

Building Family Wealth Through Property

A COMPLETE STRATEGY



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**NETWORK
FAMILY
OFFICE**

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Disclaimer

First, we need you to know that this has been prepared for **informational purposes only** and does not constitute financial, accounting, taxation, legal, or any other form of licensed professional advice.

In providing family office services, we are not providing specialist advice such as the following:

1. Financial advice;
2. Accounting advice;
3. Taxation advice;
4. Legal advice; and
5. Any other advice that may require licensing, specialist accreditation, or specific qualification.

You should seek independent professional advice before making any decisions based on this information. If advice is required, we will refer you to one of our network of service providers, who will enter into an engagement for services with you to provide the advice needed.

About This Book

This book was written to help make investing in property and multigenerational wealth building straightforward and approachable for families.

Too often, we meet people who focus solely on creating wealth without considering how to plan and protect it. It's like building a house without a solid foundation. Most families we know want to achieve a level of wealth to live a comfortable life and leave a legacy for the next generation, not a financial mess. And this book is here to guide you in avoiding that mess, step by step.

We understand that managing wealth and planning for the future can feel overwhelming, especially with all the financial jargon and complex strategies involved. That's why we've simplified things and approached some complex ideas by writing in plain language.

Throughout this short book, you'll learn about the key tools that make up a successful wealth building plan for your family.

We cover areas of strategic tax planning, financial advice, lending and finance, insurance protection, and effective estate planning. You'll find practical examples, strategic advice, and tips on avoiding common pitfalls—all

Building Wealth Through Property: A Complete Strategy

designed to empower you to take charge of your family's financial future.

Our goal is not just to help you create wealth but also to plan and protect it. So, let's start securing your family's future together, with confidence and clarity.

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**BUILDING WEALTH
THROUGH PROPERTY
– A COMPLETE
STRATEGY**

Introduction

You're taking a great step by investing in property. But building wealth through property isn't just about buying properties; it's about smart planning, managing risk, and ensuring your investments work together to secure your family's future.

That's why we are taking a more comprehensive approach to preparing you for generational wealth by collaborating with our accredited property investment specialists to guide you along the way. This partnership allows us to offer you not only our expertise in financial planning, property finance, tax advisory and risk management services but also access to the best property investment services. This combined effort ensures that you are supported every step of the way, from purchasing properties to managing cash flow, securing loans, and protecting your assets for generations to come.

The Power of Expert Collaboration

Why a Multi-Disciplinary Team Matters

We believe that successful property investing requires more than just buying the right property. It requires a financial roadmap, managing your risks, and smart financing. Our accredited network gives you have access to a multidisciplinary team of licensed professionals that include experienced financial advisers, mortgage brokers, accountants and tax advisers along with knowledgeable insurance professionals. Together, we help you craft a well-rounded strategy that aligns with your financial goals and supports your property investment journey.

Example: Consider Sarah, she wanted to grow her property portfolio to secure her retirement. Initially, she worked alone and bought one property, but she struggled with cash flow issues and didn't know how to scale her investments. If she had of engaged Network Family Office, she would have had access to a financial adviser to help her create a detailed financial roadmap, a mortgage broker to

secure better loan terms, the expertise of a property investment specialist and the right tools to protect her assets. Within six years, Sarah would be positioned to expand her portfolio to three properties, strategically building her family wealth, while staying within her risk tolerance.

Expanding your team

Imagine having a financial adviser who understands how your rental income fits into your long-term retirement plan, a mortgage broker who ensures your loans are structured in the best way for growth, a tax adviser ensuring you're structured to maximise all possible deductions and an insurance expert who makes sure you're protected at every step. This multi-disciplinary approach takes the guesswork out of property investment and empowers you to make confident decisions.

Setting Clear Financial Goals

Your Financial Roadmap

Before buying your next property, it's crucial to understand what you're trying to achieve. Are you aiming for rental income, capital growth, or both?

