



# Special report FINANCE

A large, stylized illustration of a \$50,000 banknote, rendered in a vibrant, multi-colored pattern of green, blue, and yellow. The note is centered and serves as the background for the main title text. The text is in a bold, red, sans-serif font with a white outline and a drop shadow effect. The words 'THE \$50,000' are at the top, '50K' is in the middle in a much larger font, and 'QUESTION' is at the bottom.

# THE \$50,000 50K QUESTION

WORDS CAMERON COOPER ILLUSTRATION CRAIG MCGILL



01

## PAUL CLITHEROE

CHAIRMAN AUSTRALIAN GOVERNMENT  
FINANCIAL LITERACY BOARD; DIRECTOR IPAC

- ✦ **How would you advise people to invest \$50,000? Paying down the mortgage, a deposit on an investment property or building a share portfolio are all great ideas. Avoid get-rich-quick investments. The people flogging you the scheme will get rich. You'll get poor. If you are in a sound financial situation, why not use it to help others?**
- ✦ **What return would you hope they would achieve? The long-term rate of return on well-located property and quality shares is not as dramatic as the sales brochures make out, but history shows that a long-term average of three to five per cent a year above inflation is realistic. If you donate to a charity, you'd get a tax deduction. The real return is the lives you change and the positive impact on our community.**

02



## ROSS McEWAN

GROUP EXECUTIVE RETAIL BANKING  
SERVICES COMMONWEALTH BANK

- ✦ **How would you advise people to invest \$50,000?**

There's not a one-size-fits-all solution, so I would always recommend seeking professional financial advice. That said if you still owe money on your home loan or personal loan – and your loan is set up to allow you to make lump-sum payments – this may be the investment strategy for you.

- ✦ **What return would you hope they would achieve?**

Remember, when evaluating past-performance scenarios, that past returns are not indicative of future performance. With any investment, whether it be cash, bonds or direct shares, your goal should be clear. Depending on the strategy, prepared with guidance from an adviser, you can expect to achieve anything from paying your home loan off sooner or increased longevity with your superannuation, to tax savings.

# 4

## 03

### DON MAGIN

CEO GREATER BUILDING SOCIETY

❖ **How would you advise people to invest \$50,000?**

Jerry Seinfeld, the face of the Greater's advertising, may want me to say invest in his new TV show, but I'd have to recommend a term deposit. It ticks all the boxes for a solid, low-risk return. You know how much interest you will receive from your investment. You decide how long to lock away your money and you won't lose money on paying commissions and fees.

❖ **What return would you hope they would achieve?**

For example, if you were to invest your \$50,000 for a three-year term at the current rate of seven per cent, you would receive \$1750 every six months – and you would still have all of your \$50,000 at the end of the term.



### SUE MURRAY

CEO NATIONAL BREAST CANCER FOUNDATION (NBCF)

❖ **How would you use \$50,000?**

To fund breast cancer research. For every \$1 we invest, a further \$8 comes from other funding sources, so a \$50,000 investment would translate into \$400,000 of funding into prevention and cure.

❖ **What return would you hope to achieve?**

There's so much we could do. \$50,000 would fund a doctoral scholarship, allowing a researcher to investigate an aspect of the disease. Some of the projects we're currently funding include developing a tool for doctors to help them answer difficult patient questions, including "how long will I live?"; creating a better bra to encourage breast cancer survivors to exercise; and investigation into mammogram scheduling for women in remission. More money into these types of studies means faster results.



## 05

### ANDREW ROTHERY

PHILANTHROPIST; CHAIR OF THE AUSTRALIAN PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION; CHAIR OF ARTS MONTH SYDNEY

❖ **What would you do with \$50,000?**

I'd put \$25,000 into a few pieces of art by emerging artists. The rest I'd put into microfinance – the business of making very small amounts of credit or loan funds available to people in developing economies.

