

THE ARMCHAIR GUIDE TO PROPERTY INVESTING



How to
retire on
\$2,000
a week



Ben Kingsley and Bryce Holdaway

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\$2,000 a week



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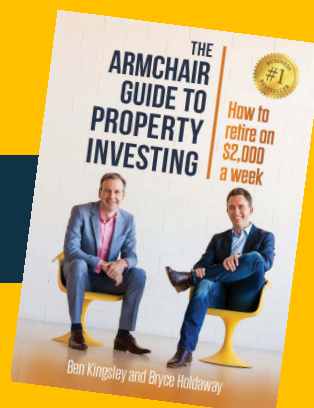
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Dedications

To my mum and dad who showed me the world, taught me the benefits of hard work and who gave me a wonderful moral compass and desire for helping others

To my wife, Jane, who supports me unconditionally and allows me the time to follow my passions, whilst being the best mother ever to our two beautiful boys – Jack and Harry.

I love you all,

BEN

To my wonderful parents, Graham and Christine, thank you for instilling in me a sense of the importance of family, hard work and empathy for others, while offering me opportunities in life that you both worked so hard to afford me.

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BEN & BRYCE

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PREFACE: THE TRUTH WILL SET YOU FREE

Do you often find yourself daydreaming about how great life would be if you had enough money to do what you wanted to do? Where you wouldn't have to worry about what was in the bank and whether it would be enough for now and for your future needs? And, finally, you didn't have to actively go to work anymore to generate an income?

Have you ever allowed yourself to dream of having free time to take those regular overseas holidays each year, spend more time connecting with family and friends, or being in a financial position to give your kids the best education and learning opportunities? Or what about being able to afford the best health care if things don't go as planned, pursuing your hobbies with passion and time, or simply spending your retirement without a worry in the world?

Taking that concept a little further, imagine having \$2,000 a week to spend for life! And guess what – the kicker is that it should only require an investment of 10 hours of your time per property per year. That's right; per year, a little over a full day's work to manage each property within your property portfolio that can generate a passive income for that lifestyle you've always wanted.

You'll be able to sleep at night, rest easy and be safe in the knowledge that you can enjoy what you've worked for over your whole life. Let's put it another way – in today's money \$2,000 a week is the equivalent of living off \$104,000 each year, which would also put you in one of the highest brackets of retirement earnings in the country.

Sounds fantastic, doesn't it?

However, the Australian landscape currently paints a very different story of how our wealth is shaping up. Each year, more and more reports are released suggesting very few of us will have enough savings, superannuation and investments to comfortably retire on. Many will be forced to work longer in order to fund their retirement. It's really concerning and a fairly bleak picture, which is capitalised on by all forms of advertisements keen to get you to start acting more now in order to do less in the future.

How are these for some scary statistics: 20 per cent of our population own over 60 per cent of our private wealth and sadly the bottom 20 per cent of our population only own just 1 per cent of Australia's private wealth. The top 20 per cent control over 40 per cent of all income and the lowest earn just 7 per cent. It's very clear that the vast majority of Australians have no real idea about money, finance and investing. Their financial literacy and understanding is below where it needs to be. Those who are in the top 20 per cent are people who have mastered the concepts, theory, mindset, resources and overall knowledge of money, finance and investing. We'd also bet they have had and continue to have sound professional advisers guiding them and helping them plan, manage and take calculated risks to add to their wealth.

Unfortunately, making your money work harder for you and creating

wealth is not easy; if it were, everyone would be rich and we'd all be laughing on the way to the bank. Yet wealth creation is a massive global industry. Today, thousands of spruikers, so-called 'educators or coaches', advertise get-rich-quick programs, offering 'secret formulas' or the 'one strategy that really works' to vulnerable and uneducated subscribers who happily fork out cash and expect instant life-changing results. Then there are the countless ways to control money, access finance, invest and implement different investment strategies, each covered off in the thousands of books that have been written over time.

Creating personal wealth through property investing is a multi-billion-dollar industry, but sadly, there is a lack of independent property advice and quality research that supports some investment decisions. These get-rich-quick schemes might sound great on stage at the promoters' seminars or in their slick video productions but on closer investigation they reveal massive shortcomings.

The most obvious shortcomings relate to them presenting and 'pushing' a strategy that doesn't take into account your own personal financial situation, your risk profile to investing, your investment and retirement timeframes. There is nothing offering a complete solution tailored to you and your circumstances. It's just 'cookie cutting' – these off-the-shelf sales pitches are far more likely to result in these spruikers getting rich than you! Think of it like this, the guys selling the mining tools generally end up making more money than those actually doing the mining. Don't even get us started on how they 'gloss over' all the detail that goes into investing in property.

Our motivation for writing this book is not one of documenting our own personal success as property investors, as many of these

self-help style books do. Instead, our motivation stems from trying to stop individuals from getting fooled by these smooth-talking, well-scripted spruikers, by showing you how it's done when you work with true, qualified professional advisers, who choose this as a career.

Our 'armchair' approach is all about presenting the real facts, figures, theories, risks and strategies in a proven framework and process that's easy to read, easy to understand and, hopefully, even easier to implement into your life – just as if you were having a professional consultation with us.

We strongly believe that 'the truth will set you free'. We will dispel the myths, shut down the spruikers and demonstrate to you our fundamental philosophy – that every Australian can improve their financial position.

For us, it all boils down to quality and balanced information – the good, the bad and the ugly – because if you have the right tools, process and knowledge, you will be better prepared to make informed and calculated decisions. These decisions aren't based on hype or fear, or a one-size-fits-all approach. Our view is simply that without sound knowledge and a proven professional approach, you're flying blind.

We will cut through the noise in the money and wealth creation space by addressing the fundamental principles – foundation, theory and action – which we all should learn and fully understand. Your understanding of and competency in this information is the knowledge that should propel you on your journey to a vastly improved financial position over the long term. With the right education, you'll be able to much more effectively carve out a holistic, tailor-made solution to suit yours and your family's needs.

As qualified and experienced professionals in our fields, we know there are complex variables, assumptions and investment parameters which can be overwhelming for most just starting out. Yet in writing this book, we have adopted the ‘KISS’ (keep it simple, stupid) approach to keep it as easy as possible to understand. Just imagine that we’re all having a chat over a coffee at your place, presenting some ideas and giving you our two-cents worth of what’s worked for us and our clients that can just as equally work for you. If our hundreds of clients can understand it and benefit from it, then hopefully you can too!

Finally, before you start this book and your potential new pathway to improved wealth, we want to congratulate you for allocating time out of your busy life to invest in yourself and your potential to be what you want to be. We hope this book contributes in a positive way to your journey of discovery and eventual fulfilment.

