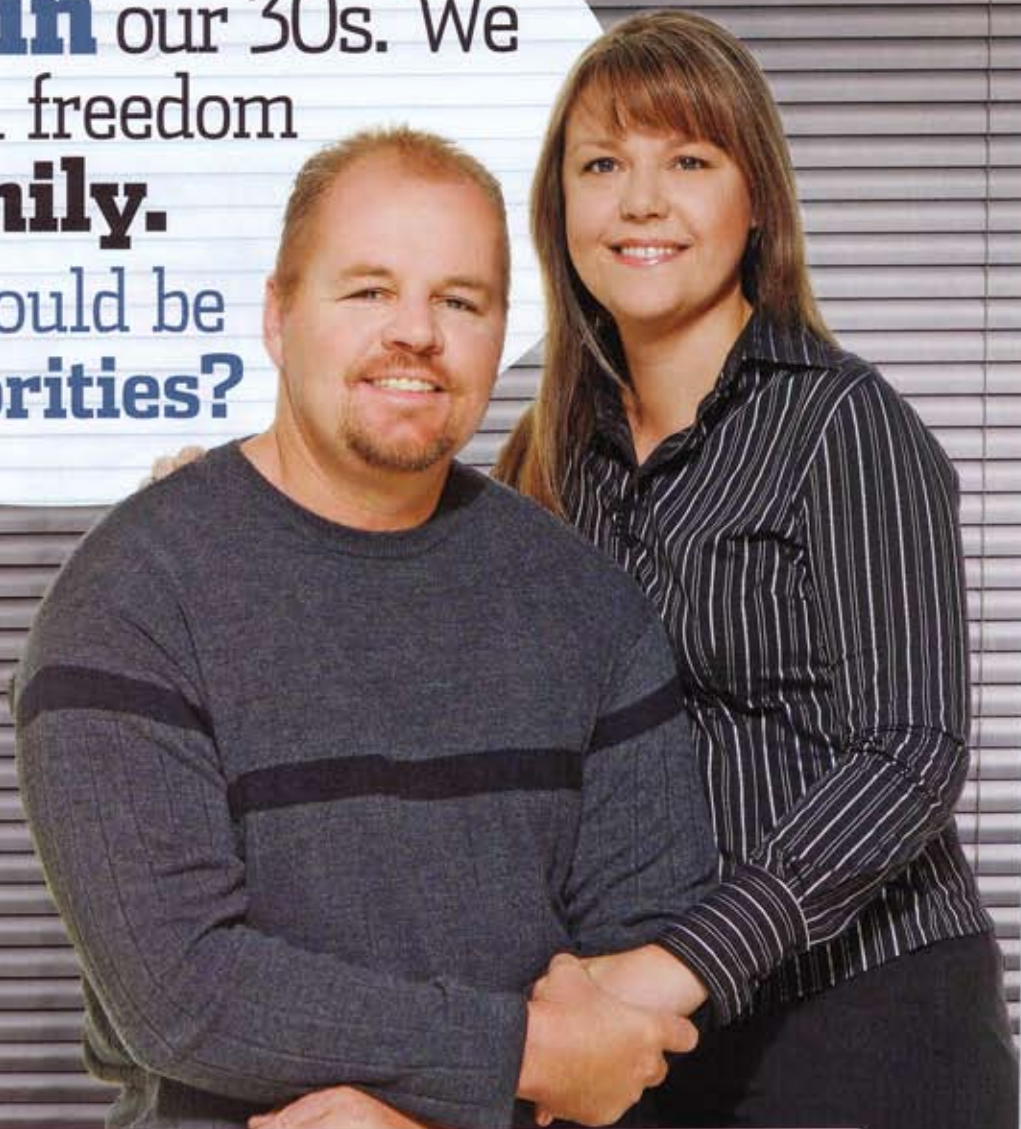


ask the experts

**We are in** our 30s. We want financial freedom **and a family.**

What should be our **priorities?**



## Peter and Teresa

Three experts in their individual fields advise one of our readers with a money dilemma

**AGE 39 & 34 LIVE IN** Gold Coast  
**JOBS** Civil construction & administration officer  
**COMBINED INCOME** About \$85,000 split equally

**P**eter and Teresa are travelling well but they want to set themselves up to have the freedom to choose their jobs and how they live their lives.