❖ **What returns would you expect?**

You need to wait 10 years-plus for an emerging artist to make it to the top, but when they get to the top you will have made the sorts of returns you'd expect from blue-chip financial securities. Micro-financiers are demonstrating there's no "micro" in return expectations. Better ones are returning 20 per cent-plus per annum.



## 06

### CHARLES GENOCCHIO

HEAD OF GLOBAL INVESTMENTS HSBC BANK AUSTRALIA

❖ **How would you advise people to invest \$50,000? Firstly, spend 10 per cent on yourself – take a holiday or reward yourself. With the remainder, invest in a diversified portfolio of local and global shares. The primary focus should be on growth, but also look for some income. I'd invest half in local and half in global shares with a five-year-plus time horizon. For local shares, ensure that you have a diversified portfolio with around 20 stocks from different industry and sectors. Put half your global shares in emerging markets where I'd expect to see higher than usual growth over the next 10 years.**

❖ **What return would you hope they would achieve? On the investment portfolio, a three to four per cent dividend yield per annum and a capital growth return of eight per cent per annum.**



# \$50K

SUGGESTIONS ON HOW TO PART WITH YOUR MONEY ARE GENERAL IN NATURE AND DO NOT TAKE INTO ACCOUNT YOUR INDIVIDUAL OBJECTIVES OR FINANCIAL SITUATIONS. IT IS WISE TO SEEK FINANCIAL ADVICE RELEVANT TO YOUR CIRCUMSTANCES.

# Australia



## EFFIE ZAHOS

EDITOR MONEY MAGAZINE

# 07

❖ **How would you advise someone with a \$50,000 windfall to use it? I'm going to be boring, but sensible. It would go straight into my mortgage. I would not pass Scanlan & Theodore nor would I collect \$200 – it wouldn't get me much there, anyway! If you have non-deductible debt such as a mortgage or personal loan, the smartest thing would be to pay it off first. There's no point investing your windfall because the interest earned will be taxable.**

❖ **What return would you hope that would achieve? Throwing \$50,000 into a \$300,000 mortgage will save more than \$57,000 in interest over a 25-year term. If you need to hold some cash back, pop it into a mortgage offset account or your redraw facility. You'll have access to it, but still enjoy the benefit of saving tens of thousands of dollars on your home loan interest bill.**



## CAMERON HALL

MANAGING DIRECTOR SMITH & HALL

# 08

❖ **How would you advise people to invest \$50,000 in art?**  
First, think long-term as art is a longer-term investment. Also, buy what appeals. One segment that has held its ground is the mid-career contemporary Indigenous artist.

❖ **What return would you hope they would achieve from that investment?**  
You could pick up a good Josie Petrick Kemarre, Yinarupa Nangala or an Adam Cullen for \$50,000 and, over time, I'd expect a strong outcome. You could get between 15 and 20 per cent compound annual growth rates for well-selected art. Selling costs are higher than other investments, but overall, with a long-term view – like property – art is a solid investment.

## 09 MAL BROUGH

CEO BLUEARTH FOUNDATION; FORMER MINISTER FOR FAMILIES, COMMUNITY SERVICES & INDIGENOUS AFFAIRS

❖ **How would you use \$50,000?**  
My goal in the first year would be to have the \$50,000 result in 2500 Aboriginal children in remote and regional communities wanting to go to school, enjoying going to school and improving their academic outcomes. We'd select five communities that are struggling with school attendance and train one local Indigenous person to deliver the Bluearth Schools Program. In year two, we'd encourage the Bluearth coaches to identify other suitable candidates for training.



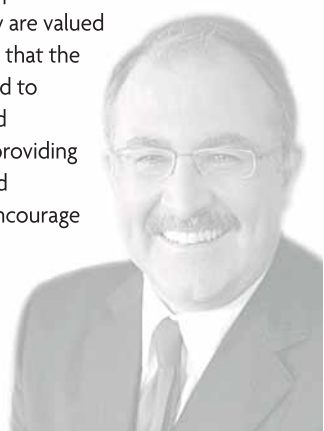
❖ **What returns would you hope to see?**  
A chain reaction for change to Indigenous educational outcomes, with my return being measured in improved life choices through increased school attendance and student engagement.

