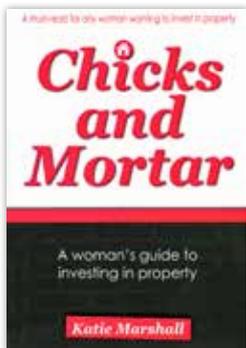


BOOK OF THE MONTH



CHICKS AND MORTAR: A Woman's Guide to Investing in Property

Katie Marshall

CHICKSANDMORTAR.COM.AU

RRP \$24.95

Author Katie Marshall founded Chicks and Mortar, a hub where women can connect with each other, share stories and learn about property, in 2009. This is her first book, and it's intended to give women the confidence to start investing or to make better investments with new knowledge.

From speaking to hundreds of women about their financial future, Marshall has found recurring issues: they are not clear about what they want to achieve; they don't know where to start; they are often overwhelmed by all the information; they lack confidence; they feel financial security is just too big a goal to achieve.

Marshall discusses all these issues over 13 chapters, starting with the benefits of investing in property, making a plan, seeking finance, managing a portfolio, reviewing goals and dealing with the tough times. EMI BERRY

Ten readers can win a copy

In 25 words or fewer, tell us how this book will help improve your financial situation. Send entries to Book of the Month, Money, GPO Box 4088, Sydney, NSW 2001 or email money@bauer-media.com.au. Include your name and postal address. Entries close March 4, 2015.

THE BUZZ

Heroes, not villains

Whistleblower Jeff Morris maintains that employees can play a vital role in exposing misbehaviour

The Australian Securities and Investments Commission (ASIC) has recently said that due to budget cuts it will rely more on whistleblowers in the future. As possibly its best-known whistleblower, I couldn't recommend it: ASIC was utterly incompetent in the way it misused my information and left me completely alone to deal with the fallout.

Feet of clay can perhaps be expected from the regulator but what of the fleet-footed private sector? I would argue that an active policy of encouraging internal whistleblowing is clearly in any corporation's best interest: the old adage of a stitch in time saves nine.

It is probably not widely appreciated that I was an internal whistleblower to Commonwealth Bank as well as an external whistleblower to ASIC. On June 4, 2009, I placed in the hands of the responsible senior executives of CBA all the information they needed to act on the rogue planner Don Nguyen and the managers covering up for him.

I pursued the internal route because by then ASIC had done nothing with the information we had sent it eight months earlier. The key point to note here is that had the senior management of

CBA acted decisively at this point, in June 2009, all of the subsequent brand damage for CBA could have been avoided.

However, aside from Nguyen resigning under pressure, nothing changed until after the whistleblower's visit to ASIC to demand action nine months later, in February 2010. ASIC then fumbled the ball until a Senate inquiry exposed its incompetence and CBA's cover-up and the latter was forced into a humiliating apology and compensation scheme for victims.

The problem seems to be a mentality that regards whistleblowers as an enemy rather than as an essential component of corporate governance. The fact that CBA is now compensating for its rogue planners' actions dating back to 2003 strongly suggests that whistleblowers are the last line of defence when all other checks and balances fail. Furthermore, whistleblowers are most likely only bringing to light problems that will blow up at some point and providing an opportunity to nip them in the bud.

JEFF MORRIS IS THE WHISTLEBLOWER TO THE CORPORATE REGULATOR ASIC ABOUT FINANCIAL PLANNER DON NGUYEN AND COMMONWEALTH FINANCIAL PLANNING.

THE BURNING QUESTION

Should you pay for an extended warranty?



Matt Levey

Choice's director of campaigns and communications

Extended warranties are a major source of consumer confusion. Whether you are buying electronics, whitegoods or cars, retailers and manufacturers will often try to sell you an extended warranty and make various claims about coverage. But knowing some basic consumer rights can avoid these additional costs.

Under Australian consumer law, shoppers have a right to a refund, repair or replacement from the retailer for a "reasonable" time after purchase. These rights work alongside a man-

ufacturer's basic warranty, which might last for 12 or 24 months.

For an extended warranty to have any value, it will go beyond these rights and promises. For example, it might have extended customer support, allowing you to borrow a replacement product while yours is being repaired or covering you for accidental damage.

