



Prowealth
INVESTMENTS



newsletter

4TH QUARTER 2008

NEWS FLASH!
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PLATINUM
PARTNERS**

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on offer. See back page

**PROWEALTH
PRODUCTS**

Find out more about our
Prowealth Products

What should I do?

Prowealth's recent seminar series has proven to be an eye opener for many people. We showed a montage of newspaper headlines from the 1940's through to today and here's what we found –

- Petrol prices are going up and up
- Interest rates go up, then come down then go up etc etc.
- The unexpected occurs, eg we land a man on the moon, and planes hit the World Trade Centre.
- The property market has been declared dead many times.
- New taxes and legislation come in and are constantly changing.

So what does it all mean?

It means that all of the factors we are seeing today have happened before and will happen again, so you need a plan to cope with the changing marketplace and be able to buy yourself enough time to get from one property cycle to the next. The key becomes how to manage the cost to hold your investment properties. A finance strategy will certainly help you here, but you should always consider a property's holding costs before looking at things like, location, views, houses vs units etc. You could find the best location, something with a great view, and sits on a nice block of land – but if you can't afford to hold the property through a property cycle (usually 7-10) years, you should not buy it. Rather, find the best property you can based on your cost to hold budget.

So what do you do in the current market?

You can bury your head in the sand, convince yourself that no one is making money in real estate anymore, and avoid today's real estate market (despite our evidence to the contrary), or, you can increase your wealth by investing in property when prices are down and rents are through the roof - with the guidance and advice that has led over a thousand

past clients to become successful property investors.

We also explored the concept of mooring lines – those ropes that keep a boat tied to a dock to prevent it floating away in rough seas.

What are the mental mooring lines that are keeping you from moving forward?

Just like the boat tied to the dock, you will never move forward without releasing them. The most common mooring lines are based around fear. The top 6 fears are below.

- 1. Fear of acting without sufficient knowledge** – “I don't know the area, so rather than find out about it, I'd rather do nothing”
- 2. Fear of making the wrong decision** – “What if I buy a property and a better one becomes available later, I'll keep waiting”
- 3. Fear of being cheated** – “I've heard that some properties are over priced in this market, so I won't buy anything in case I pay too much”
- 4. Fear of change** – “My parents told me to reduce debt, I'd rather pay off my home as I don't want to borrow money and get into more debt”
- 5. Fear of looking bad to others** – “My friends are all into the sharemarket, why should I invest in property if my friend's are not”
- 6. Fear of the past** – “My mate bought a property and it went down in value”

What are you going to do to address all of these fears?

Firstly, acknowledge them, everyone has these same fears, secondly, surround yourself with a team of professionals and take advice only from those who have done or achieved what you want to achieve, finally, take action and stick to a plan that addresses these fears. Prowealth can help you do this, with a free initial 1 hour appointment at your home or workplace to address your wealth building strategy.

PROWEALTH 12-YEAR ANNIVERSARY

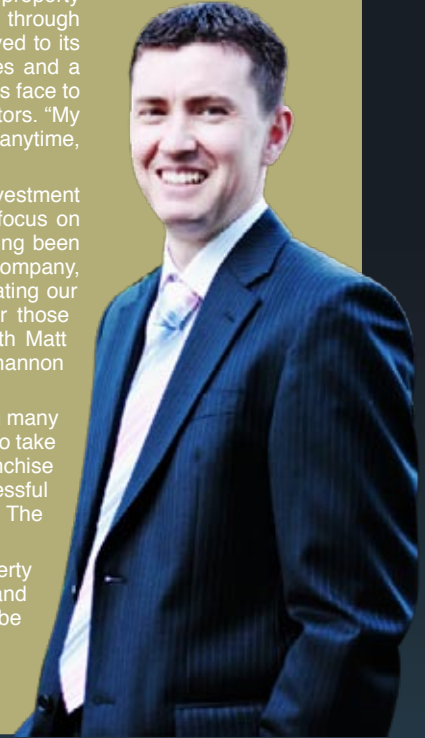
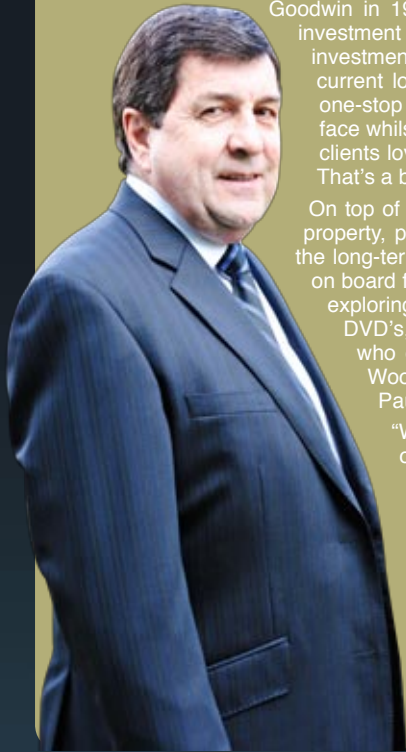
November this year signals Prowealth Investment's 12th year of operation. Founded by Len Goodwin in 1996, and based at Fountain Plaza Erina, Len started running free property investment workshops, teaching average mum and dads how to build wealth through investment property safely. Outgrowing the Erina office in 2005, Prowealth moved to its current location in the Tuggerah Business Park to allow expansion of services and a one-stop shop for property investors. Today, Len is still seeing first time investors face to face whilst continuing to help his growing client list of successful property investors. "My clients love that they can come through the front door, find me and talk to me anytime, That's a big reassurance for them."

