



Your Wealth Bulletin

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Dear David,

Happy New Year and welcome to the first issue of Your Wealth Bulletin for 2010.

" For myself, I am an optimist - it does not seem to be much use being anything else."

(Winston Churchill)

Lost Money?

It is a good idea to search government websites for unclaimed money.

Click here for our favourites:
[NSW OSR](#)
[ASIC](#)
[ATO Superseeker](#)

Part 2 - 2010 Crystal Ball Predictions

Wealth Warning

Using these 'expert tips' could be damaging to your wealth!

Last month we provided 6 'expert opinions' on what they believe lies in store for the Australian stockmarket in 2010.

While there were few, if any, published stock predictions in December 2008, there's an abundance of them available now with the market continuing to rise. Even with a rising tide, it will still be a very interesting exercise to review these opinions in 12 months time, and compare the performance to the index over the same period.

A neat range of stock selections was published in the Sun Herald on the 17th January 2010. Here's the 'expert forecast' stock tips:

Colin Whitehead (Fat Prophets):

Long term - BHP Billiton
This year - Geodynamics

Elio D'amato (Lincoln Indicators):

Long term - Woolworths
This year - Entek energy

Jamie Nemtsas (The Investing Times):

Long term - Telstra
This year - Asciano

Steve Johnson (Intelligent Investor):

Long term - Prime infrastructure
This year - Servcorp

Kristian Dibble (Rivkin Report):

Long term - Tabcorp
This year - Brickworks

Interestingly, none of the selections include any banks.

We will examine these tips in December 2010 to see how they have progressed and how your wealth would have fared if you acted upon the forecasts.

How Long Might You Live?



Each year, the statistics show how the Australian population is living longer.

Advances in medicine and awareness of a healthy lifestyle are just two key reasons as to why the mortality age is rising.

But what does it mean for you?

Indeed, having this knowledge can be highly valuable. It provides you with an understanding of the existing risk factors, and problem areas that need attention for a potentially longer life.

A new website has been developed to provide you with a tailored guide. It uses 5 key areas so that your personal situation is analysed in terms of Surroundings, Health, Attitude, Parents and Eating.

I'd highly recommend that you visit the website. The analysis takes about 5 minutes to complete and is of no charge. You can be brutally honest in your answers as the only person that will know the results will be you!

The website can be viewed by clicking here:

<http://www.mylongevity.com.au>

Investment Property: Not Always A Bed Of Roses

Media publicity continues to march on that residential property is rising in price, and forecasts that 2010 will be the year of success for property investors.

With rising interest rates, the reduction of the First Home Owners Grant and a 'cautiously optimistic' sentiment within the business world, this is certainly a brave call. It could eventuate, but we do seem to read the same headlines year after year.



A recent article in Domain (18/1/10) provided a more practical view of real estate investment.

In summary, the key areas that prospective landlords should consider before investing include:

- * Repairs/Maintenance - A buffer of cash should be held to ensure that any unexpected expenses may be met. From personal experience, this aspect of investment property ownership can be a never ending cost.

- * Land Tax - This can really eat away at your returns if you own 1-2 investment properties. This will definitely eat away

at your rental income returns.

* Tenant Disputes - These can be time-consuming and stressful, so it highlights the importance of getting the right tenant from day one. That means stringent reference checking and regular property inspections.

* Tenant Vacancy - Unreasonable rents, a glut of properties at the same time in a particular area or even just a period of fussy tenants can mean that your property can remain empty and eat into your returns.

Just three months without a tenant will reduce your yield by 25 per cent.

* Rising interest rates - After a period of record lows, rates are rising and each 25 basis point rise will add about \$75 a month in payments on a \$350,000 mortgage.

* Negative gearing - This isn't a pitfall unless you suffer from the widespread misconception that negative gearing allows you to reclaim the entire shortfall between rent and mortgage interest from your tax bill.

The reality is that only a proportion of losses can be claimed, in line with your marginal tax rate. So if you pay tax at 30 per cent, you can claim 30 per cent of the shortfall.

If you are interested in purchasing an investment property and are concerned about the cashflow implications, please contact us to discuss how these risks can be managed.

[Article](#)

2010 is shaping up to be another year of change. The Ken Henry Review (Tax) and Cooper Review (Superannuation) will publicly be released in coming months and they are guaranteed to have an effect on us all.

If you would like to discuss any of these issues further with us, please feel welcome to ring me on 9525 0777 or emailenquiries@reedfinancial.com.au

Warm Regards!

David Reed

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Disclaimer: The statistics and figures presented in this report are based upon historical data, obtained from external sources. There is no guarantee or suggestion that markets will behave as they have in the past. Future results will be affected by political & economic events. Information is not directed to any particular persons investment financial objectives. Therefore, you must seek advice tailored to your individual circumstances before making any specific decisions.

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