the Law and have these factors working for them. They often pay for items with before tax dollars, where the employee pays for everything with after tax dollars.



LINEAR VERSES PASSIVE INCOME

Employees and self-employed are both in the “time for money” economy, as they trade their time and labour for dollars.

Conversely, investors and sophisticated business investors send their money out to get a job to work hard for them.

So in essence, some incomes are linear and some are reoccurring and passive. If you get paid once per week for the hours you work, the income is linear and capped with limited potential to increase.

In contrast, recurring or passive income is worked for or set up once, so that the income derived, is paid regularly whether the sophisticated owner is working or not.

Income systems such as this have the potential to grow and replicate exponentially and then be used to create other investment vehicles. The advantage of these income streams is that they increase incrementally over time and are of a tax-deductible nature.

WHY BUDGET AND SAVE?

The only way to get your first stash of money is to have a budget and savings plan. Yes, it sounds boring but, this is the only way to get there.

There's no 'get rich scheme' in the world that will do this for you, it's all old-fashioned hard slog and discipline! Money must be earned. You must use the information to get knowledge and then combine knowledge with Action to put your plan in place. Don't rely on others to tell you... become an expert in what you need to do to begin your journey.

Once you begin, you will become charged with energy that no shopping binge will ever be able to match, and the feeling will continue to grow and lift you as you put your plan in action. The internet is before you, there is nothing you cannot know or do to begin and implement your plan. Some can't be motivated, others wouldn't dream of restricting their wild sprees. Whatever the reason, people think that companies do budgets, not people.

Most of us here in Australia are so busy working and living the good life that we don't find the time to budget and save.

It’s easy to see how a company could overspend, not bring in enough income and then collapse. A chaotic company without rules and with no financial planning would be a disaster. Well, it is no surprise that this goes for people too.

The number of personal bankruptcies has reached an all-time high. People have reached a point in our society where they buy on impulse, with no thought of the consequences. This is because we’ve been taught to live in the moment. As Nike says, “Just do it!”

That’s a fine justification for a big company selling clothing and shoes but for the man in the street, it’s disastrous, as people suffer for decisions they made previously without proper reasoning. Big marketing companies don’t want you to reason, “Just buy it!”

So it is the same with investing - squander your saving and investment window when you are young, and later life will be a constant reminder of your wastefulness, each time you sit on your walking frame waiting for the measly pension to drop into your letterbox.

So what I’m trying to say is, short of a rich relative dying, don’t ‘fob off’ the future, think about what you can do now by budgeting and investing to help yourself later on.

Believe me, you will be so glad you did, and you will be way in front of your peers. You can enjoy the day you made the decision to start budgeting and saving – and

then every day for the rest of your life, for the truth is – only a few will take this advice!

PERSONAL BUDGET

Overspending is the first area you must sort out. You need to become more responsible with your spending habits. One of the best tools is a personal budget. A personal budget is a financial plan which sets boundaries on the amount of money that will be spent on each kind of expense in a given month. A decent budget will take into consideration such factors as:

- The amount of money coming in
- The amount of money going out
- Debts
- Savings
- An emergency fund

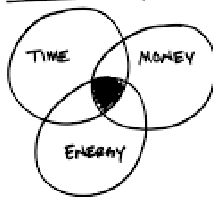
Many people have no idea exactly where or how they spend a good portion of their money. How many times have you taken money from the ATM only to realise a couple of days later that it is gone? And you don't remember exactly how you spent the money. Often this money is wasted on trivial purchases.

It's a mysterious thing if you don't assign money to something, it just goes! A budget will help prevent this

from happening by making you accountable for each dollar that you spend.

Another great benefit is that a budget tells you how much you can afford to pay for various consumer items. Whether it's a house, a car, or a new TV, you can see if it is within your limits, and stop yourself getting in over your head financially.

It is important to realise that simply creating a budget is not enough. At times this will be very difficult, particularly if you are used to spending without a second thought. However, the long-term benefits of financial freedom, debt free living, and a comfortable retirement far outweigh a slight pain in the neck.



A major advantage of living on a budget is that it relieves a great deal of financially related stress. It's always fun to spend money at the time of purchase but it is not nearly as fun when the bill comes in. When this happens, some people resort to using credit cards to pay off other cards.

Other times, people pay their bills and then choose to obtain "payday advance loans" to get them through until

the next payday. Both situations cause a vicious cycle of debt and spiralling interest repayments.

A budget can help ensure that an accumulation of debt is prevented, and money will be available throughout the entire month

A budget allows you to regularly place money into a savings plan. This will expedite the wealth process and if the money is invested wisely, it will pay dividends in later years. It will also provide a financial cushion to cover any emergencies.

There has never been a bigger need than there is today for everyone to establish personal budgets. In the long run, increased life expectancies have raised the average levels of retirement income needed to survive. That means without a decent plan you could end up on the poverty line.

In the short run, there is a temptation to become ensnared in a trap of easily accessible credit card debt. The best way to handle both factors (as well as many others) is by simply getting a personal budget together.

THE SNOWBALL EFFECT AND HIGH INTEREST DEBT

If a disciplined budget and saving plan can be implemented - the following strategy for paying down high interest debt from credit cards and personal loans can maximise your debt reduction strategy.

While too many people turn to risky solutions such as consolidation loans or debt settlement companies to manage their debt, debt management using the 'debt snowball' is becoming more popular. This is where the smaller balances are paid off first, followed by the larger balances.

Using a debt snowball to get out of debt is more than just a trendy name, it's actually a way to pay down debts systematically, and it has a motivating factor built in. As you pay down smaller debts, you see success, and it motivates you to stick to the plan.

GETTING YOUR SNOW BALL TO ROLL

The Debt Snowball Plan is set in action by firstly working a budget into your everyday finances. After a short time, it is quickly realised where money is being spent and saved. This ‘saved’ component can be injected directly into the smallest debt. This debt is then paid down faster with the extra cash going in as repayments.

When that debt is extinguished, the repayments and extra cash from that debt can be re-directed to the next larger debt. This attacks the debt and quickly reduces the repayment period and interest charged.

The Snowball gathers momentum, and when the second debt is cancelled out, the spare loan repayments plus the extra cash begin to ‘smash’ into the proceeding debts until there are no more!

At the end of the process, with no more debt to cancel out, there is surplus cash available from the repayments, to be used for saving and investing.