BEN & BRYCE

Melbourne, 2016

THE AUTHORS' STORIES



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CEO & Founder, Empower Wealth

Co-host of The Property Couch podcast

Chair, Property Investment Professionals of Australia (PIPA)

Qualified Property Investor Adviser (QPIA)

Diploma of Finance and Mortgage Broking Management

Diploma of Business

Property Investment Analyst

Buyers' Agent – Licensed Real Estate Agent (VIC, NSW, QLD & SA)

My story's not one of those rags-to-riches clichés that you read about. You know the ones – I was down to my last \$10 or I was working as a 'shelf-stacker' before I made my millions. Personally, I had 'no down on my luck' story before I made it big! My journey has taught me more about working smarter, not harder.

I was born in Melbourne and grew up in the early 1970s in the

northern suburb of Bundoora – pretty much a middle/working class area on the city fringe back then. I grew up in a great neighbourhood with lots of other kids who played footy, basketball and cricket in the large court where our house was situated.

From the age of about 13, I realised my cup of tea was commerce. My dad was an aircraft engineer with Ansett and he was the treasurer of the Ansett basketball club. For most of my youth there were plenty of fundraisers held at our house (the unofficial clubrooms), after which, the next day, I remember helping dad count the money raised, record the figures in his ledger book and then finally take the money to the bank. I also remember my dad investing in shares and doing anything that would help our family create and build on our wealth base. As a result, it was logical that I was more attracted to commerce studies, such as accounting, economics and maths, than science or languages. So much was this the case that some of my classmates in my late high school years even referred to me as Alex P. Keating from ‘Family Ties’ (the US sitcom of the day) because of my outspoken interest in business, money and wealth-building!

I started investing in shares with my dad’s help when I was 15 years old. The share market crash of 1987 came one year later, which taught me that not every investment is a winner every time. But it didn’t totally deter me from the share market, as I still thought I could make more money on shares than putting the money in the bank over a five-year period. As it turned out, I was right when my share investments provided a better return. I sold them when I was 23 to help buy my first property in late 1994.

My first mistake

At 23, I knew very little about residential property. I knew that buying my own house had far more to do with having my own freedom and space than with investing. In my naivety, I did what most first-timers do – I bought a property in the same suburb I grew up in, Bundoora. In fact, it was actually across the road in the same court where my folks lived. So much for freedom and my own space, but the odd free meal and use of the old man's lawn mower and mum's willingness to do the occasional load of washing was very handy indeed!

This first property grew at a rate of over 5 per cent p.a. over the next six years, so technically I wasn't really making any great gains out of it. In the meantime, I had moved interstate to pursue a career in the tourism industry. Having grown up with a dad working in the airline industry, we enjoyed the benefits of cheap flights and from this my other passion of travel was born. Being able to combine a business career with travel was perfect for me at that time.

My second mistake

In 2000, I met an accountant who I had been referred to, in Sydney. He advised me to sell my Melbourne property (in October 2000) and buy a property in the Sydney market instead. He said the property in Melbourne was now cash flow positive and I was paying too much tax. As this particular tax professional had several investment properties himself, I thought he knew what he was doing, so I took his advice and sold the property.

That was my second dumb mistake. I took this accountant's tax-saving advice rather than getting more holistic advice that incorpo-

rated my overall wealth-building perspective. With the benefit of hindsight, and now given my own professional qualifications, I realised he didn't think outside of the tax box to see other possible ways to achieve a superior wealth outcome. A better solution would have been to hold on to the Melbourne property, renovate the kitchen and bathroom, then release the increased equity to enable me to secure a second property in the Sydney market.

To date, that decision to sell the Bundoora property has cost me more than \$365,000 in lost wealth. By the time I retire at the age of 50, (I'm 44 now) it will be more like \$500,000 and counting. So you can see why I want to prevent others from making these types of mistakes – hundreds of thousands of dollars lost!

Using the cash from the Melbourne home sale, I spent the next six months doing on-the-ground research before securing a property in Sydney. I was far better researched this time, spending hundreds of hours attending open houses (about 20 each weekend), auctions, reading books, magazines, local newspapers, recording sales (remember this was the early days of the internet with limited access to property data), as well as attending seminars and expos. Jane (my future wife) and I bought a single-fronted, semi-detached property in Alexandria – about 4 km from Sydney's CBD. We bought it for \$395,000 in March 2001. Straightaway, it was a winner and within two years it was valued at over \$550,000. At the time of publishing this book, it's valued at over \$1 million.

The next phase in my journey

I had a great career in tourism, working my way up to national sales manager for Australia and New Zealand for Hamilton Island Resort

and then national sales and marketing manager for Australia and New Zealand for Voyages Hotels and Resorts – namely Ayers Rock Resort and others. Given that I'd worked for the two biggest resorts in Australia, I had a decision to make; take my career overseas to work in other large, integrated resorts or look for a new career opportunity. (I didn't want to just work in a nice hotel – boring!) I was now engaged to Jane and my work involved spending a lot of time travelling. There wouldn't be a fortnight when I wasn't spending some time on a plane away from Jane.

We decided it was time to move back to Melbourne as we were about to get married. By this stage in my life, I knew the things I was passionate about – property investing, money, wealth-building, business and engaging with people, whether it be helping others or collaborating with colleagues. I was ready to start my own business and build a property and wealth advisory practice.

It was time to hit the books and study to become the best adviser I could be. This meant acquiring a greater understanding of the finance component of property investing. So I completed my qualifications as a mortgage broker and bought a Mortgage Choice franchise. It's one thing to have a qualification, but what better way to learn the skills and gain the experience I needed to help others than to jump in at the deep end and use the resources available to me within a franchise network.

In 2007, I decided to exit Mortgage Choice and start up an independent business so I could realise my true dream of setting up a holistic property and wealth advisory company. This was the beginnings of Empower Wealth, a fully-integrated wealth advisory practice with a team of specialist advisers.

My business dream

Since opening our doors back in 2007, I have realised the first stage of my business vision. Empower Wealth has more than 20 staff and we provide specialist property investment advice, buyers agency, property research, financial planning and money management services. We service over 2,000 clients as they strive to achieve financial freedom. Nationally we are recognised as one of Australia's leading property investment advisory companies.

The second stage of my dream (that Bryce also shares) is to better educate more Australians about property investing and striving to achieve a self-funded retirement. In early 2015, we launched a free weekly podcast called 'The Property Couch'. It has become the most popular investment podcast in Australia and its only purpose is to educate listeners on smart property investing. In addition to this podcast, we have written hundreds of articles, presented to thousands of people, produced over a hundred educational videos and been interviewed by a range of TV and print media. This is all with the clear goal of better educating consumers to make smarter property investment decisions.