Network Family Office will work with you to define your financial goals and create a customised plan to reach them. This includes understanding your current financial situation, setting realistic targets, and mapping out the steps you need to take to get there.

Example: Jono initially set out to buy properties without a clear plan - he understood property and wanted to focus on this rather than just relying on his super. After consulting with Network Family Office, he was able to identify his primary goal: to build income in through rental properties which will support his retirement. The adviser helped him set achievable milestones and understand how much rental income and property value growth he would need to reach his goals by the time he retires and during his retirement years. With this clear direction, Jono was able to make more informed decisions about the types of properties he bought and when he should be buying them.

The Value of Goal Setting

Setting clear financial goals makes sure that every property you buy moves you closer to your desired future. Instead of buying properties impulsively, you'll make strategic purchases that fit your own financial story - not someone else's.

Sourcing Finance with a Skilled Mortgage Broker

Developing the Right Financing Strategy

One of the biggest challenges property investors face is sourcing finance that works not just for today, but for the future. Our partnership with Network Family Office gives you access to highly skilled mortgage brokers who will help you navigate the complex world of property financing. Whether it's securing interest-only loans to improve cash flow, or setting up loans that allow for future investment, a skilled broker can make all the difference.

Avoiding Pitfalls

Working directly with banks can often limit your options. For example, business owners Emily and Abel used to go to their local business banker for their property loans, which limited their ability to expand their property portfolio later. After switching to a finance specialist through Network Family Office, they created a stronger lending structure which has now completely transformed

their investment opportunities for the future.

Benefits of Getting Financing Right

When you have the right financing strategy, you can leverage your equity, keep your cash flow healthy, and be prepared for market opportunities. The right broker ensures your loans are manageable, fit into your overall investment strategy, and set you up for future success.

A Strategy for the Long Term

Financing isn't just about today's interest rate; it's about planning for future opportunities. A mortgage broker who understands your long-term goals can ensure you have the flexibility to draw on equity when the market is right or refinance to get better terms. This way, you're not only buying properties, but you're building a sustainable portfolio.

Managing Cashflow and Debt

Keeping Cash Flow Positive

Cash flow is the lifeblood of property investment. A financial adviser and accountant working together will help you assess your income, expenses, and potential tax benefits to keep your investments sustainable. By working with Network Family Office, we will work with you to make sure your cash flow is managed effectively, so you can make future investments without straining your finances.

Example: Taj and Jessica owned one rental property but found themselves with limited cash flow because of high mortgage repayments and a neglected relationship with their original mortgage broker. Their new finance specialist suggested making some changes which would reduce their monthly repayments and free up cash. With the additional funds, they were able to cover maintenance costs and even put down a deposit to secure a second property.

The Importance of Cash Flow Planning

Cash flow planning allows you to take a proactive approach to property investment. By knowing your rental income, anticipated expenses, and accounting for vacancies or unexpected costs, you can avoid financial surprises. Positive cash flow and future planning can help you build a buffer, ensuring that your investments can weather any market changes or property repairs.

Debt Management Strategies

Managing debt effectively is just as important as maintaining cash flow. With a strategic approach to debt—such as offset accounts, interest-only loans, or refinancing at the right times—you can reduce the burden on your finances while still expanding your portfolio. Network Family Office specialists will help you balance leveraging your properties to grow your portfolio with managing debt in a sustainable way.

Maximising Deductions with a Savvy Tax Adviser

Working with a savvy tax adviser is essential to maximise investment-related deductions and depreciation. These professionals help ensure you take advantage of all possible tax benefits, including deductions for property management costs, depreciation of assets, and interest expenses. A well-planned tax strategy can significantly improve your investment returns and cash flow.

A tax adviser also plays a critical role in providing the correct advice related to the best property ownership structure for you, which has a direct impact on your tax liability, asset protection, and long-term financial outcomes. Choosing the right structure—whether personal ownership, trust, or SMSF—requires a thorough understanding of tax implications, which only a skilled accountant and tax adviser can provide.