MORTGAGE DEBT RECYCLING

Today, many people seem to borrow money or use built-up equity to purchase depreciating assets such as vehicles, big screen TV’s and so on. This is an inefficient use of debt as these types of assets decline in value over time. Additionally, these types of assets have associated costs such as insurance, maintenance and major depreciation which further erode a household's cash flow. All these factors have a negative impact on the ability to create long-term wealth.

Rather than using debt that has been repaid on your mortgage for these depreciating assets, it is possible to allocate the debt to appreciating assets such as shares, managed funds or even other property.

CONTROL CASH FLOW AND DEVELOP A BUDGET

The first step is to basically get cash flow under control. By structuring a budget that details inflows (such as income) and outflows (mortgage, utilities etc), it is then possible to determine any surplus that may exist.

Of course, if there is a deficit then this will need to be addressed with an appropriate restructuring of household finances.

Surplus income can be directed towards reducing the mortgage. This is basically a risk-free return on investment. This is because the investment return needed to earn the equivalent return is always higher than the home loan interest rate.

For example, if the home loan interest rate is 7.5%, then it would be necessary for an individual paying the highest rate of tax to earn an investment return of over 12% to match the strategy of reducing the mortgage. To earn this return would require the investor to assume a higher degree of investment risk.

There are other methods to reduce the mortgage quicker and these include:

- Increasing the frequency of repayments
- Increasing the repayment amount with lump sum payments
- Crediting salary directly to the mortgage account
- Using credit cards to pay expenses thus leaving savings in an offset or line-of-credit facility longer

DETERMINE DEBT LEVELS

Once cash flow and the mortgage is under control, it is then possible to turn to a mortgage debt-recycling strategy as mentioned above. Basically, this strategy involves using the built-up equity in the home to purchase assets capable of producing a return with tax savings and no ownership costs.

This step involves determining what level of debt is comfortable for the investor. A maximum of 80% loan to value ratio is recommended as this negates the need for any mortgage insurance.

So if the home was valued at $380,000 then the maximum level of debt that the portfolio would ever assume is $304,000.

This second step involves borrowing up to this amount, so it is necessary to have equity in the home.

For example, continuing with the example, if the outstanding home loan was $181,000 then the initial borrowing for investment would be $304,000 minus $181,000 or $123,000.

INVESTING IN ASSETS

The third step would be to invest this amount into something - whether it is direct shares, managed funds or another property. The share market would be a good start as it gives diversification to the existing property. The interest payable on this borrowed $123,000 is now fully tax deductible.

PAY DOWN MORTGAGE

The fourth step is to use the mortgage minimization techniques outlined earlier to rapidly pay down the mortgage over the next 12 months.

These are -

- Increasing the frequency of repayments
- Increasing the repayment amount with lump sum payments
- Crediting salary directly to the mortgage account

- Using credit cards to pay expenses thus leaving savings in an offset or line-of-credit facility longer

REBORROW TO BUY MORE ASSETS

The fifth step involves re-borrowing what was paid off the mortgage over that 12-month period to add to the investment portfolio. So, if the mortgage was reduced by $26,000 to $155,000 then a further $26,000 would be added to the investment portfolio

The result is that the non-deductible mortgage is slowly being converted into deductible investment debt.

Additionally, an investment portfolio is being established sooner rather than later. That is, by using this strategy a homeowner need not wait until the home is fully paid off before starting the wealth accumulation process.

Obviously, this gives the power of compounding much more time to grow the portfolio.

- Tax advantages. Debt recycling replaces inefficient debt with efficient, tax-deductible debt, thereby maximising the tax-effectiveness of the client's debt.

- Wealth accumulation. Wealth is built using investment income and tax benefits and to reduce inefficient debt faster.

- Investing now. Debt recycling allows investors to establish a portfolio sooner, compared with the conventional approach of paying off the mortgage and then investing — therefore giving the power of compounding much more time to take effect and grow.

SEEK APPROPRIATE ADVICE

Like any geared strategy though (i.e. a strategy where you use a loan), debt recycling can not only increase your gains, it can also increase your losses. This can happen if the interest cost is higher than the returns you generate from your investment. Obviously, a longer investment time frame is required to reduce this risk.

This advanced wealth strategy should be implemented with the help of a Financial Planner and Accountant who understands the concept of Mortgage Debt Recycling, with the goal being converting all non-deductible loans to tax deductible loans.

INVESTING OPTIONS

Once you have begun to grow your wealth tree and you have saved enough to begin investing you must decide the best strategy to use to maximise your investment capabilities.

Most will tell you to diversify your investment, but if you only have a small amount of capital to begin with, the reality is that you must start with one asset class and build into others.

One of the quickest ways to super charge an investment is by using another important card within the game of 'Tick Tock'.

This card, Leverage, can be used to magnify investment gains as well as compact time so that many years investing can be compounded into a smaller time period

As with most powerful strategies or commodities, there are risk factors which can work against ill-informed investments. For this reason, leveraging into the share market with your fledgling money tree is not advisable because of the pretentious nature of the share market. Prices rise and fall rapidly, which makes the risk profile very high. Invest in the share

market but begin without Leverage and learn the game before using such a powerful tool.

WHAT IS YOUR INVESTMENT PROFILE?

When making decisions about investing, it is important to understand how comfortable you are, with the concept of risk and return. Each type of investment has risk, even money in a bank account or term deposit can be at risk, if the incumbent Lender strikes financial trouble, potentially freezing your hard-earned deposits.

Understanding those risks helps you to make decisions about how your superannuation or other money should be invested.

The amount of risk an investor is willing to accept is known as their 'risk profile'. Assessing a client's tolerance to investment risk is a key aspect of portfolio construction and is critical to determining appropriate asset allocation, the recommended investments and expected returns.

SHORT-TERM INVESTMENTS (1-3 YEARS)

A short-term investor should be looking for investments with:

- Risk - no risk of losing your money
- Volatility - very low risk that the value of your savings will drop

- Expected return - 3-5% per year (long-term average return)

Suitable products could be:

- Online savings account (if you could need the cash at any time)
- Term deposit (if you know how long your money can be locked away).

These products could be suitable because the money is available when you need it but they still give a reasonable return.

Ask yourself:

- How quickly will I be able to get my money when I need it?
- Is it easy to add more savings?
- Am I getting a good interest rate?