Along the way, Empower Wealth has been a finalist and won many awards in the residential property industry, which speaks volumes for the dedicated team of people who work with us, and their focus on giving the best advice to help households achieve financial freedom. I have also been fortunate to have won the only recognised national award for property investment advisers – the *Your Investment Property Magazine* Property Investment Adviser of the Year in 2014 and 2015.

Personally, since returning to Melbourne, Jane and I have been able

to buy several more investment properties to build up a multi-million-dollar property investment portfolio for ourselves and now our two boys. I use exactly the same principles, follow the same frameworks and processes, and build the same property investment plan myself that I do for my clients and which we showcase in this important book.

Our personal plan has the target of generating a passive income of \$160,000 a year by the time I am 50. Using the same information in this book, my wife and I have been able to execute our plan to become financially independent and buy quality investment properties that are producing great results. We are on top of our money management and we look forward to being able to have the choice of wanting to work versus having to work. Plus we will have more free time to enjoy our children and the things that interest us – especially travelling!

Why? What motivates me?

There are a few things that have motivated me in the past and new ones now that continue to motivate me to achieve a self-funded retirement.

The first couple of motivations come from my own upbringing and watching and adopting the money habits of my parents. My mum and dad worked really hard to provide for my brother and I, while also building their wealth in the same process. Like many households, striking the right balance between having money for today and putting money away for tomorrow resulted in some arguments about prioritising this money. Mum worked hard to stretch every dollar far enough to run the household, and dad focused on paying

down the mortgage sooner and continuing to build the family's wealth base.

As I said earlier, mine is not a rags-to-riches story, we certainly didn't go without, but again it's that balancing act of 'keeping up with the Joneses' and living for today, and the opportunity cost of what happens if you spend it today and don't put enough away for building wealth for tomorrow.

So my first 'Why' motivation stems from my memories of when I was in my mid to late teens and Dad and Mum were always conscious of the state of the family budget. I thought if we had more money on top of what they were both working to generate, then money would no longer be a concern. I remember telling myself when I have my own place, and one day have a family, that my aim would be to create enough wealth and passive income to ensure that there was little reason to worry about money or to keep to a strict budget.

My second 'Why' motivation comes from watching my dad work three jobs for over 30 years, while mum worked part-time and brought up two boys, so that they could be in a position to retire at the age of 55. Their effort showed me that it's possible to retire earlier if you sacrifice most of your leisure time to generate a greater income, but it came at the personal cost of having less time to spend with the family.

To their absolute credit, my parents' hard work paid off and they did retire at 55. They live a great life now and don't really want for anything. They have been retired for over 14 years and are still going strong. Seeing them have the freedom they enjoy and the fact they may have the financial stability for another 30-plus years of retirement justifies their efforts.

However, as I developed my understanding of money and investing I realised that if you invest wisely, you can potentially reduce the need to earn more income, as the money you have invested does the heavy lifting, instead of you doing it. So my second motivation was that I didn't want to have to work three jobs to make my future look bright. I wanted to learn how to invest smartly and have those investments give me the income returns and compound in value to provide me with passive income, so that I wouldn't need to work extra jobs or hours to generate that income.

To do this I needed to become knowledgeable about all things investing. That's what took me on the journey of educating myself, both on a personal and then ultimately on a professional level, to have the intelligence and tools to make smarter investment decisions.

My next 'Why' motivation has evolved from outside the family experiences. It actually stems from my exposure to a combination of things. First, as you embark on this knowledge-building journey, especially in the property investment area, you will come across property spruikers. Early in my journey I saw plenty of them at many a seminar or event, and what shocked me the most was not so much the spruikers themselves but how so many audience members 'bought' their sales pitch and were seduced into signing up.

When I became qualified in lending and property investment, and then experienced in advising households on managing their money, it hit home just how little people knew about money or investing and how easily they can be misled. They can seriously jeopardise their wealth prospects by either putting their heads in the sand, because they are taking advice from anyone other than someone formally qualified to give it, or taking the advice of a spruiker, which

has already or will cause a great amount of financial pain. Don't be fooled by those who claim to be educators or coaches but don't have any formal qualifications or who aren't willing to put their so-called investment recommendations into a formal written plan!

I absolutely love what I do now and I honestly believe that every household has the potential to improve their financial position through better money management, better planning and better investment execution. Unfortunately most households don't know how, and this is yet another 'why' reason, the desire to 'pay it forward'. Property investment has been very good to me personally and I want others to be in a position to enjoy the results of investing in property as I have done. I spend my working day doing exactly that, which for me is the best job in the world! I want to help as many people as I can to make a positive difference to their personal wealth position.

My final 'why' is all about the future. Now I have two young boys and an amazing wife, and just like every other household, I want to be in a position to provide for them. But realising I am already in a very strong financial position through the investing we have already done, I now look forward to the day when I can pass on my knowledge to my two boys, so they too will have the tools to provide for their future wellbeing and families. How does the saying go? "Catch a fish and feed a man for a day; teach him how to fish and feed him for a lifetime."

Here and now

This brings me to the present where, together with Bryce and our other business partners and the rest of the great team, we help people

everyday who are just the same as you to achieve their financial dreams. Helping others to grow and create wealth is a strong passion of mine that I have turned into a full-time business. I am very proud of what we have all achieved over the years.

This book is part of our ongoing efforts to help educate and impart knowledge to those who are interested in making a positive financial impact on their lives and the lives of the people closest to them, whatever their current circumstances.



Bryce Holdaway

Partner, Empower Wealth

Co-host of The Property Couch podcast

Co-host, 'Relocation Relocation Australia', Foxtel's The LifeStyle channel

Co-host, 'Location Location Location Australia', Foxtel's The LifeStyle channel

Bachelor of Commerce (Accounting, Finance & Management)

Diploma in Financial Services (Financial Planning)

Buyers' Agent

Licensed Real Estate Agent

I've always been willing to take extra risks, explore the road less travelled and stretch my comfort zone to see what's possible for me. I'm the one who is always ready to attend the latest course to give myself an edge, or align myself with a mentor to fast-track my development and help me avoid the pitfalls. I'll sacrifice my social time to listen to a keynote talk, pack up and move to another state or country, try something new, or devour the latest book on anything to do with property, personal development or better money management. I was prepared to do whatever it took to get ahead.