The relationship between your accountant/tax adviser, financial adviser, and mortgage broker will provide a solid approach to your property investment strategy. By working together, they align your financial plan with tax efficiency and effective financing. This multi-disciplinary approach makes sure that each decision complements the other, to

super power your financial outcomes.

Example: Priya and Jayden owned several investment properties but were unsure if they were claiming all possible deductions. After consulting with an accountant and tax adviser from Network Family Office, they were able to restructure their portfolio, claim significant depreciation benefits, and save thousands annually on their tax bill. Making this even better, they were able to align their tax strategy with their mortgage broker's advice, who made sure their loans were set up in the most tax-efficient manner.

Ownership Structures and Tax Planning

Choosing the Best Ownership Structure

How you own your property can have a big impact on taxes, asset protection, and future estate planning. With the help of Network Family Office team of licensed professionals, you can decide whether it's best to own your property personally, through a trust, or within a self-managed super fund (SMSF). Each option has its own pros and cons depending on your personal situation, risk tolerance, and long-term goals.

Investment Holding Options

- **Personal Ownership:** Owning property in your own name can provide tax benefits such as negative gearing, where you can offset property expenses against your income. This structure is often the simplest and may be ideal for first-time investors or those with a limited number of properties. However, personal ownership offers limited asset protection. If you have business liabilities or personal creditors,

your property could be at risk. Additionally, capital gains tax (CGT) is applied when you sell a property, but if you hold it for over 12 months, you may qualify for a 50% CGT discount, reducing your tax burden significantly.

- **Family Trust:** A family trust is an effective way to manage and protect property assets. It provides flexibility in distributing rental income and future profits among beneficiaries, which can help reduce overall tax liability by allocating income to members in lower tax brackets. This structure also offers robust asset protection, meaning that personal creditors cannot access the property held in the trust. However, trusts come with ongoing administrative costs and complexities, such as compliance with trust law and tax reporting requirements. When it comes to selling property, capital gains tax (CGT) is also applied but if the trust held the property for over 12 months, it may qualify for a 50% CGT discount, reducing the trusts tax burden significantly.
- **Self-Managed Super Fund (SMSF):** An SMSF allows you to hold property within your retirement savings, providing significant tax benefits. During the accumulation phase (pre-retirement), rental income from properties held in an SMSF is taxed at a rate of 15%, and if the property is held for more than 12 months, the CGT rate is reduced to 10%.

Once you enter the pension phase, rental income and capital gains may even become tax-free. But there are a few rules to keep in mind. You can't use the property for personal purposes or buy it from a related party. And there are also ongoing administrative costs and complexities, such as compliance with superannuation law and tax reporting requirements.

Example: James and Malory owned their first investment property personally, enjoying tax benefits like negative gearing. However, as they expanded, they wanted more asset protection and flexibility in distributing rental income. With the help of a financial planner and tax adviser, they made plans for future purchases to be held in a family trust. This provided them with better tax outcomes and ensured their properties were shielded from personal liabilities.

The Benefits of the Right Structure

Using the right ownership structure can significantly reduce your tax liability. For example, a family trust allows you to distribute rental income to family members on lower tax rates, which will reduce the overall tax burden. An SMSF, on the other hand, allows you to invest for retirement in a tax-efficient manner, with low tax rates (15%) on rental income and capital gains.

Protecting Your Assets: Choosing the correct ownership structure is also key to asset protection. By

holding properties in a trust, you can reduce your personal risk—and this is really important if you're a business owner, medical professional or other occupation which may expose you personally to risks. Should the unexpected happen, your personal assets remain protected, providing peace of mind. On top of this, SMSFs can protect retirement assets from personal creditors, further securing your financial future.

