



Advantage**ne**
Integrated Financial Services

12 TIPS TO BUILD FAMILY WEALTH

YOUR FREE GUIDE



▼ YOUR ADVANTAGE

All money tips are not created equal. Many tips are useful, but some are infinitely better. These are the tips to help make you, and your family, wealthy.

Advantage One's unique coaching system is all about family issues and values. Intergenerational planning is available to clients to ensure your family is financially secure, now and in the future.

This guide outlines twelve big financial moves you can make to help propel your wealth skyward.



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LET ADVANTAGE ONE BE *Your Advantage*



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TIP #1

GET AN ADVANCED EDUCATION IN A VALUABLE FIELD



When it comes to education, there is little argument that the more you have, the more you will earn. Furthermore, you are less likely to be unemployed. University or college degrees can help boost your wealth. Those who have studied a trade can also benefit, but you may want to consider doing some further education – perhaps a TAFE-related business education course to boost your prospects.

A key factor while studying is to try to keep debt levels low and this will help make the degree more valuable.

Finally, and just as importantly, make sure you get a degree in the right field. It's no secret that certain careers pay more than others. Do your homework and try to choose a job which features in the higher earning categories – your finances will benefit greatly based on your decision.





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TIP #2

FOCUS ON CAREER ADVANCEMENT



Even if you don't select a vocation in the highest-earning field, remember your career is a multi-million dollar asset.

If this seems farfetched, consider a starting salary of \$40,000 and add in three per cent annual raises over 45 years. You will have earned close to \$3.7 million.

To benefit further, manage your career to aim for raises above three per cent. Imagine the raise was 8.16 per cent annually and you will see the total figure reach more than \$10 million.





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TIP #3 CONTROL YOUR SPENDING



No matter how much money you make, you can easily spend it all. It's not hard to find examples of high-income professionals, actors and sports stars who go bankrupt.

Assuming a family can
save \$5000
per year, in 40 years at
eight per cent growth
annually...

...they will have a net
worth of
\$1.3 million.
This shows what a little
bit of saving can do
over a lifetime.

Moreover, you don't have to save on everything – just some things. Enjoy your life by spending what you want here and there, just keep it at a reasonable level.

There are two major areas where you can control spending: on the big things and the little things. Big things such as homes, cars and extravagant holidays can break your budget in a single move. Little things such as eating out regularly for lunch, or buying a coffee from your favourite café, don't seem like much at the time, but they can add up to big amounts in the long run.



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TIP #4 ELIMINATE DEBT



Debt is a financial killer – especially consumer and credit card debt. Even 'good debt', such as an investment mortgage or a student loan, can often be bad.

The average Australian will spend hundreds of thousands of dollars in interest over their lifetime. Imagine if this was eliminated, or halved and invested?

Focus all your efforts on paying off the mortgage and start by buying an affordable house. Use any savings from bonuses,

financial gifts etc. and put them towards the mortgage. Open a mortgage offset – an account that offsets the balance in that account against the balance of your home loan. This means you pay less interest on your home loan. Consider making fortnightly instead of monthly mortgage payments.

Before you know it, you could be debt free. Reducing debt, or clearing it, can super-charge your net worth.



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TIP #5

INVEST EARLY AND OFTEN



The adage that 'time is your greatest investing asset' is true. Investment value is also greatly impacted by the amount invested.

These two factors are why it's critical for you to put away as much money as you can as soon as you can. While return rates are the third variable in the investment growth equation, and get the most press, they are the least important in determining your overall results.

TIP #6

MARRY WELL



This is not a typical wealth tip, but it's crucial. You can make the best financial decisions in the world, but if you marry someone who makes all the wrong moves it can be catastrophic.

You don't have to marry a billionaire. However, you do need a spouse who shares your financial goals and general outlook about money.

Imagine you are good at tips #1, #2 and #5 mentioned in this guide, but your partner is great at #3 and #4. This means one of you is good at offence, the other at defence. Together, it's a winning combination.

Understand what you want to accomplish as a couple and climb the money mountain together.