Looking back, I can see it stemmed from my very early fascination with the freedom that comes from having money. I desperately wanted the choices that would come from being in control of my time. Having grown up in a conservative, middle class family with two parents who had a very strong work ethic, I learned quickly that hard work was not optional – it was the only option! There was

definitely no silver spoon in our household, no free rides and everything we got was a result of getting off our bums and making things happen for ourselves. However, I instinctively knew that I wanted to be in control of my own destiny and I realised very early on that it meant that I had to be in control of my finances. I knew nothing about investing or free enterprise but I can still to this day remember being about seven years old and playing with my sister and cousins out the back of my nanna's house thinking on a tangent, "I will do whatever it takes to understand the mechanics of money and how to accumulate it".

From that point on, my radar was always on and I was thirsty to learn more. In my teenage years, I was a diligent saver. I set goals for what I wanted and saved my way to get it. When I first started earning regular pay cheques, I allocated them within hours of receiving them using the old-fashioned jar system. If I allocated each portion to my yearly expenses, it ensured I never feared a bill – I had always provisioned for it and expected it. I only ever spent within my means and knew to the cent where everything went – perhaps it came as no surprise that I later studied to be an accountant. I also used to remember people simply by their car number plates. I would recall the plates before the person, so I always knew who was visiting our house or who was driving up ahead by simply recalling who belonged to which number plate. I guess I just felt comfortable around numbers. I also remember feeling that I didn't want to be one of those people who created empires out of money, or simply accumulated masses of it at the expense of others. Rather, I wanted to accumulate it to provide greater choices in my life and take as many people as I could on the ride with me; a philosophy I still hold true all these years later.

A degree of safety

My parents, older sister and I lived in a middle class suburb about 20 km south of Perth, called Bibra Lake. They bought some land in 1987, built their dream home on it and still live there today. As a pre-baby boomer born in 1939, Dad very much grew up in the shadows of the great depression and belonged in the pay-off-the-mortgage as quickly as you can camp. His goal was to provide a stable environment for his family, and he conditioned me into thinking that getting a good education was critical to me finding the right job, working for someone else and in turn providing a stable environment for my family. It would be fair to say that my risk-taking was not something that made my dad sleep well at night. My parents were initially happy when I accepted an offer to enrol at Murdoch University in 1993 and study commerce which ultimately led to me graduating as an accountant. I'm sure this made Dad sleep better as he too was an accountant and knew the job security it could provide.

While at university, instead of reading textbooks, as I should have been doing, I stumbled across the world of personal development books and tapes in the university bookshop. I was keen to learn as much as I could about human behaviour and myself in general – a passion that I still have today. That guy poring over the latest self-help book in the uni quadrangle? That was me! The guy in the library listening to the latest motivational speaker cassette on his Sony Walkman? Me again! I was an all-or-nothing kind of guy – if I found something that I was into, I would immerse myself in it boots and all. Perhaps it was at the expense of life balance, which I still wrestle with today. My wife will testify that I'm a recovering workaholic! While my uni friends were all scheming about which

big six accounting firms they would try and land, I was plotting my escape from the well-worn path.

Towards the end of my degree, I jumped at an opportunity to work as a black jack dealer and poker machine attendant at the Burswood Casino, where I saw the good, the bad and the downright ugly when it came to the pursuit of money. It was a real eye-opener, and I saw some interesting stuff while I was there. After realising that there was no opportunity to quench my ambition working at the casino, to my parents' surprise, I accepted a retail position working for Cash Converters in Fremantle. The key reason I took this job was to be around my mate's dad, who had encouraged him to buy an investment property only months earlier. I thought if I worked there, I could ask him questions all day. Perhaps with hindsight, it was a touch naive and I can now see why my dad was left scratching his head.

Despite my best efforts to avoid it, the day came when I finally started working at an accountancy practice in West Perth. I was in insolvency, and I looked like a baby in a suit at the age of 22 with my overly youthful-looking fresh face. I remember my first job was to walk into a well-known franchise toy store and tell the director and business owner of some 20 years that his business was no longer in his control and if he wanted to make any business decisions he had to run them past me. This grown man broke down and wept right there in front of me and I just wanted to give him a hug! Hardly the killer instinct required for such a role.

Finding out property was my passion

The turning point in my career came in two ways back then. First, I'd seen a segment on Ray Martin's 'The Midday Show' on Jan

Somers, who came on to chat about residential property and her best-selling book, *Building Wealth Through Investment Property*. She started playing with some numbers on the whiteboard, talking about how the tenant and taxman will pay all the bills and I just remember thinking, “Oh my God. Why isn’t everyone doing this?” It was a defining moment for me.

The second moment came as I just started with the accounting practice. I had heard about an investment club that held regular meetings about property investing. It was right up my alley, so I decided to drum up some confidence and attend my first meeting. I found myself in a room full of people – typically 15 to 20 years older than me – talking about property, and I was completely blown away. This was nirvana to me; like-minded people talking about property investing at a time when it was not the mainstream barbecue topic it is now. From that point on, I was like a rat up a drainpipe wanting to find out as much as I could. I went to all the meetings, got there early, stayed back late, got to know the key players and realised quickly that I was actually pretty good at talking to people despite my accounting pedigree. It was turning into a hobby and I couldn’t wait for the next meeting. I was energetic, enthusiastic, ambitious and happy to do whatever it took to learn more. As a result, I became the youngest branch manager in the country at the age of 24. The guy running it eventually asked me to get involved, so I jumped in and started up a business that I ran part-time in the evenings and on weekends while I was still working full-time in my accounting job. I remember one month doing 18 workshops in 30 days all around Western Australia just to feed my need to talk about property investing. It was yet another example of jumping in boots and all.

As I began to earn more in my new part-time business, I decided to quit my full-time accounting job after 18 months, much to the amazement of my accounting colleague – and my family! By this stage, I had already learnt enough about property and I wanted to earn a living around my passion. There was just one hurdle to overcome. The founder of the club had now become my mentor, and one day he pulled me aside and said, “Sure, you’re energetic, but if you want any credibility with the people you’re talking to, you need to purchase an investment property”. My response was, “Tell me about it! I will buy my first property as soon as it is practically possible!”

Fortunately for me, he and I joined forces. He helped me co-purchase my first property in Perth’s Victoria Park in November 1999. I was 24 and we paid \$199,940 for it. That led to another purchase by the two of us and then one on my own. I was driven by a strong desire to be active in the marketplace, to walk the talk myself and follow the advice Jan Somers had imparted earlier. Since then, I’ve owned multiple properties in multiple states across Australia, including developments, blocks of land, houses, townhouses and apartments – each with its own story and I’ve learned many lessons along the way.

