

MONEY

THE WEEK AT A GLANCE



Digging in: The mining boom has helped the country to prosper, but many Aussies are still doing it tough.

BEST BULLS

	Price	% rise
Bow Energy Ltd Received takeover bid	\$1.47	66.1
Seven West Media Ltd FY profit beat forecasts	\$3.45	28.73
Dart Energy Ltd Sector consolidation	\$0.68	28.57
Hills Holdings Ltd Results well received	\$1.23	21.29
Perpetual Ltd Buy-back announced	\$26.49	17.37

WORST BEARS

	Price	% fall
Transfield Services Posts full-year loss	\$2.42	-18.24
Wotif.com Holdings Broker downgrade	\$3.98	-12.33
Billabong Profit falls	\$3.45	-9.69
Seek Ltd Fails after results	\$5.29	-7.52
Infigen Energy Continues downtrend	\$0.26	-7.14

Good advice will pay in job loss



Noel Whittaker

ECONOMISTS used to say Australia had a two-speed economy; now it's a "patchwork economy".

Irrespective of the terminology, it means many Australians are doing it tough, while others are prospering from the mining boom.

Tough times mean tough decisions and, again, thousands are facing retrenchment or redundancy as firms cut costs to stay afloat.

It can be an emotional time for anybody who is faced with losing their job, but it's also a time when expert advice is vital.

Changes have been introduced since July 1, 2007, where only those who satisfy the "transitional rules" are allowed to transfer or direct part of their redundancy payment into superannuation to save tax.

Also, Centrelink defers payment of benefits for a time because the termination payment is regarded as a resource to keep you going until you find a new job.

Sarah, 50, has been employed for 15 years and six months.

She has recently received a bona fide redundancy payment of \$160,000 and qualifies for the transitional rule treatment.

Sarah will be required to take the tax-free component of her redundancy payment (\$71,705) as cash, but may elect to roll over the remaining amount of \$88,295 to super.

Should she choose this strategy instead of cashing it in, she will save just over \$14,568 in tax.

An additional benefit of this strategy is the amount transferred into super will not be taken into consideration by Centrelink when determining the number of weeks Sarah will have to wait to claim unemployment payment.

A major decision for many older workers will be to retire or look for a new job, but in all cases try to keep your situation as flexible as possible.

Don't repay more than three months' payments off your loans, because your age may preclude you from getting a new loan on the terms you enjoy at the moment when you start the new job.

If you have investment loans, leave these as "interest only", so you don't lose the tax benefits when you work again.

A good rule of thumb is to try

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to maintain your home loan repayments at \$12 per \$1000 per month (for example, \$2400 a month on a \$200,000 loan). This will reduce the term to less than 10 years and save you a huge sum in non-deductible interest. It also gives you breathing space if you suffer a financial setback, such as difficulty in finding new employment.

INVOLVE YOUR PARTNER

A sudden job loss affects the whole family, so make sure your partner goes along to the interviews with your financial adviser and knows exactly what is happening.

This also is the time to get all the family together to do a budget. They are more likely to help in cutting down on expenses if they are part of the budgeting process.

Don't buy a business just to give yourself a job - small business is doing it tough these days, and many people in small business work long

hours for little remuneration. Investigate any business opportunity thoroughly, and with scepticism. Certainly, don't be frightened to grab a good opportunity to go into business, but seek your accountant's guidance before you sign up.

Sadly, the purchase of overpriced businesses has sent many novices broke. Even if you feel your job is secure, the unexpected job losses are a grim reminder that we should all try to put safety buffers in place to protect our precious assets.

Ways to do this include getting well ahead in your loan repayments if appropriate, making sure you have enough insurance, and ensuring that your assets are protected if you are in a position where you may get sued.

Above all, stay positive and be thankful that you are living in one of the greatest countries in the world. There is ample social security available for those who can't work and plenty of jobs available for those who can.

Noel Whittaker is a co-founder of Whittaker Macnaught Pty Ltd. His advice is general in nature and readers should seek their own professional advice before making any financial decisions. His email is noelwhit@gmail.com

WORLD INDICES

	WEEKLY CHANGE
ALL ORDS	4271 +100
DOW JONES	11,285 +468
FTSE100	5130 +90
NIKKEI	8798 +79
HANG SENG	19,583 +184
NZSE	3296 +29
FRIDAY	
GOLD (NY, \$US/OZ)	1827
OIL (NY, \$US/OZ)	85.55

CURRENCY WATCH

	BUY	SELL
Brunei	1.479	1.076
Canada	1.135	0.926
China	7.505	5.744
Denmark	6.293	4.535
Egypt	7.157	5.007
Euro	0.771	0.673
Fiji	2.113	1.543
French Pacific Franc	101.10	72.41
Hong Kong	8.913	7.356
Indonesia	10468	7303
Japan	88.4	74.24
Jordan	0.867	0.602
New Zealand	1.363	1.186
Norway	6.584	4.756
Oman	0.514	0.336
Papua New Guinea	2.778	1.888
Philippines	51.133	37.317
Saudi Arabia	4.612	3.272
Singapore	1.422	1.103
South Africa	8.651	6.376
Sweden	7.717	5.598
Switzerland	0.967	0.712
Taiwan	35.583	25.502
Thailand	35.371	27.235
United Kingdom	0.679	0.594
United States	1.101	1.003
United Arab Emirates	4.41	3.266
Vanuatu	114.67	77.23
Vietnamese Dong	25.413	17.106