

STANDING ON SOLID GROUND

Many business owners do not invest in property but should. They simply do not realise it can be possible to use company money to ensure their future.

Although more business owners have found a love for investing in order to fund their retirement, be it property or otherwise, many do not have much of a plan in place for their future. Most do not even consider contributing to their superannuation voluntarily.

While some understand the necessity of financial security and planning for retirement beyond their business, it is surprising how few actually take concrete steps toward securing their future. A common reason they offer is that they leave that sort of thing to their accountants or financial advisers. But, digging a little deeper, the two foremost reasons that can hold them back are lack of investment know-how, and the fear of making costly mistakes.

These reasons are valid. However, when it comes to creating a secure future, the reality is that you need to have a plan beyond your business ownership. Investing will create wealth from your income more than your business alone or savings ever will, and establishing a solid

financial foundation for yourself and your family is your job. In other words, relying on your accountant or financial adviser to be proactive around your financial future is not a plan.

As we grow older, many of us realise our financial position may not look that good when it comes to retirement. This often has to do with the fact that most business owners do not make regular contributions to their own superannuation or are too busy to plan ahead.

NO STRATEGIES

Commonly citing "my business is my retirement", as well as the trend of working mainly "in" their business and not "on" it, they often do not have succession or exit strategies, let alone investments.

For many, their businesses are more like a glorified job that keeps them working long hours with little room to look beyond daily concerns, BAS statements, tax bills and wages. Often times, they pay themselves last with the realisation dawning that their business is not necessarily

representing the retirement security nor freedom they had envisioned. Most smaller business owners actually work longer hours than if they were employed, sometimes earning even less and gaining little in terms of savings as well.

While the business they are growing might represent an asset that can be sold, managed or otherwise capitalised on, they should be directing income toward additional asset creation. Property investing has long been a mainstay when it comes to wealth creation for retirement, and should be part of any investment portfolio.

Done well, investing needs little of your own (or your business') money to benefit from time "in the market" for capital gains. This means that with as little as five to 10 per cent deposit you can buy an investment property compared to other investments where full funding is needed, such as with shares.

And, with the lowest interest rates in more than 40 years, there is probably no better time to embrace property investing. Australia's



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some future planning and investing now they may have to face longer working years than they expect.

Sadly, financial literacy and investing know-how is not taught in schools, and most business owners focus on skills in the areas of product, service, administration and day-to-day running of their business. This leaves little scope for them to build up know-how of investing, only to realise – all too often when it is too late – they should have created an investment portfolio sooner.

Becoming more financially savvy and learning investment acumen and how to use their income better, outside of their business, cannot be recommended enough. By identifying our own “money story” (the beliefs we hold about money and investing that are often created in our early years), we can understand what holds us back and and, therefore, move beyond the limitations many business owners face when it comes to investing.

All the time I hear business owners say that if they had spare money they would invest it back into the business. While that might be so, when we look at unnecessary financial leakage (personal or business) it is surprising just how much spare cash can be redirected toward their first investment without jeopardising the business.

Property investment provides a great opportunity with low own-money input and is more like a forced savings program for retirement. It needs little managing once set up, yet it can create assets and capital growth independent of their business. When investing is considered as the “business owners’ superannuation”, it becomes more of a necessity than a choice. Happy investing. ■

ongoing housing shortage and strong rental demand, fuelled by an annual population growth rate of more than 300,000, further cements property as a sound investment strategy.

CONSTANT SURPRISE

It constantly surprises me how many business people do not plan further ahead for themselves. They may have a business plan, but lack a wealth-creation or investment plan. Although most run their business as a means to wealth creation, many do not see the results they seek. However, those who do have a plan, be it in business or for wealth creation, are the ones who do better.

At times it is shocking that owners with great businesses and good income do not take the property investing route, leaving them too often with little to show for their hard-earned money. As well as that, they often face too high a tax bill.

We need only look at Warren Buffet with his countless properties, or the fast-food chain McDonald’s, which does not make its money on burgers but owns top locations in just about every city and town around the world with a solid business tenant in place. Many business people who have created considerable wealth have done so by using their business incomes to invest in property.

While the lack of property and investing know-how, as well as the fear of making costly mistakes, may prevent many business owners from investing, it does not alleviate the need for them to create a solid

financial foundation for themselves and their families. Whether or not they plan to sell the business one day, pass it on to their children or keep it for life, using business income for asset creation simply makes good sense.

“While the crop is good, reap the harvest yet plant more seeds,” goes the saying, and while we may aspire to be like the big leaders in business, we tend to overlook that many of the successful entrepreneurs we read about have created their wealth through diversified investing, not just by working in or on their business.

CREATING PORTFOLIOS

As a business owner myself, having worked with business owners who have had to learn the hard way, I have made it my mission to educate, mentor and coach business owners through the maze of property investment. Working long term with clients to develop investment strategies, I help them create portfolios that suit their individual circumstances, be it tax reduction, owning their own premises, asset creation, or creating extra income.

With the retirement age climbing and only a small percentage of people retiring without having to rely on the government pension, it ought to drive it home to business owners that despite them having good years now, they will need to create retirement security. Despite loving their business, no-one is immune to the toll of the years nor the anticipated retirement age. Many may not mind doing it for years to come, but unless they do