They love living in Queensland so travel is not on the agenda, but they plan to have children and know they should start their family sooner rather than later. Both are studying to improve their career prospects. Teresa is hoping a degree in business

with majors in Human Resources and Accounting will allow her to work part-time from home and care for her family. Peter is studying Civil Construction through his employer.

As well as paying off their Gold Coast home (value \$380,000, debt \$185,000) they have an investment property in Bundaberg (\$250,000, debt \$212,000) which is leased to the former owners so is hassle free. They have private health insurance but no income protection insurance.

"We're tossing up so many options it's just not funny," Teresa says. "Do we pay off our home first and climb

the job ladder? Do we have children and I go on maternity leave? [Teresa is not entitled to paid maternity leave] Should I work part-time and finish my degree as quickly as possible? Or based on the market price, should we sell our home in Southport and be mortgage free in Bundaberg?"

This would allow Teresa to study full-time and fast-track her degree and for Peter to create new opportunities in a booming construction industry in the region.

*Ask the Experts* contains general information only and should not be relied on as a substitute for financial or other professional advice.

MACHINE SHOWN

## Start your family first

### ALAN SIMPSON

**COMPANY** Hudson  
**TITLE** National practice manager, career management

Hudson is a division of Hudson Highland Group Inc, one of the world's leading professional staffing, executive search and human capital solution providers.

Starting with some basic assumptions, the first is that Teresa's short-term income potential will be affected by her intention to start a family. The second is that Peter will work full-time through the period that Teresa's income is reduced.

Given their ages, I believe they should take a long-term view of their careers. Both should continue their studies as this is the best way to increase their incomes and provide the choice of employment that will give them the greatest flexibility to work part-time or as consultants in the future.

I would put the highest priority on starting their family as you cannot retrain for that later

## Make the move to reduce risk

### DAMIAN CULLEN

**COMPANY** Cullen Financial Planning  
**TITLE** Managing director

Damian, a certified financial planner, runs his own firm, a boutique practice at Concord in Sydney. He is a regular commentator on all things financial both on TV and in the print media.

Your question is as much about lifestyle choices as it is about finance. If you are considering a move to Bundaberg you have to be confident you will enjoy living there and that employment will be available. If all adds up it makes sense to move as your housing cost is considerably cheaper.

If you sell your Southport property there will be no Capital Gains Tax to pay as it is your home, and you will be able to almost fully pay off the loan on the Bundaberg property. Your debts should be fully paid off by the time you start a family, even if you decide to do this immediately.



in life. That will help Teresa decide how much she wishes to work and whether she can fit in study as well.

This will leave Peter to pay off their house and continue to develop his career. The sooner Teresa starts the family, the sooner she will be able to return to her career and contribute to the wealth creation strategy.

Within three to five years both will still be highly employable and with high potential for promotion. Their wealth will have increased due to the capital growth of their properties and they can make appropriate long-term decisions about their careers and lifestyle.



This will also give you the flexibility to study full-time if you choose to, or you can keep working so that you begin to build up a nest egg, which will be much harder to achieve once the kids arrive.

You also need to look at your insurance levels. For young parents in your position, life insurance is crucial. Income protection is also a must, particularly for the higher income earner. Without these insurances, the family is constantly in danger of permanent financial hardship.

## Improve your cash flow

### SAM HENDERSON

**COMPANY** Henderson Maxwell  
**Investment**  
**TITLE** Managing director & principal

Sam is a retirement planning expert and speaks at seminars and expos around the country. He is a regular Centrelink seminar presenter in the Sydney metropolitan area.

"Cash is king" so let's get your cash flowing! Get a depreciation schedule on the investment property and switch to an interest-only loan (invest property only). Protect your best asset - your ability to earn money - and get income protection insurance, at the very least for Peter. It's tax deductible so it's like getting a 30% discount on your current wage.

Your home loan is not tax deductible so put every bit of spare cash into an offset account or line of credit and don't buy depreciating assets such as consumer goods. Get rid of all credit cards.

Study via correspondence and retain your earning ability, if you can handle the huge commitment. I don't envy anybody trying to study, bring up kids and work full-time - it's hardly an existence! Don't worry about finishing your degree quickly, your employer will see and appreciate your commitment. Believe me, I've been there - you'll burn yourself out.

Money isn't everything so have kids because your body clock is ticking, not because it makes financial sense. Kids never make financial sense, but they will give you love and challenges you could never imagine. Now stop asking yourself questions, go and live the life you want.