## 10 MARK JOHNSON

CEO PRICEWATERHOUSE-COOPERS AUSTRALIA

❖ **How would you suggest clients invest \$50,000?**  
It would depend where the client is at in his or her life. If they had a young family they may consider paying it off their mortgage or creating a fund for their children's education. Otherwise, giving back to the community through a tax-deductible donation. If it was a business windfall, one of the best investments a business can make is an investment in its people.

❖ **What return would you hope they would achieve?**  
For businesses, it's important to let people know they are valued and appreciated, and that the business is committed to their professional and personal growth by providing skills, experiences and opportunities that encourage their people to reach their full potential.





# MAX WALSH

DEPUTY CHAIRMAN  
DIXON ADVISORY

## ❖ How would you advise people to invest \$50,000?

The first choice should be to pay down the mortgage on your residence. The sooner you own the roof over your head unencumbered, the better. If you are mortgage-free then the windfall can be paid into your superannuation fund as a non-concessional contribution. This means it will not attract any entry tax. Income earned or capital gains will be partially sheltered from tax. If you operate a self-

managed superannuation fund you may feel inclined to treat all or part of the windfall as “house money”. This refers to the psychological tendency to take greater risks with winnings or profits from trades than you would with earned income.

## ❖ What return would you hope they would achieve?

A small speculative pool within a self-managed fund can be educational and profitable. Remember, you can lose the lot, so keep such a pool manageable.



# MARA BUN

CEO GREEN CROSS AUSTRALIA

## ❖ How would you use \$50,000? **We work with communities affected by natural disasters to help them to rebuild in a sustainable way. Green Cross supports the unbelievable community in Flowerdale, Victoria, which came together after the Black Saturday bushfires with a green rebuilding vision. The key for Flowerdale is its pub, which the community defended from the fires. If Green Cross had \$50,000 we'd make it the greenest pub in the world with solar panels, advanced eco-waste management, organic vegetables, more rainwater tanks and a green fit-out.**

## ❖ What returns would you hope to see?

**To showcase to communities around the country that from the ashes of this horrific circumstance a model for the future is emerging. >**

## GRAHAM LONG

PASTOR & CEO  
THE WAYSIDE CHAPEL

### ❖ How would you use \$50,000?

Wayside runs the only safe, supervised, drug-free place for young people in Kings Cross. The \$50,000 would enable us to employ an additional youth worker and this appointment would allow us to increase our "street sweeps" up to five nights per week, all year round.

### ❖ What return would you hope to achieve?

It would be \$50,000 that would result in some runaway kids finding their way back home. It would get many young people off the street and into a refuge. It would take many away from the places where the danger is at its most extreme. It would ensure that young people eat at least one good meal per day.

## 14 SUE RENKIN

CEO OPEN FAMILY  
AUSTRALIA

### ❖ How would you use \$50,000?

To provide sustainability, resilience and hope to at-risk young people. In 2008 we launched a youth leadership program for our client group associated with our basketball club (Redskins) in Melbourne's inner west. At the completion of the year, the participants were confident, assured and ready to assist other young people in need.

### ❖ What return would you hope to achieve?

Watching young people rise from abusive, damaged backgrounds into confident, contributing individuals is the greatest reward. The investment into this program provides not only young leaders for our programs in the future, but assists young people to regain their place in the community.

## 15 ADRIAN COLLETTE

CEO OPERA AUSTRALIA

### ❖ How would you use \$50,000?

We have a raft of education and access programs, some working with relatively disadvantaged students. One is called OperaEd, where we go to schools and workshop the plays behind operas and get students singing and taking part. Then we bring them to the Opera House and show them the actual opera. And \$50,000 would just about fund one of these projects for 60 students. I find nothing more moving than to see the response of the students; they have access to the whole world, not just [the one] of performance.