MEDIUM TERM INVESTMENTS (5-7 YEARS)

Medium-term investors should look for investments with:

- Risk - low to medium-level possibility of losing money
- Volatility - medium; capital value could go up or down 20% in a year

- Expected return - 6-8% per year (on average over 10 years)

A suitable product could be a balanced investment option in a managed fund. If your timeframe is closer to 4 years, a more conservative investment option may be suitable.

This could be suitable because:

- It is expected to provide better returns than a bank account over the same period
- Any short-term periods of negative returns grow back over the period that you are investing
- It is easy to add money to the investment

Ask yourself, can I cope with some risk in order to let my money grow over the medium term?

LONG TERM INVESTMENTS (7-12 YEARS)

Long-term investors are looking for investments with:

- Risk - high, with negative returns, expected 4-5 years out of 20
- Volatility - high; capital value could go up or down by 40% in a year
- Expected return - 8-12% per year (on average over 10+ years)

A suitable product could be a growth or high growth option in a superannuation fund or managed fund or direct shares.

This could be suitable because:

- It is expected to provide long-term returns better than a bank account
- Your capital should grow over time making up for short-term periods of negative returns

Ask yourself, what's the best way to make my money grow over the long-term and will I be too stressed by short-term fluctuations?

STOCK MARKET AND LEVERAGING

There are many options for investing in the stock market. Each method, depending on the strategy, has a risk weighting attached to it.

DIRECT SHARE PURCHASE

If you go out and physically buy shares with cash, you are exposing $1 of your cash for $1 in the share market without leveraging, to the machinations of the daily stock market, influenced by local and World events.

If the underlying share goes up, you make a capital gain on your share and if it is a Blue Chip, it may pay a yearly dividend partially or fully franked, meaning you can claim a deduction in your tax for holding the share.

This strategy has a lower risk weighting than other stock market products and is safer, but the potential returns may take longer to build.

MARGIN LENDING

As with other investment classes, leverage can be applied to shares by entering the Derivatives Market which deals in leveraged financial products. To describe briefly, there are several ways to leverage into the stock market. Foremostly, the investor can establish a Margin Loan account which extends credit on security such as cash or shares which are held in the account.

This allows the investor, for example, to lodge $10,000 in their account and go to the market and purchase $6000 of share which is a 60% loan to value lend. Now the investor has $6000 in shares leveraged against the $10,000.

If the share price increases, the investor has seemingly created money from ‘thin air’, what a great facility! but bear in mind, if the share price drops appreciably, a margin call will be made by the Margin Loan administrator for the investor to deposit more funds into the account, so that the loan to value ratio doesn’t climb to high. It’s a double-edged sword!

PUT AND CALL OPTIONS

Other derivatives offered in the market include Put and Call options. Again, by putting down a small fraction of funds can result in magnified returns if the share moves the right way.

A call option contract gives the holder the right to buy a certain quantity (usually 100 shares) of an underlying security from the writer of the option, at a specified price (the strike price) up to a specified date (the expiration date).

A call option contract gives the holder the right to buy a certain quantity (usually 100 shares) of an underlying security from the writer of the option, at a specified price (the strike price) up to a specified date (the expiration date). If the price moves upwards, the call option buyer will benefit from an increase in the 'at market' call option price.

A put option contract gives the holder the right to sell a certain quantity of an underlying security to the writer of the option, at a specified price (strike price) up to a specified date (expiration date).

A slightly more difficult concept to understand, but it basically means if an investor purchases Put options, they

are expecting the price of a share to fall, which will put their position 'in the money'. Put options can also be purchased by an investor as a form of insurance for their shareholdings, which is a great strategy to employ to protect a share portfolio in uncertain times.

CONTRACTS FOR DIFFERENCE

A more recent and advanced derivative product on the market is called Contracts for Difference. A CFD is an agreement to exchange the difference between the entry and exit price of the contract. Usually, there is no expiry date or no limit to the value of the exchange.

Like Options, if you don't want to own the stocks and only want exposure to the value of the profit or loss, then CFDs can offer you the opportunity to trade on margin. If the stock is blue chip, CFD providers usually offer 3% as margin, and the margin requirement gives the investor full access to the value movement of the stock.

This easy access to leverage enables traders to amplify their returns for better (or worse). The low entry costs and tax advantages of CFDs make them popular for the astute share trader.

As with all these strategies, they must be applied along with knowledge and a plan. Technical analysis, which involves using predictive financial tools to pick share opportunities, must be learnt and applied diligently to appropriately apply these advanced derivative products. Leveraging shares is a powerful strategy for the informed investor and must be approached with caution and careful planning.

It would be more conservative to buy into the property market as property moves in slower cycles and leveraging in this arena is a safer option. There are many strategies to be applied when buying property and it will be up to the individual investor to decide which method is for them.

Again, the property market must be researched to first ascertain which strategy will be applied, once this is decided, knowledge of the current property market must be attained so that good buys can be uncovered.

PROPERTY BASIC STRATEGY

Australian property has been a haven for investors in the last few decades because of the numerous options that can be applied and the inherent stability of this asset class.

Property is used to provide one of the necessities of life, shelter, and in a rapidly developing nation like Australia, has provided a great return for savvy investors.

With a relatively small deposit of funds, leveraging up to 95% can be applied to maximize the use of the investor's funds within the relatively stable foundations of bricks and mortar. Excluding fire and tempest, property will always be there when you wake up in the morning; hence, its popularity for investment purposes.

Below is included some property strategies that can be implemented to provide a good return if the right property and strategy is applied in the right area and market.

BUY SMALL AND TRADE UP

Buying into small type unit dwellings will allow the investor to enter the market from a low base. Suitable units, villas, apartments can be identified by applying a criteria which sort out good and bad (use propertyinvestar.com.au). Once identified, a renovation exercise can be undertaken to add instant value to the property and realise a higher rent.

As the investment matures, the strategy can be applied again using the equity that has accumulated in the first property. This allows the investor to learn about the

property with a small purchase and progressively increase their portfolio with similar properties or branch out into more substantial purchases.

BUY OLD DWELLING ON A BIG PLOT OF LAND

The chocolate cake principle - buying an older type of property on a decent plot of land that may be subdivided has been a favourite stratagem for many developers.

The chocolate cake principle - buying an older type of property on a decent plot of land that may be subdivided has been a favourite stratagem for many developers

Old houses can be cheaper, and the land can be re-zoned or developed to its zoning potential. Properties increase in value mainly because of the land component. Buildings can be demolished and rebuilt, but land remains as before and can release further value if subdivided.