Making my share of mistakes

One of my biggest mistakes early on was confusing activity with accomplishment. I had plenty of adrenalin in those days that fuelled my risk-taking and I loved being a part of the industry I’d yearned to work in for so long. But I learnt that just buying and transacting doesn’t mean you’re successful at it. For example, a failed attempt at

property development on the Gold Coast in 2005, reinforced to me that long-term buy-and-hold is the way to go. I also bought the ‘bling’, which you’ll find out more about in this book, and ‘as-new’, another mistake. Now I say that if you want blood-pumping adrenalin, go jump out of a plane! Successful property investing should be predictable and boring.

All of the lessons I’ve learnt have stayed very close to me, and I believe that they have put me in a stronger position to advise clients. I’ve definitely experienced the highs and lows of property investing, and I think it’s important for clients to see that their adviser has been on a journey before them. I’ve worked from the ground up, I know what it’s like and I feel I can relate to most people at every level. I think it’s important to acknowledge that in the early part of my professional career, I was involved in recommending clients buy ‘brand new’ properties. While this is not a philosophy that I believe in any more, at the time I believed I was doing the best thing for my clients and I was buying the same properties myself. As soon as I knew there was a better way, I switched without hesitation and never looked back. I haven’t recommended brand new property since 2005. Importantly though, I can still look each and every client in the eye and tell them that I did the best job I could with what I knew at the time – no smoke, no mirrors. We all get wiser with age and I won’t stop in my pursuit to understand everything there is to know about property investment and become a better property adviser.

Meeting up with Ben

This leads to how I met Ben. These days I happily refer to him as my friend first and my business partner second, as well as my ‘go-to’ guy whenever I have a gap in my understanding of anything to do with

property. I had admired Ben's passion for property from a distance for some time and I jumped at the chance to catch up for a chat when he reached out to me in 2011 to 'show me what he's been up to' with the business he founded in 2007 – Empower Wealth. I'd seen so many different people come and go in the industry up until that point and knew how to spot the wheat from the chaff. I quickly identified that Ben was different – he passionately cared about the outcomes for his clients. He was passionate too in his pursuit of the property investment truth. Importantly, he had co-engineered a 'property investment simulator' of substance that enabled him to advise his clients, based on a tailored solution rather than a cookie-cutter, off-the-shelf package. I was hooked! I remember thinking it was the missing piece and no one else could do that. It also marked the third turning point in my career as my wife and I bought into the business soon after that meeting and we have been advising clients together ever since.

Since settling down in Melbourne with my wife Andrea and our two young boys, Jack and Sam, my life has settled down too and I don't take my comfortable family life for granted. I admit I'd been something of a gypsy in the past, growing up in Perth, then moving to Brisbane in 2002, the Gold Coast, London, Melbourne and back to Brisbane, the Gold Coast and finally to Melbourne. Melbourne is my wife's home and I'm happy here. I am so very lucky that Andrea is my rock and stability. She has been by my side through all of the risks and changes, and is living proof of the importance of having the right people and the right team around you. I still devour every business and personal development book I can get my hands on, but I'm happy staying put and less likely to pack up the family on a whim to chase the next opportunity.

Location location location

Funnily enough, it was my wife who encouraged me to take a big risk in a different direction in 2010 – which led to my television career as the co-host of ‘Location Location Location Australia’ as well as ‘Relocation Relocation Australia!’ At the time, the producers at Shine Australia were hunting around for a male and female host with property experience. They got in touch with me and asked me to audition in Sydney. I kept it quiet that I lived in Melbourne. Andrea encouraged me to go for it, “so you have a story to tell the grandkids”. On the plane I hopped, and somehow made it through four auditions over a period of a couple of months. I found out later that they were looking for someone to tell a story, which is exactly what I did in my auditions to camera. I never told them I was actually a natural introvert. During the auditions I turned to my old ‘FORM’ trick learned by another mentor – i.e. Family, Occupation, Recreation, Message – to create topics of conversation when I didn’t know what else to talk about. Throw in the cameras, the lights and a few actors pretending to be clients and it’s a miracle I made it!

That was five years and four seasons ago, and I couldn’t have hoped for a better introduction to the world of television. My co-host Veronica Morgan and I are involved with one of the best production companies in the world – Shine Australia – screening on Foxtel’s premier LifeStyle Channel. I am essentially in a privileged position to co-host my own show being a buyer’s agent, pursuing my passion – residential real estate. Talk about landing on my feet. I love hitting the road and exploring all of the markets across the country. This also allows me to build greater awareness of how diverse real estate is across Australia. The shows are now screened internationally too,

which is fantastic as it really brings a great profile and shines a light on Australian real estate.

To finish, I'd like to leave you with a quote from the very first cassette I listened to back in university by my favourite motivational speaker, Zig Ziglar. He said, **"You can have everything you want in life if you just help enough other people get what they want"**. I believe this to be true and I've adopted it as part of my values system ever since.



PART ONE

FOUNDATION

The state of our wallet plays with
the state of our mind

EVERY DAY, we have conversations with people about their ideas on ‘wealth creation’ and ‘financial freedom’. It’s a conversation that’s hard to avoid! In the background to these conversations, is the advertising and so-called ‘experts’ on radio, the internet and in magazines selling the latest property get-rich-quick scheme to a bunch of unsuspecting and, we suspect, way too trusting would-be investors. The worst part about this state of play is that no-one actually knows what they have to do to achieve these ideals. If they did, surely we’d all be doing it right? Wouldn’t it be wonderful for someone to wave a magic wand and reap the benefits of building wealth with zero effort? The fact that life for most of us just doesn’t work that way suggests that it’s possibly a little more complex than handing over some cash and receiving a glossy brochure.

That’s why we are starting from the beginning. In Part One of *The Armchair Guide to Property Investing*, we explain our philosophy that **property investing is a process, not an event**. You’ll hear us tap into this throughout the book, but for now it’s enough to know that in order to begin your process, or journey if you like, you need a foundation upon which to build. Later on in the book, we introduce you to the nitty-gritty of investing and the tried and true strategies that we use every day. Part One is all about you and getting an understanding of where your head’s at.

As our opening quote says, ‘the state of our wallet plays with the state of our mind’. By this we mean that your peace of mind is directly related to the struggle that comes from having “too much month left at the end of the money” or conversely, the calm that comes from having more than enough to make ends meet. Your mindset has a massive bearing on your ability to invest successfully. Get it right and you’ll be on the right track. But if you’re stuck on advice from

those close to you (and their personal beliefs) you should be aware that they may not understand the property market and you'll get left behind.

It's also worth mentioning that if you think you can skip this part and head straight to the strategies, you're doing yourself a disservice and you fall into the category of most Australians who cut corners and wonder why they can't get ahead. Instead, we hope you take the time to read through this section on mindset. You might be pleasantly surprised – or horrified – at what you discover about yourself!

