

Sun, sea and spending sprees

It's all about sun, surf and celebration when you have just moved Down Under but settling for longer periods brings new challenges, writes **Evelyn Duffy**

Does the prospect of government assisted spending sprees, payments to help with the kids schooling and a A\$21,000 (£10,324) gift to help you build your dream home sound appealing?

The spending sprees, assistance with school books and grants to build a home are but part of the Australian Government's multi billion dollar stimulus package designed to insulate the country from the global financial crisis.

Australia has not been immune from the recession, however the economy is, thanks to Government fiscal stimulus and successive interest rate cuts, holding up reasonably well with the majority of the population enjoying employment and an optimistic

outlook for the future. Little wonder, that many Brits, particularly those who have toyed with immigrating for some time, are increasingly motivated to relocate Down Under.

But, while the initial holiday is one of sun, surf and celebration, settling for longer periods brings challenges the new immigrant inevitably must tackle.

BUILDING NETWORKS

Those who intend to settle permanently must contend with settling the children in at school, finding employment or setting up a business, and transferring the family's financial nest egg in a safe and tax effective way, says Murray McKinley, a partner at Perth-based McKinley Plowman, a company which offers financial and business advice to expat Brits.

Murray says that although the global economic crisis may see unemployment climb to six per cent in Western Australia (WA) and eight per cent nationally, the West Coast remains a place of opportunity.

His practice has employed many people from the UK over the past decade, with the office demographic comprising 20 per cent of British born employees.

"Employing UK migrants, who are generally motivated to succeed, has been a positive experience for us," Murray says.

"These people have been hard working, fun loving, fitted in well, and are a joy to work with. It seems it is the more adventurous and go-

getter individuals that come to Australia." Murray says that while there is more competition for jobs in the Aussie workplace than there was in the boom years, his British clients enjoy full employment and an enviable lifestyle.

CASH INCENTIVES

Many of Murray's British clients are benefiting from the government's fiscal stimulus package which has provided one off A\$950 (£467) back-to-school bonus payments and additional A\$900 (£442) payments to taxpayers earning under A\$80,000 (£39,354). Immigrants also reap the benefits of generous first home buyer assistance which includes a grant of A\$14,000 (£6,887) to buy an established home or A\$21,000 (£10,331) to build a new home.

"Newcomers are eligible for this assistance regardless of whether they have owned a home in the UK," Murray says.

"A lot of our clients and some staff members have received a A\$21,000 (£10,324) grant to build new homes too.

"One employee, who came here from Blackpool, has signed up for a A\$360,000 (£177,132) house and land package, which includes a four bedroom home complete with a theatre room and games room. It is remarkable value when you compare what the same money would buy in the UK."

Murray says the wave of British people flowing into Western Australia also brings a tide of concerns about the safe transfer >>

Below The Australian government now offers a grant to enable you to build your dream home



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of pension assets. The current global financial turmoil is creating additional anxiety for people whose concerns include the security of transferring their assets, possible delays in transferring them and the prospect of being hit by hefty transfer fees or government taxes.

PENSION POINTERS

Unlike the UK, where a person receives a set amount of money upon retirement, pensions in Australia are subjected to the volatility of the market.

However, Murray says that those who are settling permanently have much to gain from transferring their UK pensions now.

“While exchange rates have favoured the British pound in the past, the Australian dollar will continue to strengthen against it as the economy out-performs the UK’s,” says Murray.

Also, with Australian businesses and institutions looking stronger than others around the globe, there

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are good opportunities for investing a pension, he says.

“Investing proceeds depends largely on the individual’s risk profile. Some clients see current share prices as an opportunity to purchase quality blue chip shares at bargain prices and then reap the benefits from owning them over the longer term. But for the more nervous clients we are able to keep money in government guaranteed bank accounts until markets show some signs of recovery.”

Whatever you do, make sure you get independent advice about transferring the pension, says Gareth Thomas, a client of Murray’s who immigrated to Australia with his partner Debra Rogers and son Ryan in 2004. Gareth, a fitter machinist, says that like many newcomers, he and



Above Murray McKinley (left) offers some sound financial advice to Debra and Gareth

Debra were exposed to plenty of confusing advice about the best way to transfer their pension assets.

“I was given all sorts of worrying advice,” says Gareth. “I’ve heard that British pensions can’t be accessed until a person reaches retirement age; that it may be better to wait a few years before transferring it or that you may have to give up a portion of it. Of course, this was all nonsense.”

Murray stresses the importance of transferring British pensions to Australian Qualifying Regulated Overseas Pension Scheme (QROPS). This offers many benefits, including a tax-free retirement income, flexible investment opportunities and long term asset protection.

“Unlike UK pensions, where in some situations the spouse loses half the asset value when a member dies, Australian superannuation assets are passed on to a partner or beneficiaries in full,” Murray says.

“Also, Australians can take 100 per cent of their pension at the age of 60, whereas UK laws only allow for 25 per cent to be taken as a lump sum.” Murray also warns that if benefits are transferred to a non-QROPS fund, a person will face a UK tax charge of up to 55 per cent on the pension.

For Gareth and his family, the long-term outlook for their pension assets is now very positive. Their


pension fund is now invested in a diversified portfolio consisting of blue-chip shares and good listed property trusts.

BE REALISTIC!

While Gareth and his family enjoy many of the things people idealise about Australian life, partner Debra warns that it is naïve to think there won’t be challenges when arriving in Australia.

Debra, a teachers aid, advises potential migrants to do plenty of research on all matters, whether it be housing, schooling, investing, or finding employment before relocating. “It also pays to think about the sort of lifestyle you want before you buy a home,” she says.

“Many people come here and head for the outskirts of Perth because they want to be near the beach. This may be a novelty at first, but when it gets down to permanently settling here, you may find you are not that much of a beach lover.

“We tried a few places and decided we wanted to be closer to the city so we can have ease of access to entertainment, restaurants and rugby games. It’s nice to be close to the sorts of things we can now afford.” 

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