### ❖ What return would you hope to achieve?

If I was being sensible, I would put \$50,000 into our capital fund, but I'd rather invest it directly in benefiting the lives of a few people.

\$50K

## SCOTT PAPE

FOUNDER BAREFOOT INVESTOR

### ❖ How would you advise people to invest

**\$50,000? Probably the best "investment" is having readily accessible cash tucked away somewhere in case of an emergency. We call it "mojo money".**

**Money doesn't make you happy, but having it on hand can certainly stop you worrying. The real power in money is that it gives you choices, incidentally a key component of happiness. If you've got your mojo money sorted, the next step would be an exchange traded fund that tracks both local and overseas indices.**

**❖ What return would you hope they would achieve? Having some mojo money gives you the best return – peace of mind. >**

# 16

# 17 GREG PAGE

FORMER YELLOW WIGGLE;  
PROMINENT ELVIS PRESLEY  
MEMORABILIA COLLECTOR

❖ **As a collector, what would you do with \$50,000?**

Probably invest in movie clothing because it is fairly rare and usually well sought-after. You could probably pick up a couple of items of movie clothing for that sort of money. *King Creole* was apparently Elvis' favourite movie so something from that would be great to have. I've got a few favourites – a two-piece leather outfit he wore on stage in 1974, and a few jewellery pieces including a lion-head necklace that's 18-carat gold with 24 diamonds in it.

❖ **What return would you expect?**

Historically, market prices for this memorabilia show that there's a return to be made. I try to be wise with my purchases and ensure that by doing this, it helps perpetuate Elvis Presley's image and his name.

# 18 PHIL RUTHVEN

FOUNDER & CHAIRMAN  
IBISWORLD

❖ **How would you advise people to invest \$50,000?**

There's only one area to put your money if you're serious and that's the share market.

❖ **What return would you hope they would achieve?**

There's nothing that doesn't suffer a fall from time to time, but if you're prepared to take a 10-year view – or, if you're younger, a 20-year view – nothing will ever beat the return you can get on shares. By investing in shares and reinvesting your dividends you should make a 12 to 13 per cent compound growth in that \$50,000 over a 10- to 20-year period. The only thing that would vary is if you're prepared to look at a very short period, such as two to three years. In that situation, invest in US dollars at the present time, via the share market – the Dow Jones. Then you'd get the normal share return plus a 25 per cent growth in the value of your currency.

# 19

## IAN SILK

CEO AUSTRALIANSUPER

❖ **How would you advise people to invest \$50,000?**

Given the benefits of superannuation I would suggest investing in super. It is one of the most tax-effective ways of saving for retirement and if you are under 65 you can make an additional post-tax contribution into your super of up to \$150,000 per annum. The guiding principles for all investments: have a diversified investment portfolio, a long-term perspective and seek value through high-quality, low-cost investments.

❖ **What return would you hope they would achieve?**

No-one can predict the future performance of an investment, but over the past 10 years, AustralianSuper's Balanced Investment Option, as an example, has returned 6.28 per cent per annum.

# 20 SARAH-JANE CLARKE & HEIDI MIDDLETON **\$50K**

CO-FOUNDERS OF FASHION LABEL SASS & BIDE; WINNERS OF THE VEUVE CLICQUOT BUSINESS WOMAN AWARD 2010

❖ **How would Sass & Bide invest \$50,000? We would invest in our charity The Shine Collective, an initiative of Sass & Bide and charity group Barnardos, for disadvantaged children and displaced mothers. We provide welfare to children and provide knowledge through creative counselling workshops. Our dream is a future free from neglect.**

❖ **What return would you hope your business would achieve from that investment? As a business, we would hope to raise awareness of these heartbreaking situations.** 🌐