

Geared for Finance

Borrowing to invest could help you to build financial independence.

Finance can be confusing to those of us not in the know, so start thinking clearly with an ES & A investment gearing seminar that will be held in April to celebrate the company's 21st year of business.

Ellen Schafer, owner of family-run business, Ellen Schafer & Associates (ES&A), says that a wide variety of people have come to see her for financial advice during her 21 years in the financial services business but she has never ceased to derive a great deal of pleasure from assisting ordinary people to maximise their financial potential. When asked to give an example of the sort of advice she might give to a client Ellen outlined a recent visit she had from a married couple who realised they had fallen behind in their wealth accumulation plans.

The couple had surplus income they

borrow up to \$1 million and immediately invest that into their chosen investments (with no change to their comparative cash flow position). Based on conservative assumptions and not including their super, the 'no gearing strategy' would result in the couple accumulating \$516,000 in 15 year's time.

Ellen explains that a 'full gearing strategy' would harvest \$1,392,000 over the same period after paying back the loan and attendant taxes. "Of course the couple could choose to employ a combination of both strategies if that better suited their situation" Ellen says.

Ellen believes investment gearing is not a strategy everybody should use. "It (investment gearing) carries additional risks and there are many pitfalls for the unwary," she warns. "Nonetheless, when implemented properly, the strategy can

"We explain how gearing works... and how to avoid the pitfalls."

wanted to invest for the long term. "We explained that given their situation, a significant portion of that income should be invested tax effectively into superannuation," Ellen says.

She also explained to the couple that the balance of \$15,000 pa (indexed) could be invested into chosen investments each year or they could

result in substantial improvements to your financial well being."

On Wednesday 5 April 6.30pm ES&A is holding a free seminar in Buderim for those Sunshine Coasters eager to improve their financial knowledge and situation. The seminar will help students of finance to decide if investment gearing will suit their needs.



It is a free seminar on how borrowing to invest can help to build financial independence. "We explain how gearing works, its pros and cons and how to avoid the pitfalls," Ellen says.

The seminar covers a variety of financial concepts including: how gearing works and how to reduce the risks; which of the investment loans (margin, home equity or protected) will best suit your situation; how to gear tax effectively and solve asset protection issues; why some gearing programs fail and how you can avoid them; how to have geared investments in super; and how to build a high performance share

portfolio and a secure and growing investment income stream.

"It is essentially an investment gearing seminar," Ellen says. "It teaches you how to prudently use borrowed money to accelerate your wealth accumulation."

To reserve your place phone 5445 6044 or visit www.esafinance.com.au. Ellen Schafer & Assoc. Pty Ltd ABN 67 072 661 548 is an authorised representative of GWM Adviser Services Limited, ABN 96 002 071 749, an Australian financial services licensee with its registered office at 105-153 Miller Street North Sydney NSW 2060.