It’s the same principle as the chocolate cake in a shop. If it was sold as a whole cake it may be sold for $25, but if the cake is cut into 8 pieces and each piece sold for $6.50 each, the cake is now worth $52.

Subdividing releases value but is an advanced strategy and must be thoroughly investigated. That is why I always feel more comfortable buying land that hasn't had the chocolate principle already applied. If you buy a unit on a block of 25 units, you own 1/25th of the land value.

As the value has already been released from the land, any appreciation of the unit block must come primarily from the bricks and mortar, not from the land value, which has been already been accessed.

BUY LAND AND BUILD ON IT

This is also a good strategy if applied in the right real estate market. Buying good value land and matching it up with the right accommodation at the right time can realise a good premium and built-in capital appreciation in such a deal. Again, by researching the market and identifying ideal land for sale and then building to a price and a market can realise instant profits. Do your homework, consider the plan and make an informed decision, no different to any other purchase.

BUY INTO A MANAGED APARTMENT BLOCK

For short term stays- this strategy works well when an investor is looking to combine an investment with

lifestyle. Managed apartments are usually short stay accommodation that guarantees rents throughout the year. If the property is in a tourist location part of the lease agreement stipulates that the owners can have access to the property for a certain time. This allows the owner to have an investment property but also experience regular holidays in the area.

These units/ apartments are fully furnished so attract a higher yield but wear and tear is higher and an added cost.

BUY A DWELLING AND TRANSFORM IT INTO A MULTIPLE DWELLING

Building to house students. This is a more advanced strategy that can pay great dividends if done well. Property must be found close to major educational facilities for a fair price and then renovated throughout to produce as many rooms as possible to accommodate students. Kitchen facilities are shared and with a couple of bathrooms and toilets, you have a mini accommodation facility that can be run as a business and produce a high yield.

BUY THE WORST HOUSE IN A STREET AND RENOVATE IT

It’s an old favourite. It looks crappy, run down and unloved, but it has potential in a street that has a lot of upsides. The good thing about the worst house in the street is that it may look bad but in a lot of cases if you are a bit handy there are things you can do yourself to turn things right around and make it look a million dollars.

Things like gardening, new lawn, painting exteriors and interiors, replacement floor coverings, work in the kitchen and bathroom can raise the value and the yield instantly, giving you a two or threefold return on your money invested.

If the block is big enough and the existing house orientated correctly, a house behind strategy may be employed, where the block is subdivided, and a new residence built out back. The investor then benefits from a rental return from both properties and capital appreciation on the overall development.

BUY COMMERCIAL AND SPLIT INTO OFFICES

Again, an advanced strategy that requires some real homework and investigation. These types of

arrangements can be run as small business centres. Compartmentalise the office space into many small offices using partitions, including boardroom, reception, lunch room, and restroom facilities and rent out each office space to small business owners who benefit from the networking opportunities and powerful unity of many working out of the same space. These arrangements can have fantastic yields and go anywhere depending on the business that utilise the space.

SUMMARY

In the current stagnant and choppy market here in the West, strategies must be thoroughly researched and implemented. If they don't do well straight away, the investor must be able to carry the investment through lean times so that they benefit when things turn around.

You don't lose money until you sell, and if you hold on, things can turn around and turn that poor yielding property into one or more value when confidence returns to the market. If too much is borrowed or high yields relied on to keep an investment going, risk levels are too high, due diligence must be the priority when considering property.

Ultimately a 20% deposit on your first purchase would be desirable and make your application for finance an easy one.

All these strategies will require an initial deposit of money to get them off the ground. As a guide, for every $100k you borrow you must at the very least provide $10K of your own money, to establish equity in the deal and allow the Banks to lend you the money required. If you don't have the money to put into the deal, they will be very reticent to help you out.

They want to see that you can grow a money tree and use it responsibly. There's no way around that first step!

Ultimately a 20% deposit on your first purchase would be desirable and make your application for finance an easy one. If you borrow less than 80% of the purchase price, Lenders Mortgage Insurance isn't applied, which can be $5-$10K and more, and the application isn't scrutinised as much.

You must demonstrate that you have saved yourself at least 5% of the purchase price through regular deposits in a saving account and you must have a responsible credit file without defaults or arrears listed. If the Lender deems that you can service the loan, they do this by considering your income, your expenditure, your liabilities, and your new loan repayments. If there is

spare cash after subtracting the costs from your income, your application will usually pass the serviceability test.

The amount you can borrow depends on the size of the loan you can service which relates directly to the amount of income coming into a household. High income earners can obviously borrow more because they have more disposable income to meet loan repayments.

When loan repayments are 30-40% of household income that's about the limits the banks will go to before refusing to loan any more money, not because they are good citizens and are concerned of your well-being but because you become too much of a risk to them!

PREPARING FOR A HOME LOAN

As mentioned, this is the hardest goal to achieve when initially trying to enter the property market. With house prices at high levels, lending criteria tight and cost of living high, the opportunity to buy property isn't an option for those not on high or dual incomes.

Families and individuals on $50-$80K per year really struggle to put any money away for savings; consequently, a 20% deposit is a 'bridge too far', for too long. It is so far away, that many resign themselves to

renting. So to enter the property market, people must find a suitable strategy that can help them achieve their goal.

There is a help, government grants, state run lending institutions, stamp duty concessions, using parents as guarantors all make the process a lot more affordable but the fact remains, a sizable lump sum must be saved to enter the market.

Skill up to achieve a pay rise, work two jobs, budget, live frugally… do whatever has to be done to get there, it will be the hardest cash you will ever have to work for, but it will be worth it!

BASIC LENDING RULES

Once you have it, here are some basic rules to make sure your application is successful. Your first goal is to make sure that when you apply for a loan that you meet the criteria of as many lenders as possible. This enables you to apply for the cheapest home loan on the market.