On top of his busy appointment schedule, Len still finds time to source new investment property, present Prowealth's Wealth Coaching programs and Seminars, and, focus on the long-term direction of the company. "Daniel has made this much easier, having been on board for the last 4 years and looking after the day to day operations of the company, exploring new property investment options, like Self Managed Super and creating our DVD's, software programs and franchise model". (Daniel is Len's son for those who don't know). Together, Len and Daniel added Prowealth Money with Matt Woodards in 2007 and recently Prowealth Accounting with Steven and Shannon Paul in 2008, so what's next?

"We are very close to releasing our Franchise model, which is something many of our clients have asked about over the years – many of them wanting to take it on themselves, which we find very gratifying" says Daniel. The Franchise system will offer franchisees the ability to use Prowealth's successful system and will combine property, finance and accounting services. The franchise system will be released in early 2009.

"We'll continue to add services and programs that compliment property investing whilst giving 100% support to our new and exiting clients and future franchisees" say Len and Daniel. "The next few years will be very exciting".

Why not pop in to see Len or Daniel next time you're in the area.



PROWEALTH LAUNCHES PROWEALTH ACCOUNTING DIVISION

In mid September, Prowealth Investments finalised a deal that would see SP Business Consulting join the Prowealth brand as **Prowealth Accounting**. Steven and Shannon Paul, both Chartered Accountants and active property investors themselves, will head up the new division, which aims to further increase the net worth of clients through smart and effective Taxation advice, Asset Protection and Self Managed Superannuation.

"We're extremely pleased to have Steven and Shannon on board and are excited about the new possibilities for Prowealth Accounting. We are constantly working to be a 'one stop shop' for property investing and this recent addition makes it even easier for our clients to build their property portfolios with experts in their field" says Prowealth Investments Director Daniel Goodwin.

INTRODUCTORY OFFER

Prowealth Accounting is offering a Tax and Asset protection Checkup to all existing Prowealth Client's at the heavily discounted rate of just \$99, usually \$249. Steven can advise you on your current structure, proposed purchases and general business and accounting needs. A recent checkup with a new client saved almost \$20,000 due to unclaimed tax deduction on an investment property over the past 4 years. That's a pretty good return on investment for just \$99. This offer is limited until Dec 20th 2008, so call Prowealth Accounting today on 1800 13 22 64



Prowealth
ACCOUNTING

NEW PROWEALTH PRODUCT RANGE

FINANCIAL FREEDOM THROUGH PROPERTY DVD - \$39

A DVD of Prowealth's 90 minute seminar on using Property and Finance as the Path to Financial Freedom. Includes segments on Loan to Value Ratio's, Mortgage Insurance, The Running Account, Wealth for Life and an introduction to buying property with your Self Managed Super Fund. Suitable for medium to advanced investors. Narrated by Prowealth Director Daniel Goodwin

PROWEALTH ANALYSIS SOFTWARE CD-ROM - \$119

Finally, Property Investment Software designed by Prowealth Investments for everyday and advanced Property Investors. The software will immediately eliminate the need to spend hours on manual calculators and costly visits to your accountant and mortgage brokers by integrating all of the common and advanced finance strategies into one simple and easy to use Microsoft Excel Workbook. You now have access to the same tools that Prowealth uses when 'running the numbers' on an investment property purchase. New feature – Now includes tools to see if your Self Managed Super Fund can afford to buy a property. Suitable for medium to advanced investors. Designed by Prowealth Director Daniel Goodwin.