Understanding and nutting out your own personal belief systems around property and the psychology of investing will help you in the long term by allowing you to make sound, measured and qualified decisions. After all, you're not trading marbles here, rather you're making some of the biggest financial decisions you will ever make. You need to start from the beginning because it's the only way to effectively succeed in creating long-lasting and sustainable wealth.

We can't imagine anyone on this earth not attracted to the idea of having their investments generate \$2,000 a week (or more for some!) in their pocket to spend. Imagine not worrying about having to work again or being in a position to have multi overseas or domestic holidays every year, or upgrading to the latest cars or gadgets you've always wanted, or even being cashed-up enough to support your own children financially with some of their hopes and dreams.

We all want the freedom that a passive income affords us but there's a difference between the people who 'do' and those who 'wish' and that's something that we've been saying for decades: the doers know that **a financial goal without a date is just a dream.**

In Part One we also introduce you to our 'Five Essential Steps to

property investing’. Irrespective of whether you’re a first-timer or an experienced portfolio builder you need to read this. Like a pilot who goes through the same checklist every time he or she takes off and lands, it gives you a checklist to follow every time you invest and provides the compass to know what your next step should be at any time. It’s a system and a process we developed many years ago which we personally use and our clients use every day to provide a practical way to start thinking about their own situation and what they want to achieve.

To make your learnings from this book easier to follow we’ll use this pyramid to track progress and refer to along the way.



BUILDING YOUR OWN KNOWLEDGE BASE



To kick things off, we're going to talk about mindset. By this, we mean opening your mind and realising that any talk of 'money' and 'wealth' is actually a discussion about what's important to you to achieve a fulfilling life. We don't mean presenting a moral debate on how money provides happiness or how the love of money is the root of all evil, nor a hyped up 'secret powers of the mind to get-rich-quick' sermon. Instead, understanding your money and investments mindset will help give you the fuel to get cracking on your wealth creation journey, which will underline the entire process outlined in this book.

In Western society, money is seen as the number one benchmark of success. You only need to turn to the popular 'keeping up with the Jones's' saying, or watch any number of television advertisements that promote mass consumerism and aspiration to sell products. Whether right or wrong, the funny thing is that when you boil it all

down, money is neither inherently *good* nor *bad*, it's just a form of barter. (We discuss this further in Part Two.)

All the same, money is somewhat of a taboo topic. We're taught not to brag about how much money we earn. This is seen as crass or vulgar. On the other hand, nobody likes to share their struggle with money socially because it's seen as a sense of failure if we can't manage it or control it. There is also the fear factor. People allow money to control them and they lack the confidence or ability to manage their money. Furthermore, people get too caught up living day to day, month to month and year to year. We reckon there are many, many Australians who live like this, too paralysed to seek out a better way to manage their finances and instead they live pay-cheque to pay-cheque.

Do you feel as if any of the following barriers to wealth ring true for you? Or are they motivators?:

- Ill health
- Running out of time
- Failure to provide for your family now
- Greed
- Loss of a loved one
- Acceptance
- Envy.

As we quoted earlier, 'The state of our wallet plays with the state of our mind' and unfortunately, if you live with these fears it's more than likely your wallet will stay pretty empty.

How are our attitudes to money formed?

Our attitude to money is moulded by a number of sources, but in our experience, it's our immediate circle of influence. It's mainly through our parents, our parents' friends, our grandparents, our childhood friends and their parents, as well as our exposure to media and advertising. So it just goes to show that the apple doesn't fall too far from the tree, and it's likely the people closest to you have conditioned your attitudes.

That's all well and good if your friends and family are beautifully attuned to the ways of building wealth. But from what we've discovered it's the ill-informed opinions of others that have the biggest impact on our views, use of money and our investment results.

Unfortunately, nine out of ten Australian households think they manage their money well. They're living in a fool's paradise if they believe that because only around 5 per cent of our country's population retire financially independent. Scary, isn't it? It's our experience that the vast majority of us are unsophisticated managers of our money. We either fear money or lack the motivation to take action to build wealth.

So why don't the vast majority of people get there?

- Lack of overall knowledge about money, investing and finance
- Wrong mindset
- Poor planning
- 'Need it now' mentality – living beyond (real) means
- Lack of understanding about value (things that grow in value and things that lose value)

- Fear of losing money
- Too-hard basket
- Procrastination
- Too time-consuming – lazy
- Listening to the ‘noise’ – believing what they read and an inability to separate facts from opinion
- Before now they didn’t realise they would not have enough money for later in life
- No discipline
- Didn’t realise how achievable it really is
- Took advice from an unqualified source
- No set system, strategy or structure to adopt.

Dr Kathleen Gurney, psychologist and specialist in people’s money personalities, sums up our attitude to money well in her book *Your Money Personality*: ‘*Our feelings toward it are not static, but fluid, dynamic and sometimes intense. We love it, hate it, we fear it, we worship it, we enjoy it, but never can we ignore it.*’

Here’s an interesting table that Gurney refers to on people’s contrasting money attitudes. Do they speak to the way your parents or friends view money?

Figure 1: Contrasting money attitudes and conditioning

The Have-Nots and Won't-Haves	The Will-Haves
Work harder to earn more	Work less to earn more
Struggle financially	Live comfortably
Make ends meet	Feel enriched
Have a scarcity attitude	Have an abundance attitude
Find money fearful and threatening	Find money challenging and an opportunity
Believe it's their place in life	Believe anything is possible
Place too much value on how hard it is to get money; emotional attachment controls them.	Value what money can do, seek knowledge and advice to take action and they control <i>it</i> .

Clean slate

The focus should be on what money provides us. We're all born with unlimited potential and self-esteem, so it makes sense to harness that to create a new mindset for ourselves that focuses on our end goal rather than someone else's; one that allows you to meet your personal needs and desires specifically, which is where the value is.

This is the key: attitude to money is completely individual. It's personal. It relates to what you want and your life ambitions. The greater amount of wealth you have, the better the chance of having an enriched and fulfilled life, because you have time to pursue your passions, goals and personal values.

This book focuses on creating a passive income of \$2,000 per week. However in real life, we believe that true wealth is about having enough money to live completely independently in retirement and to choose to do what you want, for as long as you want, when you want. Sounds fair in love and war, doesn't it?

