

# Golden 'secrets' an effective way to lower your tax

Alex Tilbury

NAVIGATING the tax system and using structures such as trusts are among the top tactics of some of Brisbane's most successful investors, according to McCullough Robertson Lawyers business partner Matthew Burgess.

Mr Burgess advises some of Brisbane's wealthier private investors and business owners on wealth creation and preservation strategies.

He said there were five top "secrets" known to every successful investor that should be used by anyone looking to grow their nest egg.

## 1. Understand the tax system

A failure to understand the tax consequences of investment alternatives can be the biggest difference between success and failure.

Two people could invest in the same asset and one could have an after-tax return more than twice the other simply by understanding and legitimately structuring themselves to maximise their after-tax returns.

As Kerry Packer famously said: "Anyone who pays more tax than they have to is an idiot."

## 2. Protect your wealth

While insurance can provide a level of protection, the HIH collapse highlights that this cover, even when in place, may not be sufficient.

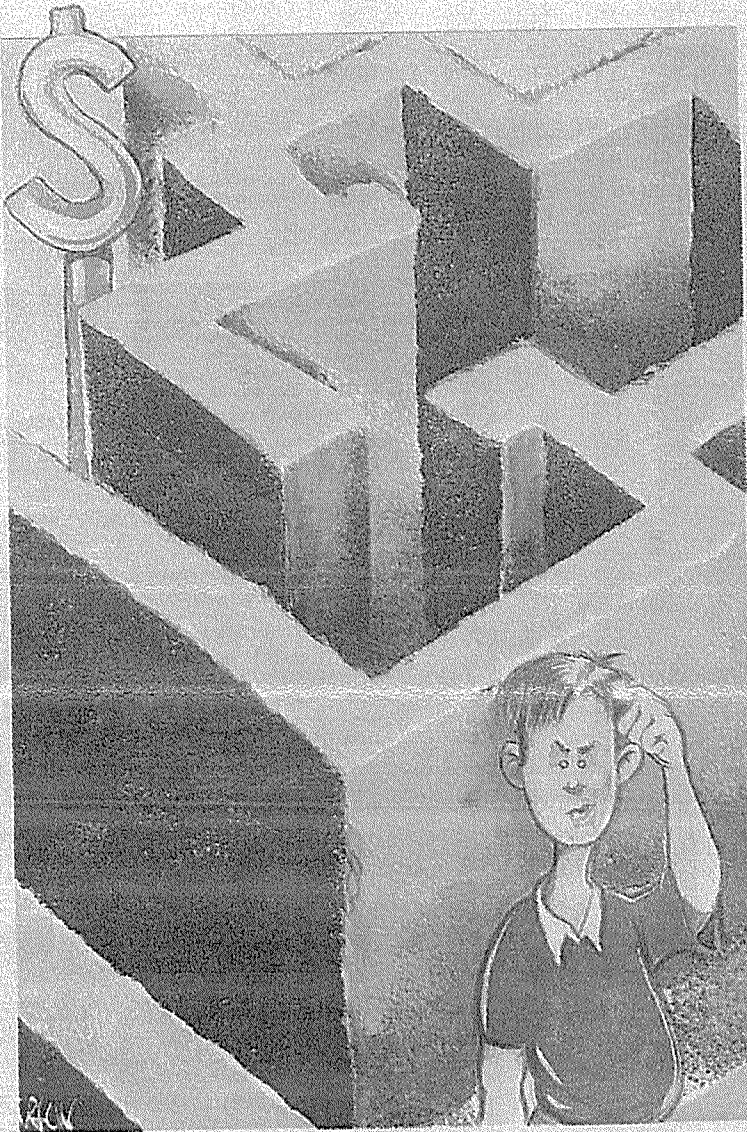
The use of trusts (including trusts established under a will and special "lineal descendant" trusts which exclude the entitlements of spouses and former spouses), companies and superannuation funds is vital for ensuring that wealth is adequately protected.

Often the structures can also assist in ensuring the optimal tax outcome.

## 3. Set goals

The saying that those who "fail to plan, plan to fail" is brought into sharp focus in the world of successful investors.

While the best manager and controller of your wealth is yourself, if you are unfamiliar with planning your investment activities over the short, medium and long term, then you should read widely and engage the help of professionals such as financial planners, account-



BAMBOOZLED . . . reducing tax requires skills.

ants and specialist business lawyers.

## 4. Do it early and do it often

It is never too early (or too late) to begin an investment portfolio.

The magic of compounding returns is demonstrated by the example of offering someone either \$1 million today or 1¢ today that is doubled every day for 30 days.

If you take the 1¢ on day one and double it every day for 30 days, you will end up more than 20 times wealthier than the per-

son who takes \$1 million today.