ORDER ONLINE
AT WWW.PROWEALTH.COM





**SET UP A SMSF
IN OCT/NOV &
SAVE \$200**

Buying Property with your Self Managed Super Fund

Almost all big Superannuation funds have been affected by the drop in stock values over the roller coaster ride that has been the past few weeks and indeed the year. It might be time for you to seriously think about buying a property with a Self-Managed Super Fund (SMSF). Why? Properties don't go broke for starters. Here are the top 8 reasons why you should consider buying a property with your SMSF -

1. You can see problems coming with property (interest rates rising, local economy changing etc etc) and you can make adjustments to manage it. How many of you saw a 770 point drop coming on the New York stock exchange late in September? With shares, your mainly reactive, rather than proactive, in that your reacting to circumstances beyond your control.

2. The law changed in September 2007 to allow your SMSF to borrow money to buy investment property, which means **you don't need the full purchase price** in your fund, only enough for a deposit. The major banks are all rolling out products to this new market, so they must have confidence that property in SMSF's will be a large market in the near future.

3. With a SMSF, until you're 60, you're taxed at only 15% on income (versus up to 45% in your own name) and only pay 10% capital gains tax (versus around 25% in your own name). When you're over 60, you pay **NO tax on income and NO Capital Gains Tax.**

4. You have absolute control; you can decide what your Super will be invested in. This means you can have some in property, some in shares etc – its up to you. Why not consider a bit of both and diversify your Super portfolio? Your employer helps pay for the property.

5. By law, employers must put 9% of your

salary into Super. **Why not have those contributions go to your SMSF to pay off the property?** In many cases this extra income to your fund, on top of the rent, makes the holding costs for a property minimal.

6. You can combine super balances. A SMSF allows you to **pool the balance of your fund with your spouse, parents, children or other family members.** SMSF's can have up to 4 family members which means that between a few of you, you may have enough for a deposit on a property.

7. Its not as hard as some would have you think. Whilst its true that SMSF's have much compliance to be aware of, the fact is that **your accountant or planner will do the majority of this for you**, and so long as you act in the best interest of the fund, you should be fine.

8. You don't need as much Super as you may think to setup a SMSF. Many commentators would have you believe you need more than \$200,000 in your fund for it to be worthwhile. This is not true and depends on your own goals and strategies. Control is the main reason people setup a SMSF and there is No minimum balance requirement. As a guide, if you are to buy a property in the fund and have \$100,000, you could possibly buy a property worth \$250,000-300,000. Don't have \$100,000?, you could possibly make an additional contribution to your fund from your equity, giving you a greater deposit.

We have been inundated with enquires over recent weeks so we are running a series of dedicated seminars on Buying Investment Property with your Self Managed Super Fund.

Here's some of the questions we are going to cover -

- What is a Self Managed Super Fund?
- How much do I need to start a Self Managed Super Fund?
- How much does it cost to setup and run a Self Managed Super Fund?
- How will a Self Managed Super Fund affect my insurance?
- How Zero Capital Gains Tax after 60 could improve your retirement plans?
- How to use my Self Managed Super Fund to purchase property?
- What are the best properties to buy with my Self Managed Super Fund and which should I avoid?
- How does the loan work when buying with my Self Managed Super Fund?
- How to get started and take action.

PLUS - We are also going to show you 3 properties pre approved by the banks for Self Managed Super Funds AND have special deals only for the attendees!

Along with Steven Paul - Director of Prowealth Accounting, Daniel Goodwin - Director of Prowealth Investments and Matt Woodards – Director Prowealth Money we've asked Bruce Donnelly - **Financial Planner** with Investment Insurance Specialists to come along so we can cover all angles for you. Get all the information you want and have your questions answered in this FREE, timely seminar. Dates are listed in this newsletter and on our website. If you can't make a seminar, call us to arrange a private 1 hour appointment in your home or workplace. Set up a SMSF in October or November with Prowealth Accounting and save \$200. **Do you really want to leave your entire Super balance in the share market, or would you rather have some in property?**

PROWEALTH PROPERTIES

Every month Prowealth will now feature a series of properties that might be just what your looking for as your first, or next investment property. We'll also include some basic 'cost to hold' calculations for you (buying in your own name or Trust), or, for your Self Managed Super Fund (SMSF).

How to read cost to hold tables

A red figure in cost to hold means the property will cost you that amount per week, a blue figure means the property will be cash positive.

The minimum amount you would need in your SMSF to be able to purchase the property including Stamp Duty, Legals and some other costs, see disclaimer.