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TIP #7 SET GOALS AND PLAN TO REACH THEM



Having a goal is the key to being financially successful. Make sure to write your goals down. It doesn't need to amount to an encyclopaedic-sized document, but you should outline a general goal such as 'retire at 40 with \$2 million in the bank'.

Research has shown people are 42 per cent more likely to achieve their goals and dreams by writing them down*.

Take action to achieve your goals. Break each goal into bite-sized tasks which allow you to grow your career and control your spending to accumulate wealth. Over time, small advances add up to something big. Start young, too, because time equals money.

TIP #8 TRACK NET WORTH AND CASH FLOW



Net worth and cash flow statements are like financial success scorecards.

Net worth (assets less liabilities) shows you how you are growing your wealth over time. Cash flow statements (a.k.a. budgets which list income less expenses) tell you how much you are earning and how your money is being spent. Once you have this information you can make decisions such as how to invest your money.

It doesn't matter how you track net worth and cash flow – through online software such as Xero, an Excel spreadsheet, or even paper – the key is that you monitor it regularly.

Many people hate budgets, but they clearly have an impact on spending control.



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TIP #9

DEVELOP SIDELINE INTERESTS



While helpful to grow your career, a sideline business or interest is a good way to do something you enjoy, while bringing in some extra income.

The great thing about a side interest is it can speed up early retirement dramatically.

EXAMPLE

Assume you can retire when you are able to generate \$40,000 income per year. At a four per cent asset withdrawal rate, this means you would need \$1 million saved. Also assume you can invest \$10,000 a year towards that goal, at an eight per cent return. Without a side interest, it would take 29 years to reach your goal. If, however, you had a side interest which took four years to build up to \$20,000 per year, and you invested that money, in 12 years you would have \$503,000 (which would generate more than \$20,000 at four per cent withdrawal), plus a business which generated \$20,000. Result? You've reached your \$40,000 annual goal.

You would have to say a sideline interest is probably worth it to save 17 years of working, right?





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TIP #10 LEARN ABOUT MONEY AND MANAGE IT PROFESSIONALLY



There are plenty of people out there who care about your money.

Take an interest in your financial education and try to read and learn from the best. You might pick up a book by the Barefoot Investor, Scott Pape, or turn to specialists like Advantage One's Strategic Financial Coaches. Whatever the method, it is important for you to know the basics about money management.

The good news is the money principles you need to be successful are simple to learn and few in number.

TIP #11 SUPERANNUATION AND TAX MINIMISATION



When it comes to accumulating wealth, superannuation is perhaps the most tax-effective ownership structure. This is because of the Australian Taxation Office's concession re: the low tax environment on funds in accumulated mode, as well as nil tax payable in pension mode.

Are you thinking about, or approaching, retirement and have a business? You might be able to retire without selling the business, provided you have the right assessment and your business is sales ready.

Advantage One is a one-stop-shop. There isn't much point in creating and building wealth in line with the above tips if you don't have the right structure and advice which ensures the foundations are solid.

By using dual coaching disciplines, Advantage One provides tailor-made strategies which aim to help you maintain current living standards post-retirement. This is achieved by carefully examining your circumstances and providing tax-effective and practical advice.



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TIP #12

LET ADVANTAGE ONE BE *Your advantage*



For our final tip, we've saved the best for last.

Whether you're aged 30, 75, or somewhere in between, the tips about building family wealth are universal.

We want you to be educated, read books and Google information about money matters. But, there is no substitute for a strategic financial coach who can talk you through your options and act as a sounding board for your queries.

Our jobs as financial coaches isn't to tell you where you should be going. Our job is to guide you where you want to go – towards your ultimate financial goal.

We will help you identify your goals and devise a game plan to achieve them. We will then be your personal coach as you take your journey to reach an enduring, secure and strong financial position.

There may be questions like: 'What do you want from life?' and 'How do you want to go about achieving it?'.

The answers may include: advice about how parents can assist younger family members to enter the property market; providing coaching and tips to transition the family business from one generation to another, or deal with complex family estate issues; and even providing the right aged care direction to older family members.



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