Capital Gains Tax (CGT) Considerations

Understanding CGT implications is vital when deciding on an ownership structure. Individuals and Trusts benefit from a 50% CGT discount if they hold a property for over a year, which can substantially reduce the tax paid on profits from a sale. And SMSFs enjoy a reduced CGT rate of 10% if the property is held for over 12 months, and no CGT is payable if the property is sold during the pension phase, making it an appealing option for long-term wealth building and retirement planning.

Protecting Your Investments with Insurance

Property investments are about building wealth, but wealth also needs to be protected. Network Family Office have advisers that can help you with all types of insurance—personal life and disability insurance, building, landlord, and public liability—so that both you and your investments are safe from unforeseen events. Insurance is not just about compliance; it's about ensuring that if something unexpected happens, you and your family are financially protected, and you don't lose the property you've worked so hard to get.

Example: Rebecca, an investor with several rental properties, never hesitated to take out comprehensive landlord insurance on her properties, she knew it was logical. Early in her investment journey a tenant unexpectedly left significant damage, Rebecca's insurance covered the repair costs, ensuring she didn't suffer a financial setback. A review with Rebecca's adviser also highlighted other areas needed for her attention. Although she was a proactive investor, everything hinged on her income to support her investment strategy—if something happened to her, and she couldn't work, then she needed to

have a solid *'Plan B'* in place. Her adviser recommended disability insurance to provide her with income if she couldn't work. Having the right coverage provides her with peace of mind and keeps her investment strategy on track, even if in unplanned situations.

The Safety Net You Need

Insurance should never be overlooked as part of your investment plan. The right policies not only protect you and your income, but also against damage to your property, legal costs, rental defaults, and even liability if a tenant or visitor is injured on your property. Having comprehensive coverage means your wealth-building efforts aren't undone by unwelcome surprises.

Estate Planning for Property Investors

Using Wills to Create a Legacy for Your Family

Building wealth through property isn't just about today—it's about what you leave behind for the next generation. Estate planning is an important part of ensuring that your investments benefit your family, the way you want. Estate planning services, including testamentary trust Wills and superannuation nominations, are a very simple way to make sure that your assets are distributed in the most tax-effective way.

Example: David and his wife Cathy own multiple properties but hadn't planned for what would happen if they passed away. With the help of Network's estate planning specialists, David and Cathy set up testamentary trust Wills, ensuring their properties would be passed on to their children efficiently if they were to pass away, and without unnecessary tax burdens, court administration or family disputes. By planning ahead, David and Cathy were able to secure their financial legacy, by keeping their family wealth in the family, and out of the courts.

Planning for the Future

A testamentary trust Will not only helps with tax efficiency but also provides for the ongoing needs of beneficiaries, such as children, grandchildren and the vulnerable. Estate planning can also include choosing executors, ensuring superannuation benefits are appropriately nominated, and minimising potential disputes among family members. With a clear estate plan, you can rest assured that your wealth will be preserved and controlled in line with your wishes.

The Benefits of a Comprehensive Approach

Why a Team Approach Works Best

Property investment can be complex, but by having a team of professionals working together, each aspect of your wealth journey is considered and optimised. We understand the importance of collaboration, and that's why we work with licensed and qualified professionals in our network to provide you with a truly holistic service.

When all the key players—investment property specialist, financial planner, property finance specialist, tax adviser and insurance specialist—are communicating and working together, they provide integrated solutions that maximise your financial outcomes. Instead of fragmented advice, you get a coordinated approach that addresses all aspects of property investing, from planning and purchasing to protecting and passing on your wealth.

Conclusion

Property investment is a powerful way to build wealth, but it works best when it's done with foresight, strategy, and the right support. With Network Family Office by your side, you gain access to a multi-disciplinary team dedicated to helping you grow, protect, and manage your property investments for lasting success. Whether it's setting financial goals, securing the right loan, managing cash flow, maximising your tax deductions or protecting your assets, our collaborative approach is designed to ensure you, and your family can build wealth confidently and sustainably.