Is the combined income of all members of your SMSF, and assumes all employer contributions (9% of salary) are going into your SMSF.*

In your own name or trust		
Current Income	\$80,000	\$150,000
Your Weekly cost to hold	\$199	\$134
In your SMSF - Funds needed - \$138,000		
Combined Member Income	\$80,000	\$150,000
SMSF Cost to hold per week	\$121	\$0

FREE SEMINARS

Property Investment Basics Seminar

Newcastle (West's)

Mon October 20th - 7.30pm - 9pm

Central Coast (Mingara)

Tue October 21st - 7.30pm - 9pm

Singleton (Singleton RSC)

Wed October 22nd - 7.30pm - 9pm

Newcastle (West's)

Tue November 18th - 7.30pm - 9pm

Central Coast (Venue TBA)

Wed November 19th - 7.30pm - 9pm

Buy Property with your Superannuation

Newcastle (Crowne Newcastle)

Tue October 28th - 7.30pm - 9pm

Erina (Platinum Building)

Wed October 29th - 7.30pm - 9pm

Tumbi Umbi (Mingara)

Thu October 30th - 7.30pm - 9pm

Newcastle (Crowne Newcastle)

Tue November 25th - 7.30pm - 9pm

Central Coast (Venue TBA)

Wed November 26th - 7.30pm - 9pm

Check our website for updated event details

To book your free tickets phone

1800 13 22 64

or book online at

www.prowealth.com.au

Prowealth Investments

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Avondale, Pymble, NSW - From \$425,000

Pymble with security lift access and secure underground parking. Meticulously designed by award winning architects futurespace with comfort and luxury in mind, much thought has been given to creating highly functional and well planned residences using a number of environmentally friendly inclusions and innovations.

In your own name or trust		
Current Income	\$80,000	\$150,000
Your Weekly cost to hold	\$266	\$213
In your SMSF - Funds needed - \$156,000		
Combined Member Income	\$80,000	\$150,000
SMSF Cost to hold per week	\$174	\$53



Chermside, QLD - From \$315,000

A mix of 65 superbly designed 1, 2 & 3 bedroom apartments just 9km from the city, 3-minute walk to Westfield Chermside Shopping Centre, Birch Carroll & Coyle cinemas and the popular street cafe and pub precinct. Interior design by Haward & Brown. Ground floor commercial premises. Lift facilities to all levels and lap pool.

In your own name or trust		
Current Income	\$80,000	\$150,000
Your Weekly cost to hold	\$177	\$127
In your SMSF - Funds needed - \$114,000		
Combined Member Income	\$80,000	\$150,000
SMSF Cost to hold per week	\$75	\$46+



Sunora, Parklea, NSW - From \$349,000

Comprising of 98 contemporary design townhomes including outdoor terraces or courtyards with gated security, Stone benches, Air-conditioning, Swimming pool, Gymnasium, tennis court, landscaped grounds and BBQ Facilities. Within moments of: M7 Motorway, Parklea Markets, Castle Hill Shopping Centre, Norwest Business Park.

In your own name or trust		
Current Income	\$80,000	\$150,000
Your Weekly cost to hold	\$199	\$134
In your SMSF - Funds needed - \$138,000		
Combined Member Income	\$80,000	\$150,000
SMSF Cost to hold per week	\$121	\$0



Regentville, Penrith, NSW - From \$287,500

Limited number of 2 bedroom, 2 bath units in a complex of 24 a stones throw from Penrith Leagues. Offering tiled balconies, intercom security systems, secure garage parking, split system reverse cycle air-conditioners, stone bench tops, stainless steel gas kitchen appliances, and dryers. This development is within close proximity to homemaker centers, Nepean Hospitals and Penrith city centre which is less than 5 minutes away.

In your own name or trust		
Current Income	\$80,000	\$150,000
Your Weekly cost to hold	\$134	\$86
In your SMSF - Funds needed - \$107,000		
Combined Member Income	\$80,000	\$150,000
SMSF Cost to hold per week	\$58	\$63+

* Cost to hold does not include costs of running your SMSF. **Disclaimer:** Assumptions in the Cost to hold table - 8.7% Interest, Various Rent, Various Property Costs, Stamp Duty, combined or single income with tax deductions applied to highest income earner. Assumptions in the SMSF tables - 9.65% Interest, 70% LVR, Various Rent, 1% Property Costs, Stamp Duty, Combined Income of up to 4 SMSF members & approx SMSF Establishment costs of \$6,000. Individual circumstances vary & other assumptions apply, these tables are provided as a guide only. Call us for full, personalised analysis. We do not hold an Australian Financial Services Licence (AFSL), we have not compared a SMSF with other superannuation structures, which are considered to be financial products. You should consider taking advice from the holder of an AFSL before making a decision about your superannuation. All interested parties should make and rely upon their own inquiries in order to determine whether or not this information is, in fact, accurate and suitable for their specific circumstances.