Read the terms and conditions to ensure the extended warranty gives you rights over and above your rights under consumer law. Ask the salesperson to explain exactly what extra benefits you will get. They are required to tell you. You should also think about how expensive the extended warranty is, compared with the price of the product, and consider how long the product will last before being superseded.



FREE MONEY

Health card changes

I'm planning a short overseas holiday – will my Commonwealth Seniors Health Card be cancelled?

People who hold a CSHC will now be able to spend up to 19 weeks overseas before their card is cancelled. There are no limits on the number of times you can travel as a CSHC holder but each absence must be less than 19 weeks to retain the card. CSHC holders will also retain entitlement to the seniors supplement and energy supplement for the maximum portability period of six weeks from departure.

CSHC holders who are travelling overseas for more than about six weeks are advised contact the department to chat about their plans.

New rules were also introduced on January 1 for students, Australian apprentices receiving Youth Allowance, Austudy or ABSTUDY and people who receive the disability support pension who travel overseas. I strongly encourage anyone who relies on a Centrelink payment to do their homework before booking flights or accommodation. Visit humanservices.gov.au/paymentsoverseas.

HANK JONGEN, GENERAL MANAGER, DEPARTMENT OF HUMAN SERVICES

THE BOTTOM LINE

International ETFs make diversification easy

The hot investment for financial planners and investors at present is a multi-country international fund, according to the latest survey of financial advisers by Investment Trends. It found 70% of planners intend to use them in the next 12 months, up from 62% in 2013 and 49% in 2012.

Interest in single-region global investments has waned, with only 28% of planners saying they intend to use US-specific funds in the next 12 months, down from the six-year high of 40% in 2013.

"The US is no longer as hot a destination as it used to be for financial planners," says Investment Trends' senior analyst Recep Peker. "Considering the significant gains achieved by the Dow over the past few years, it's natural

for some to feel it's near a peak and seek to diversify their exposure."

Two funds from Vanguard, Money's best exchange traded fund (ETF) provider for 2015, will suit these investors perfectly. The MSCI Index International Shares ETF comes in two versions: one is hedged (ASX: VGAD) while the other is unhedged (VGS).

Both track the MSCI World ex-Australia Index in \$A (with net dividends reinvested), which covers around 1500 securities in 22 developed sharemarkets. With expense ratios of 0.18%pa (unhedged) and 0.21%pa (hedged), these funds are among the lowest-cost, locally managed international equity products on the market. Both are administered in Australia. SUSAN HELY

MONEY VERDICT

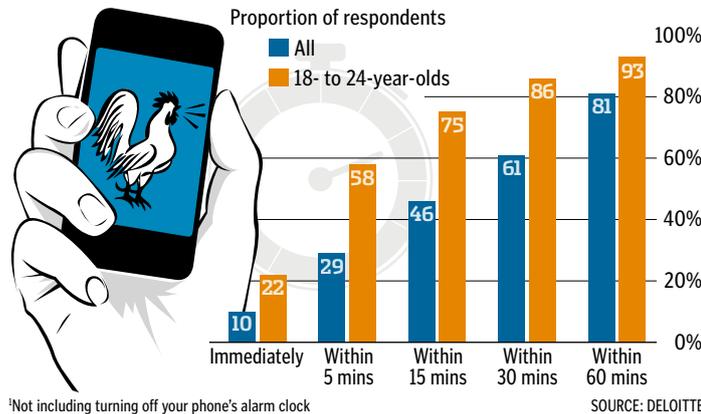
Both these easy-to-access international ETFs give you bucket-loads of diversification. Fees are low because Vanguard is a mutual company that passes all profits to its investors rather than having to reward shareholders. If you are nervous about currency movements, the hedged version manages the risks for just 0.03% extra (a total fee of 0.21%). Because the funds are administered in Australia, there is no need to fill out a W-8BEN tax form for the US.

HOW CONNECTED ARE YOU?