Personal values and money alignment

For a lot of people it's hard for them to work out what are the important things in their lives – i.e. 'the big rocks in the jar' – given all the mixed messages they get pushed on them through advertising and society in general around what success and happiness should look like. So to help you to explore what's important to you here are list of values and aspirations to think about:

- | | |
|--------------------|---------------------|
| → Growth | → Pride |
| → Comfort | → Travel |
| → Security | → Control |
| → Success | → Results |
| → Optimism | → Power |
| → Stability | → Freedom |
| → Adventure | → Better car |
| → Influence | → Fulfillment |
| → Work less | → Happiness |
| → Generosity | → Abundance |
| → Relaxation | → Self worth |
| → Study again | → Help society |
| → Quiet times | → Recognition |
| → Better home | → Compassion |
| → Holiday home | → More jewellery |
| → Actualisation | → Better health |
| → Peace of mind | → Personal time |
| → Future choices | → Accomplishment |
| → Purposeful life | → Self confidence |
| → Inspiring others | → Realising dreams |
| → Time for hobbies | → Lifestyle choices |

- | | |
|---|----------------------------|
| → Work/life balance | → More big kids toys |
| → Providing for the family | → Start my own business |
| → Choose what I want to do | → Not wanting for anything |
| → Enjoy finer things in life | → Volunteer work/provide |
| → Time with family/loved ones | for others |
| → Improved lifestyle/better
standard of living | → Take care of myself |

How many of these sound good to you? We're willing to bet a lot of them resonate with you, right? So what we want you to do is clear the slate in your head and get your mindset right by prioritising your values and aspirations and then working out how much money you will need to assist you. After all, how can you invest in property or the stock market or your superannuation if you don't know what it's all for? The greatest thing about going through this process is that it gives you a renewed sense of energy and vigour to actually implement a strategy to achieve true wealth.

The focus is to identify the values and aspirations that are important to you, remembering that they are yours and yours only – not what you think society will judge you on. These are your drivers behind your pursuit of happiness, your goal of living a fulfilling life. They are all about what you strive to attain, what you desire and they are the real motivators in your life. As we mentioned earlier, you need to understand your personal agenda in order to start your journey of money management and begin to tackle the rest of the stages in this book.



BEN's Action Plan

- ☐ Sit down and document your personal values and goals. If you need an even bigger list to help you think about this, just Google 'personal values and goals' and you will find a multitude of lists and definitions to help you come up with some for yourself.
- ☐ Then try to put a timeframe and monetary value on your personal values and goals if you can. It doesn't matter if you record this on a scrap of paper or a spreadsheet. The key is just to get started.
- ☐ If achieving your goals is going to require a fair bit of cash, then have an honest conversation with yourself. If you think someone is better qualified to manage your money and invest it for you to achieve them then outsource this task. If the person you trust to do this is any good, and you don't think you are up to it, then you'll be financially far better off. (Outsourcing it now doesn't mean you'll always have to – you might gain the skills yourself one day.)
- ☐ You're now ready to begin learning about the Five Essential Steps to start.



BRYCE's Mindset Messages

- ☐ The desire to really live a 'full' life should get you past the fear of money and investing for wealth. Most people's greatest fear is the fear of doing or being nothing. I saw two great pneumonics on Twitter recently for FEAR: 'Forget Everything And Run or Face Everything And Rise'.
- ☐ It's undeniable; we need money and wealth to pursue some (if not all) of our personal values and goals.
- ☐ The sooner you can build up sufficient wealth, you'll have more time to pursue your dreams and enjoy your financial independence.

- ☐ Positive money attitudes and habits can be learnt.
- ☐ Don't let in any further 'interference' from 'well-wishers'.
- ☐ Understanding who you are, what is important to you and keeping true to this will be your motivation.
- ☐ Your financial actions today should be driven by your willpower and desire to achieve your personal values and goals. These actions, if taken now, will provide your tomorrows with all that you desire, or the reasons and excuses why you don't.
- ☐ Remember, the vast majority of Australians fail to manage and invest their money successfully to achieve total financial independence.
- ☐ However, don't forget it's important to enjoy the journey as well as the destination!

THE PSYCHOLOGY OF INVESTING

2

The big take-home message from Chapter 1 is that it's possible to learn new habits to create a positive mindset. Largely, as humans, we take action based on a simple 'greed' or 'fear' basis. This means that sometimes greed can be a motivating factor for change for some people. For others it might be fear that motivates them into change. In a wealth-creation sense, the fear of not having enough money at retirement could be the spark for action. For others the desire to have riches is a greed factor. We're not too fussed about what drives you to take action to improve your financial position, whether it's fear or greed, but we certainly know that fear can starve you of opportunity because you might be fearful of failure.

The more we can break those negative mindsets and turn them into affirmative action, the more likely we'll be able to get you on the right track towards achieving your goals.

When we meet a client for the first time, and design property investment plans for them, we go through a number of processes. These are the same processes we are sharing with you in this book and the first is coming up in Chapter 3. For now, we want to give you a bit of an insight into the way *we* think a client's investment mindset plays a role. This will give you some food for thought when it comes to your own investment planning.

We call this process the 'Four Foundation Levers'. The levers are:

- Income
- Expenditure
- Time
- Target.

The key to understanding these four levers is that when it comes to any investing, not just property investing, essentially all four levers require initial attention and then ongoing monitoring. If we use the example of building a house: you'd start with the number of rooms you need (the floor plan), then its size (the measurements), then the engineering (how it's going to be built) and what it's going to be built from (building materials). Without these things you can't build the house as you planned to build it. Furthermore, if you change one of these items you automatically affect the other three. The same applies for these four levers when you are building wealth; you can't achieve this without all four and if you adjust one you impact on the others.

Naturally, within these four foundation levers there are many other things to consider and decide upon and we cover them off throughout the book, but right now from a big picture perspective, these are the true foundation levers that need our attention first. Let us explain.

Income

As is pretty obvious, what we are measuring here is income. But not just today's income – present and future income over your working life. The message here is to understand what sort of income you've got coming through now and how that's going to reduce, stop or grow over time.

Effectively you are measuring your household earnings – incoming cash on a monthly basis. As successful property investing is about managing cash flow, if you don't track income variations then you reduce your potential to build a long-term strategy, involving multiple property purchases over the journey. No smart investor should just look short term.

Things to consider:

- What's my income going to do over time?
- Will my career bring me incremental 'jump ups' in wages as opposed to standard inflationary increases of around 3 per cent?
- Will my income stop at any points, for things like having a child, taking a sabbatical, and when will it resume, if at all?
- Will my pay increase every year?
- Can I expect regular bonuses or commission income?
- Is my job secure?

Expenditure

Here, we're trying to understand what you spend your money on and your personal household expenses. Digging deeper, we're looking at

your *essential* spending as opposed to your *lifestyle* or *discretionary* spending. There's some fantastic content on this in Chapter 3, but for now it's just enough to understand what component of your expenditure is fixed and what's discretionary 'lifestyle' spending.