- Employment: Ideally all applicants should be in their current job for a minimum of 6 months. For casual and contract employees many lenders require 12 months and for self-employed 2 years. There are some exceptions to these rules for strong applicant

- Credit history: Lenders look very closely at your credit file and only rarely approve loans for over 80% of the property value for people who have had problems with their credit file. Get a free copy of your credit file (Veda Advantage), pay off any debts you have outstanding and avoid applying for too many personal loans and credit cards in the 12 months before applying for your home loan.
- Deposit size: The larger your deposit, the lower the risk to the lender. Lenders consider a loan to be “safe” if it is for 80% of the value of the property. For this reason, they are far more likely to make an exception to their normal lending policy if you have a large deposit and only need to borrow 80%. If you borrow over 80% then the lender will charge you a once off fee known as Lenders Mortgage Insurance and will be very strict when assessing your loan.
- Genuine savings: This is the most important aspect when applying for a loan! Lenders know that people who have saved more than 5% of the purchase price in a savings account, shares or term deposit are far more likely to pay back a home loan than people who have no savings. Put all of your spare funds into a separate savings account and keep making regular contributions.

There are some exceptions to this policy for strong applicants.

- Property type: Did you know that lenders prefer you to buy as “normal” a property as possible? Typically, they prefer large towns or capital cities and only houses or units over 50m2 internal area excluding balconies and car spaces.
- Asset position: Lenders look to see if your asset position matches your age and income. For example, a 50-year-old first home buyer earning $100,000 p.a. with no assets would likely be declined for a loan. Work on paying off your unsecured debts such as credit cards, personal loans and try to save as much as you can.
- Payment history: If you are not paying your credit card, personal loan and rent on time then what is the likelihood that you will pay your home loan? Lenders particularly dislike people missing repayments, even if they are just a couple of days late. Try to manage your money well and avoid being late with your loan repayments. Lenders may ask for a letter from your managing agent confirming you have paid your rent on time or for statements from your previous loans.
- Guarantors: If you have a guarantor then you may be eligible for a loan now! Around 60% of first

home buyers get either a gift or a guarantee from their parents to help them buy a home. We strongly recommend that you discuss this with your family as this is one of the easiest for young people to enter the property market.

Typically, lenders will ask for a lot of information when you apply for a loan. Again, the more information you can provide the better your chances of getting an approval. We recommend that you keep your statements for all your loans and credit cards as well as pay slips, tax returns and anything else we have listed below.

The larger your deposit the cheaper your loan will be. You should aim to save a minimum of 5% of the purchase price before buying a property, and in most cases, there is no need to save any more than 20% of the purchase price. The larger your deposit the less you will be charged in Lenders Mortgage Insurance (LMI). If you borrow 80% or less, then you will not pay any LMI at all and lenders will be far more likely to accept your loan if you are outside of their normal guidelines.

As you can see there are a lot of factors to consider when looking at applying for a loan.

Some of the groundwork must be done at least a year before so your application has the best chance to succeed. Getting finance in today’s world is a whole lot

more involved than a few years ago and requires the attention of a Finance Professional to present your best case.

Don't spoil your chances by approaching one Lender who may not be the best fit for your situation, use a Finance Broker, consider all options, then target the Lender most appropriate. Do not take your problems straight to the banks. There is a lot of inexperience in Lending Departments these days and they will unwittingly lead you straight into the Credit Department of the Bank totally unprepared.

The Credit Department which uses computer credit scoring will refuse your application and then you're a tarnished product and that makes your next application doubly hard.

TACTICS TO INCREASE YOUR BORROWING CAPACITY

This next section deals with people who have already done the 'hard yards' and have purchased a property to live in or rent out. A good investor should always be looking to purchase and hold more property,

As this strategy is played out…, there are several impediments regarding the finance, which will at some stage stop the investor from purchasing again, unless

some smart tactics and strategies are put in place as the portfolio grows.

If Samson weakness was short hair, the Achilles heel of all property investors is the inability to keep borrowing from Banks, when they begin to accumulate multiple properties.

DON'T PEAK OUT

Astute property investors can only keep borrowing if their finances are structured carefully.

This is because, as the investor accumulates more property and hence higher debt levels, that faithful servant we call the Bank, begins to become troublesome. Uncomfortable with carrying the investor's debt they will accordingly reduce the investor's borrowing capacity by applying higher serviceability rates and a ceiling on the Aggregate Borrowing Limit.

Most applications are calculated at a serviceability rate of 5-7%, in the case of multiple investors the assessment % may be increased to 9-10% to reflect the higher risk profile portrayed by the multiple investors.

To avoid this type of situation, a measured approach must be applied so that Lenders with policy favourable to the investor's portfolio should be carefully chosen so that aspirations aren't stifled when applying the strategy.

To use a couple of examples, there are Lenders who will consider the income benefits derived from the negatively geared property when calculating the borrower's income, which will result in higher serviceability rates.

MORTGAGE INSURANCE RESTRICTIONS

All Lenders also have Mortgage Insurers, who come into effect to insure the Lenders position against default, when borrowings exceed 80% of the property purchase.

Understanding each Mortgage Insurers credit policy helps the borrower navigate potentially inhibiting policy.

There are also several Lenders who are granted an Open Lending Policy, which allows them to consider deals above 80% lending without passing the details onto the Insurers. In many cases, Open Policy can get applications approved in-house, so a complete understanding of Insurers Policies and which Banks have Open Lending Authority can make all the difference.

In the case of serviceability, again…, there are Lenders who apply for different living expense numbers when they are considering the monthly spend of a household. There may be a difference of $300-$400 month applied to 2 adults, 2 dependent families between Lenders, which in many cases can be the difference between a loan servicing and being declined.

CREDIT CARDS

Credit cards can also become an unwelcome burden when calculating Borrowing Capacity. Most Lenders will apply for 2-3% minimum monthly payment on the entire limit of the card, not the balance owing!

If the applicant has 2 or 3 credit cards with big limits attached, this will severely affect the amount of money the Lender is prepared to lend. It is advisable that only essential cards are left active, and others accumulated are cancelled.

There are Lenders who will disregard credit card limits if there is documented evidence that the monthly balance is paid down consistently.

PAYG WITHHOLDING TAX

Another method of increasing an investor's loan servicing capacity is to apply to the ATO for PAYG Tax Withholding Variation. This initiative instructs the ATO to calculate the amount of tax to pay for the year. considering rental losses. This information expressed as a percentage is communicated to the investor's employer, who applies a new lower rate of tax, effectively giving the investor more cash on payday.

If the investor is self-employed, there are inherent problems in obtaining finance in lieu of the fact, that it is common practice amongst Accountants to 'write down' a business's tax obligation as much as possible. Consequently, loan serviceability's are severely affected.