Australia is one of the leaders (sixth) in smartphone adoption, reports Deloitte's inaugural survey of 2000 Australian mobile users, part of a global study of 37,000 users across 22 countries. It says smartphone penetration is higher here than in the UK and US. Apple and Samsung are the dominant providers; iPhone is preferred by those 45 and younger, Android by baby boomers. Our use of mobile payment apps is at "a considerably earlier stage" than that of mobile banking apps.

LINDSEY LEATHART

How long is the interval between when you wake up and when you look at your smartphone for the first time?¹



APP OF THE MONTH

1Password
Cost: Free. OS: iOS, Android, Windows.



With so many passwords for different devices and accounts,

it's handy to have somewhere secure to store them. 1Password is an easy-to-use encrypted digital wallet that not only stores passwords but also allows you to visit sensitive websites (such as your bank) in the privacy of 1Password's built-in browser.

Information entered in the app is protected by a master password. If you forget it, the app provides a hint.

Security features include: authenticated AES 256-bit encryption; auto-lock protects your vault if your device is lost or stolen; Touch ID allows quick, secure access; password generator creates strong, unique passwords for every site and syncs securely with other iOS devices, as well as 1Password for Mac, PC, and more.

1Password receives a five-star rating for the current version on iTunes and a 4.3-star rating on Android Apps.

EMI BERRY

WHAT'S NEW

Bushfire victims can apply for grant
 Support also available from banks

If you or any family members were adversely affected by the bushfires in South Australia earlier this year you may be entitled to the Australian Government disaster recovery payment (AGDRP). It is available for those who live in Adelaide Hills, Barossa, Playford and Tea Tree Gully. If you're eligible you will receive \$1000 for each adult and \$400 for each child under 16. You have until July 6 to submit a claim. Visit humanservices.gov.au or call 180 22 66 for more details.

Your financial institution might also be able to offer some assistance. Steven Münchenberg, chief executive of the Australian Bankers' Association, says affected households and businesses should contact their bank as soon as possible to find out what support is available to help with the recovery. Options include:

- Deferring home loan repayments;
- Offering credit card holders an emergency credit limit increase;
- Waiving interest rate penalties if term deposits are drawn early;
- Waiving fees to restructure business loans; or
- Deferring repayments on equipment finance facilities.

Contact your bank and ask to be put through to the department that deals with financial hardship.

Fingerprint sign-in

Sick of trying to remember passwords? Westpac Live, which won a gong for Best Innovative Online Banking Services in *Money's* Best of the Best awards, now gives customers the option to use a fingerprint sensor to securely sign in to the platform. Known as Touch ID, it is available to customers with an iPhone 5S, iPhone 6, iPhone 6 Plus or Android Samsung Galaxy S5 and Note 4.

'Unconstrained' strategy

Global fund manager Standard Life Investments has launched an international share fund called Global Equity Unconstrained SICAV. The fund's "unconstrained" investment strategy means that the main aim is to take advantage of opportunities as the investment team sees fit. Standard Life points out that the fund is for investors who are prepared to take on a fair amount of stock-specific risk. It is managed from Standard Life's offices in Boston and Edinburgh.

TAX TIP

Homes are exempt
 Check six-month rule

It is generally accepted that an exemption to capital gains tax (CGT) applies to the disposal of the family home, or "main residence". This means that in most cases you won't pay tax on any profit when you sell it. Typically the exemption usually applies for only one home at any given time.

But there is a rule in the tax law that allows for a taxpayer to have two main residences and still maintain that CGT-free status for both for a temporary period. The "six-month rule" states that two properties can be claimed as a main residence at the same time when a taxpayer acquires a dwelling that becomes their new main residence before they dispose of the original dwelling.

This is a sensible allowance that recognises that sometimes you may not have sold your old residence by the time you move into your new one. Selling the old house may take longer than six months but the CGT exemption only holds for that long.

This concessional treatment is available up to the earlier of: six months after taking ownership of the new house or when you dispose of the old house.

There are a couple of conditions attached, though: the old house must have been your main residence for at least three months (as a continuous period) in the 12 months before disposal; and, if it was not your main residence for any part of those 12 months, it can't have been used for income-producing purposes (ie, it can't have been rented out) at all during that non-main-residence time.

MARK CHAPMAN, TAXATION PRODUCTS AND SERVICES HEAD, TAXPAYERS AUST