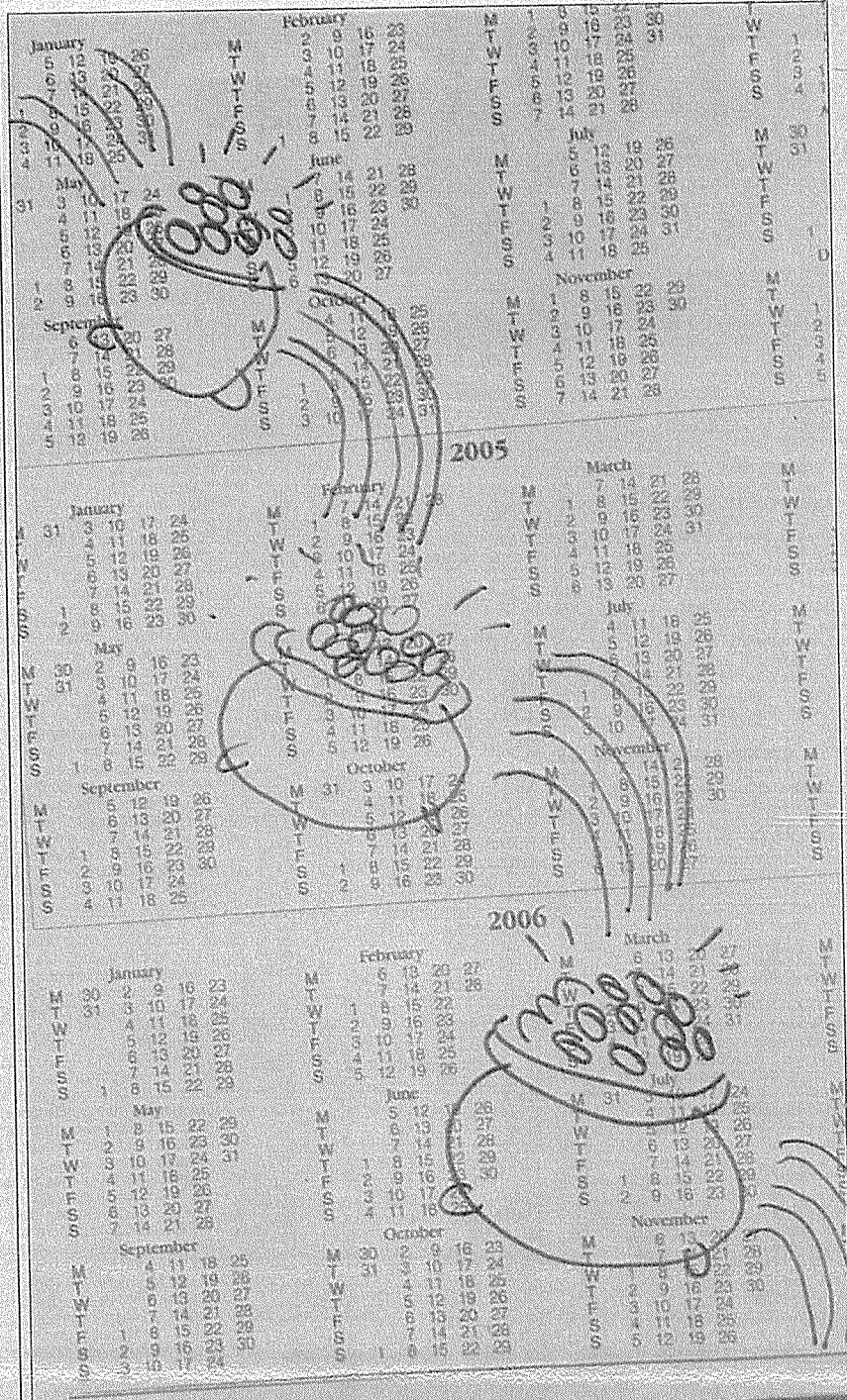
## 5. KISS!

Keep it simple, stupid.

A search on the Brisbane City Council library website for money-related literature returns more than 1000 hits.

There is seemingly an endless supply of information on money and wealth creation which can often confuse and distract people.

Investors of all ages and stature who remember the five issues set out above and then keep things simple, will unlock the door to successful investing.



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## Agri-invest with Macquarie Bank

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YOU don't necessarily have to buy a pair of RM Williams boots to appreciate an agricultural investment.

Macquarie Bank has kicked off an agri-investment facility designed to make investing in the much-maligned agricultural sector easy and seamless.

Division director Craig Swanger said the agricultural industry had evolved as an investment sector and was now highly regulated in Australia,

with the potential to add considerable value to specific investment portfolios.

"The Macquarie agri-investment facility simplifies the agricultural investment process for time-poor advisers by offering a suite of projects which had been highly rated by specialist agricultural ratings firm, Adviser Edge," Mr Swanger said.

"The facility also includes a calculator to help advisers blend a number of agri-investments to achieve an

appropriate mix to suit the client's needs."

The five projects that have been included in the Macquarie Agri-investment Facility are: 2005 Swan Hill Almond Orchard Project, WA. Blue Gum Project 2005, Willmott Forests Project 2004, National Viticultural Fund of Australia Project 3 and the Macquarie Forestry Investment 2005.

They have been rated by Adviser Edge, an agri-business and forestry specialist research house accredited by van Eyk.