In this scenario, a Low Doc or Self Certify loan can be considered as a legitimate way to obtain finance. These loan products allow the business owner to state their actual income, without having to provide tax returns and tax assessment notices. These applications require close consultation between the investor, accountant and mortgage broker to secure the correct information.

INTEREST ONLY REPAYMENT STRATEGY

Another way to increase income is to apply Interest Only Repayments to all investment loans so that only the interest component of the loan is paid. This effectively allows the investor to service a larger debt holding, as their cash flow isn't required to pay down principle repayments on each loan.

LOAN TO VALUE RATIOS

Other important points to consider when structuring a sustainable property portfolio are to ensure that properties purchased are viewed favourably by the Lender. All Lenders have a policy pertaining to the type and location of security they will lend against.

If the property is not deemed suitable the Lender may impose restrictions upon the purchase which may not allow the full Loan to Value (LVR) to be applied, it may also require a higher deposit or a limit to the value of the security borrowing against.

To guard against these potential restrictions, property purchased must be in Post Codes that offer higher LVRs according to the Lenders Policy. The total floor area of the dwelling must be above at least 50 sq. /m and be in an area of good potential growth to obtain the maximum exposure to Lending Policy.

It is highly recommended that discussions with an experienced Mortgage Broker are undertaken to identify the likely areas to buy into.

SUBMITTING A SUCCESSFUL APPLICATION

In all cases when considering property purchase, it is imperative that a fully prepared, well thought out application is submitted to the appropriate Lender.

The application must paint the applicant in the best light and demonstrate that the proponent has carefully considered the property purchase to achieve the greatest yield and capital appreciation potential.

It is very likely that credit managers will be influenced by a well-prepared application that you have provided in conjunction with your Mortgage Broker to highlight a sensible budget, plans for the property, or expertise that you bring to the project that you are undertaking.

Credit managers also form an opinion of your mortgage broker after assessing many deals from them over time.

If your mortgage broker has a good reputation for introducing good clients to the Lender, submitting well prepared and considered loan proposals and applications, and addressing ongoing issues in a measured and timely fashion, then the credit managers may decide favourably on an application.

This may be critical if borrowing capacity is tight. So it is imperative that the investor has in their professional group a mortgage broker who has their future investment endeavours included in the service proposition. They just don't sell you a loan, they consider all aspects of the budding property portfolio and build it right first so that it grows unhindered by lenders over time.

HOW TO PLOT THE DEATH OF YOUR MORTGAGE

"We are actually pretty joyous when the Bank gives us a mortgage but after a few years, we wish it would just go away and give us that spare money we dream of, to do other things."

The modern-day mortgage demands payments of Principle and Interest every month, year after year which we obediently pay, sometimes, oblivious to options we can employ to fight back against this metronomic financial pain. It strikes like Chinese Water Torture every month for an excruciating 360 times during the life of the mortgage, whilst all the time we grow older and weaker...

This section can show you how to really bust open your mortgage and reprogram it to extinguish itself in a PUFF OF SELF IMPLOSION, well short of its 30-year term.

In the beginning, for most of us, except lottery winners and beneficiaries of inheritance, we pretty much start off from scratch on our wealth journey and slowly begin to build our asset base in a very slow methodical way.

We work hard and get a mortgage and then it clings to our backs like a limpet shell, year after year, and even though the banks may have made it doubly hard for us to get one of their loans, once they've signed us up, they

want us around for a good 30 years, so that they can extract every last dollar of interest repayments to continue to build their shareholder profits.

Now that's nothing to rant and rave about...banks are in the business of making money and creating lots of it. Over the years they have become very good at doing just that!! the trick is...we want to sign up to it, so we can purchase property, but once the paperwork is all done and the ink dry, we don't want to subscribe to it on their terms

Once we have one, we want to lazer focus our efforts on creating our own plans and a system to beat the banks at their own game and turn the tables so that we are in the box seat, not them!

We don't want to be part of their 30-year plan if we can help it

Firstly, we need to look at how the Banks set up loans to pay dividends dependably over 30 years and how they keep most customers grinding away for them for a long, long, long time...

THE MODERN DAY MORTGAGE

The term "Mortgage" has its beginnings in old French as has been a term used since the 1100s. It basically means a pledge to death which is a fairly morbid way of defining your loan contract with the bank, but if you think about it, when you take out that mortgage, even though it's for the betterment of your financial situation in most cases,

that Contract you have with the Bank is designed by them to extricate the very last dollar of interest owed to them over that 30 year Contract.

Mortgages are money making machines for Banks as they are a pledge by the incumbent to pay more interest back to the Bank than the original principal borrowed over a 30-year-period

We've all heard of extracting the very last drop of blood! This is a very successful way of doing just that

There is such an emotional attachment by people to property, whether an investment property or their home, that they will do absolutely everything in their power to keep paying that mortgage for the next 30 years until it is paid off

In many situations of financial distress, the roof of the house is the last thing you see disappearing beneath the waves when the shipwreck of financial ruin hits.

It's really the last bastion and people don't want to lose their house and home. This makes the Mortgage Contract a relatively safe bet for Banks as an investment.

It underpins our Australian economy.

Tranches of mortgage backed securities paying monthly interest become a powerful financial instrument, which when solidly backed by customer term deposits, build a

fairly robust money-making machine that grows stronger each year.

These types of investments and assets create fantastic profits for the big major lenders and looking at a snapshot of 2014 bank profits they topped out at $30 Billion dollars!

So that's a hell of a lot of 'folding stuff' that they accumulate directly from the toil and sweat from the Australian Battler who takes out a mortgage and ferrets away for the next 30 years paying it off.

As an idea of the interest paid on a $350,000 mortgage over 30 years at 6%, the poor old mortgage holder will pay a whopping $405,000 to the bank over the life of the mortgage, which equates to $13,500 in interest alone every year for 30 years on top of the principal repayments to distinguish the principal sum in the same time frame.

This fact alone is why banks are so financially strong and don't get me wrong... it's critically important to have strong financial institutions as they provide credit which oils the wheels of commerce and is the lifeblood of any economy, but we don't want 'greedy' banks sucking the lifeblood out of customers for the never-ending pursuit of profits for their shareholders.

Government regulators to some extent keep a reign on Bank Policy but the modern day mortgage still has the potential to be a pledge to death if it's not controlled and the truth is, the cards are stacked in the bank's favour.