It's also important for you to understand how you choose to live your life *now*. You don't want to be so focused on your retirement goal that you're living on crackers and Vegemite in the meantime, in the hope of achieving your goal way off down the track. You need sustainable solutions so you can still enjoy life along the way. Essential spending should never be cut, but in some cases there could be an agreement for reducing the level of discretionary spending if it's really high. We don't want the result to be that once you have invested in property you are breaking your back trying to make ends meet.

Things to consider:

- What impacts on my expenditure?
- Future expenditure plans, both one-offs and ongoing, (for example, buying a car to replace the old one is a one-off expense but starting a family soon is an ongoing expense)
- Can I reduce my discretionary spending to focus on my bigger goals?

Time

Time is how long you've got working with income coming into your household. How much time do you have before this money that's coming in stops and hopefully the passive income that's been building up takes over? Some key questions to consider here include:

- When am I planning to retire?
- Is the time enough for me to do what I have planned to do?
- Do I need to work for longer to achieve my target?

Target

What is the passive income you're trying to achieve? In this book, the target is how to generate a passive income of \$2,000 per week from your property portfolio. Whether that's your exact goal or you've identified a different wealth base you want to get to, it's important to weigh up your income, expenditure and time to help you arrive at the figure you want.

- Are my goals realistic?
- Do I need to adjust them because they're overly optimistic?
- Does my partner feel the same way?

In summing up, these are the four foundation levers that work in 'sync' with each other. They move and change according to what you move and change! This is really the key question – what is most important to you and what result are you looking to achieve? For example, do you want to have more income in retirement, or alternatively retire earlier, or even both? These are always the first questions to start with because, as with any goal, your target is your end destination (retirement date) when the passive income is due to kick in and you finish trading time for money. We always say that you need to start with the end goal in mind and reverse-engineer the plan. Again, a bit like building your house, start with what you want it to be and look like and then reverse-engineer it, so you have a detailed plan that is sure to work.

We realise that sounds easy but in real life when we are consulting with our clients we know some of these conversations are hard to have. We're certainly not qualified life coaches, but as trusted advisers we do find ourselves talking about serious issues within the household. For example, we ask some tough questions based on whether our clients can afford what they want and have they really thought about their ability to financially service their goals. So you need to be prepared to ask yourself the same tough questions and check to see if you and your partner both agree. In many cases there will be short-term compromises made for long-term benefit. Better you tackle these early on than wait until you're in a meeting room with an adviser you've just met!

In our experience, the biggest challenge is changing viewpoints and perspectives of our clients when they're faced with these questions. The truth is that most people are living too much for today and not living enough for tomorrow, which is where they make their first mistake. However, they've taken a great step coming to see us – just as you have by buying this book – so they're well on their way to hopefully reaching their end target.

We also have to remember that money is not the be all and end all. It's a means to an end that provides us with potential time and choices. It shouldn't be everything you focus on and money shouldn't be controlling all the decisions you make. You should identify this when you start setting your goals and priorities for your life. Money is just a commodity and we're really about trying to create more of that commodity for the household. You'll read more about this in Part Two.

These four foundation levers are the first step in making smart

choices around investing in property. Once you get them right, you'll have a really good understanding of the personal mindset required to continue the next part of your plan.

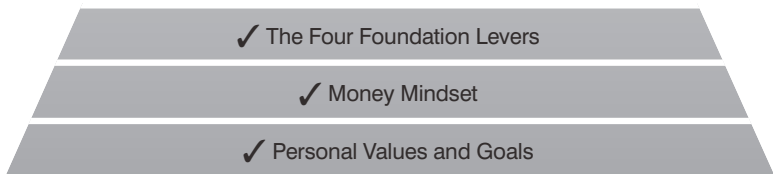


BRYCE Recommends

Don't fall for FOMO

Speaking of mindset, ever heard of FOMO? It's an acronym for the Fear Of Missing Out. Unfortunately, the property investing industry is rife with FOMO-ers. That is, those who are easily seduced by the headlines, get sucked in by the commentary and don't want to miss out on the 'property party' they perceive everyone else is enjoying. The reality is that you need to make sure you don't make emotional decisions on a whim and forget to 'look before you leap' to fully understand what you're getting into. Things aren't always as they seem. That means treating the 'get-rich-quick' property investment seminar with a grain of salt and avoiding the barbecue conversation where your well-meaning friend or relative tells you that place up the road is up for sale and "you should buy it as an investment!" The hope of this book is that it will stop people from investing such large sums of leveraged money as a result of FOMO!

Summary so far...



ADDITIONAL RESOURCES



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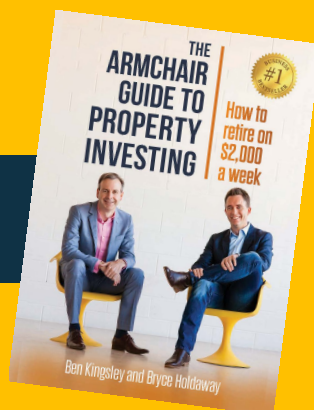
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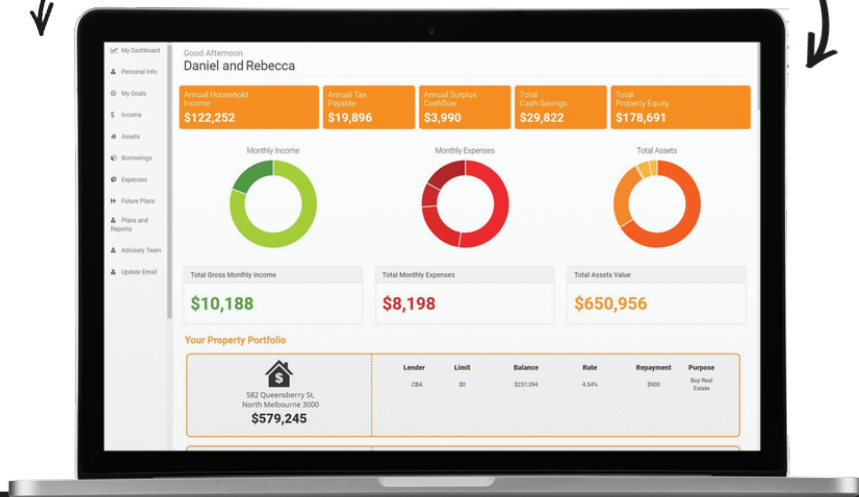
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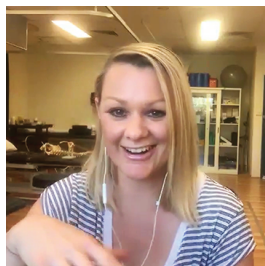
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