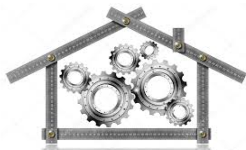
So how do you fight back and make sure you are not one of those chained to the wheel of the financial institution and have the power and knowledge to turn the mechanism of the loan against itself.

"Well there is a way and there are choices about how you can control your mortgage and slip out from under the yoke of oppression."

To do this though you need to know a little bit about a mortgage and how it is structured.

THE INNER WORKINGS OF A MORTGAGE

Most mortgages are structured mainly over 30 years and are principle and interest in nature. This means the loan is paid back in repayments of principle (the loan amount),



which lowers the overall amount you owe to the bank and the interest component, which is what you pay the bank and simply put, is the rent you pay for the privilege of having a mortgage.

To smooth things out for you, the Bank amortises these payments out over 30 years so that the repayments are a relatively known amount each month making your repayment nice and orderly.

The amortised payments stay the same but over the loan term the ratio of principle vs. interest does change and is initially heavily weighted as interest repayments in the

first 15-18 years so that the Bank can recoup the bulk of their interest.

So much so that in the first year the percentage of principal paid as a % of the total sum of the repayment is only 26%... and even after 7 years, the principal repayment has slowly risen to 36%. It's 41% by 10 years and it's only when we get to the 18-year loan period that the repayments of principle vs. interest are 50/50 and we start to do some real damage to bringing down the principle.

If you had children when you took out the loan they would now be almost through school, junior sport is all but finished and if you were 30 years old, you're now 48 and your back and knees are not what they used to be!

What I'm saying is, it's a long time!!

And... You're only still just halfway thru your loan and have another 12 years of working for the Bank until the handcuffs come off, where you immediately fall to the ground, as basically, you're Knackered!! Worn out...

I'm sure you would like to have paid that loan off in 15 years so that you had more to do more. With the

This strategy isn't a magical formula you apply that makes the mortgage mysteriously go away, We can re-program the loan but we need to short circuit the system by directing extra money into our own structure to see the benefits.

mortgage gone in 15 years, you would have built substantial equity in your property and be able to further invest and leverage that equity.

We reprogram the loan by paying extra into the mortgage account and keep those funds in there as long as possible so every day that the daily loan interest calculation is performed, there are extra funds in there over and above the principal amount required. This fact accumulated over time begins to slash away at the principal sum which drastically affects the normal dynamic of the mortgage, which in effect sets it on a path of extinguishment long before the Banks would like to think.

THE KEY TO THE WHOLE STRUCTURE IS A BUDGET

A budget will allow you to quickly see your income and outgoings, where your essential costs are and what percentage of income is unnecessary spending. Once you go thru this process and embrace it, you take control of your finances and know exactly how much excess cash you have once you reign in your spending in other areas.

You may say, hey I'm not on a big income and it's OK for someone earning over $200K to do this but I'm on $70-90K and can't afford extra repayments.

Just as an example of the power of this concept if we take a $350,000 with a 6% interest rate the amortised payments over 30 years this loan will cost you

$755, 434 in principle and interest, of that, $405,434 is interest costs.

If we begin to pay some extra money per week into our Mortgage, we can see it start to WILT quite quickly.

Just an extra $50 week or $216 month immediately chops off over 6 years from your loan term saving over $100,000 in interest repayments, and we can see the dramatic effect of this concept as the amount we pay extra per week increases...

So, is it possible for someone on $70-$90K to save an extra $50 week and put it in their mortgage? Is it possible to save more...?

If we really got serious with this, worked our budget hard and managed to put an extra $250 week or $1083 month into the mortgage, in just over 13 years, it would be extinguished, and you save $245,989 in interest repayments!

So what do we need to create our Mortgage Reduction Program? What's required:

- ✓ A willingness to succeed and the faith to believe that by following this process you will begin to gain confidence and momentum and buy fully into the concept.
- ✓ Good stable income, preferably dual income
- ✓ A Budget that will quickly highlight to you where your money is going and uncover savings you can make to lodge directly into your mortgage.
- ✓ A mortgage with an Offset Account but not absolutely necessary to have Offset as you can pay extra funds directly into the mortgage which is available as Redraw.
- ✓ A competitive home loan rate! So that you are not paying any extra on your mortgage than the market demands

- ✓ An understanding that any action you take whether BIG or SMALL is much better than no action at all.

WHAT MECHANCIS TO WE EMPLOY?

A Mortgage Offset Account is an integral part of our system to destroy the mortgage. It operates just like an everyday bank account with a debit card attached but it is intentionally linked to the mortgage so that any funds parked in there are immediately offset against the mortgage balance.

As an example, if you had a $100,000 mortgage and $20,000 sitting in your Offset Account, you would only pay interest on $80,000, as $20,000 in the Offset Account is offsetting the balance. An Offset Account will also allow you to deposit your salary directly into there as well, which saves further interest because there is a higher balance in the account for most of the month.

Extra funds made available through a workable Budget can also be parked in the Offset Account as well which immediately starts the reprogramming of the mortgage reduction process.

We can also mimic this process by using the Redraw Facility offered in almost all variable rate home and investment loans. It works on the same principle as the Offset Account but in this instance, we deposit funds directly into the mortgage account. The more we deposit in there, the less interest is paid over the term of the loan

We still have access to these extra funds we pay over and above the monthly mortgage repayments, so it recoverable and possibly more effective than the Offset Account as it's slightly harder to access these funds and makes us less likely to spend it through impulse buying.

So, we follow these steps for success. We put our mortgage to the Acid Test to verify if it's competitive. If not, we refinance to another Lender with a better rate. We employ the use of an Offset Account or Redraw Facility to receive extra lump sums and regular payments to begin to reprogram the mortgage.

We ramp up this process by implementing a BUDGET to ascertain our income and expenditure and identify savings we can make to deposit more funds directly into the mortgage. We continually strive to improve this process but also build in FUN along the way as a Reward for our studious endeavours.

EXPLORE THE POSSIBILITY OF USING TRUSTS

In Australia, we shoulder the burden of some of the highest taxes of any developed economy. Our individual rights are gradually under attack as our taxation more and more closely models other developed nations.

Only in July of each year are we working for ourselves in Australia - our first 4-6 months are all to pay tax! The question for you is – "how much of my income do I want to keep?"

Trusts are a proven way to minimise tax and protect assets. A trust is simply a legal vehicle for doing business. A Grantor or Settlor sets up a trust, to help a Beneficiary. Trusts operate a little like corporations but have huge benefits for us as individuals.

Trusts began in the days of old when a Crusader Knight's holy duty was to fight in the Middle East. It was at first customary that his possessions would go to the King if he died end route or in battle.

To make things fairer, Trusts were created by Monks to ensure the Knight's Estate would be kept for the benefit of his family.

The Knight gave up his ownership of his property and entrusted it to a Trustee who would keep it for the family beneficiaries.

One of the most popular ways to protect the assets of everyday Australians and small businesses is to establish a Discretionary Trust. A Discretionary Trust is set up to benefit the members of a family or group. It offers a way to share a tax burden and protect family assets.

It is the trust that allows for income or capital to be distributed to beneficiaries after the Settlor progressively transfers their assets to the trust.

This means the Settlor legally owns no assets but still has some control over (and benefits from) these assets. As such, the beneficiaries have no interest in the trust's

property until the trustee (usually the company employed) deems so.

DISCRETIONARY TRUSTS

They are highly popular structures for tax planning and asset protection. Asset protection is provided by creating a Limited Company to act as the trustee for the trust. The trustee (limited Company) manages the trusts property and investments and pays out the net income for the benefit of the beneficiaries.

If there is legal action undertaken against the Directors of the trust the action will be limited to the assets of the Company Trustee not those of the underlying directors. If the trust was to be sued the appointer/guardian (controller of the trust) sacks the trustee who is being sued and appoints a new one. If the lawsuit then continues against this company, it owns nothing more than $2 in shares and no assets. In this case, the person suing would walk away with little or nothing or would most likely give up suing altogether.

PROPERTIES OF A TRUST

It must be stressed that these legal entities they must be constructed by qualified professionals who will consider all aspects of the client's scenario so that the trust and its mechanisms function within the Law and provide the correct protection required.

- The trust has no tax rate so taxable income can be spread between the trust's beneficiaries who then pay tax at their marginal rate; and
- The trust can pay expenses out of pre-tax income.

As stated above, a trust (unlike companies) has no tax rate. Instead, the beneficiaries of the trust are taxed at their marginal tax rate depending on the amount of taxable income they have been distributed from the trust.

As many people would know, your PAYG income cannot be distributed between family members and/or even spouses. This is where trust differs and where careful tax planning can take place to gain the maximum tax benefit.

This ability to spread the income between different parties can save thousands of dollars of tax every year. In addition to this, unlike PAYG income where tax is removed every pay cycle, in a trust - tax is only payable on distributions made at the end of the financial year.

This could effectively mean you can invest your money for 12-18 months longer without having to withdraw the tax. This could have great compounding effects on your investments.

Under the Australian tax system, most things we purchase (apart from some small items that we can

salary sacrifice) come out of our post-tax income. For example, if you are on the top marginal tax rate of 45% in Australia something that costs you $30, really cost you $54. Over time this can really add up.

However, as the trust is treated like a business, the trust can pay for items related to that business out of pre-tax income. In the case of the $30, you have effectively saved yourself $24, which can be reinvested.

Like the above distributions, this can have amazing compounding effects over time. Trusts are wonderful vehicles to save tax, protect assets and create estates for your family for many generations.

The savvy investor must consider this form of protection and tax saving flexibility as an important tool in their quest for wealth creation. It must be stressed that professional advice must be sort to set up these legal structures so that they provide the protection and benefits as required.

Hopefully, you've followed this general finance guide through and learnt a few things about money, its history and the economy and how money is created and used by financial institutions governments and markets.

It is a monetary system based upon debt that is continuing manipulated by large Financial Corporations and Governments. Debt is good as it provides growth, but when allowed free reign - through the greed of the players controlling money, the system ultimately becomes unsustainable, with unmanageable debt resulting in rising taxes and cuts in government spending. A disaster.

Don't learn, don't invest and you will be a pawn inexorably caught up in the stifling economic factors reserved for the masses.

So, in this environment, it is more important than ever to be informed about how to maximise your investments and minimise your taxes. If you are informed, you will be better prepared

to cope with any global machinations that play out in the future

I encourage you to decide to learn more. Absorb information and seek the advice of Professionals in the required fields. To begin building wealth, you must borrow money. To do this adequately, use a Mortgage Broker to secure the best deal for your situation. Don’t go to the Bank, they employ inexperienced staff and will sell you only their products.

There is no loyalty anymore with Banks, you’re just a number. The only way to gain some control is with competition. Compare their products against other Lenders with the help of an experienced Broker. Use the Professional network team that the Broker has around him, to firstly save money, then invest through lending money using the right entity to use the debt and tax system our society is run on, for your benefit.

Use the secrets of compound growth to build your investments over time. As your portfolio becomes stronger it will be insulated against world financial turmoil and you will have the protection and the income to survive, plus the knowledge to identify opportunities caused by boom and bust cycles.

You can make money in a down trending share market, you can buy distressed assets cheaply and turn them around to be sold when periods are better, and above all, you will have the choice to ‘row your own boat’.

So the question is - "*do you want to take the red pill or the blue pill*"

- Do you want to understand how the world's finances are really run?
- Do you want to develop the mindset so that you accept money as your right?
- Do you want to play the game of Tick Tock and use its powers for your own benefit?

You can be that 'battery hen' and ignore everything but do so at your own peril. Taxes will rise and social benefits will be cut as debt winds its tentacles firmly within our financial system - and the ageing population overwhelms our resources.

The choices in our 'free will' society are yours, don't take them lightly, become part of the informed mindset and build your wealth for your future and family.

Insync Finance is owned and operated by Craig Poller who has been in the Finance Industry directly for 12 years but indirectly for many years before that, through his passion for real estate and investing.

He has enjoyed working through various property appreciation strategies such as - renovation, small residential buildings, and developments.

During that time, he has a good insight into wealth creation through property ownership. Craig comes from a very 'down to earth' background, belonging to a century old farming family in dairy and beef. He's also worked many other various jobs including- dive master in Cairns, pubs in London, marine research diver in Madagascar and building dams in remote Australian locations. He's also worked in mineral sands and bauxite mining facilities.

He enjoys the challenge of helping people obtain finance to achieve their property goals. Whether that's their one and only dream home or multiple properties purchases over time to build their long-term wealth.

This booklet provides a small insight into the world we live in, its up to you how you respond.

All the best with your endeavours.