



The investing seminar stitch-up

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Published: May 7, 2014 - 3:30PM

This week, a joint *Four Corners*/Fairfax investigation revealed the dangers of getting financial advice from a major bank.

But there's one sure-fire way to be guaranteed of getting poor advice that beats even walking into a vertically-integrated high street bank and asking to see a financial planner. And that's to attend a wealth-building seminar.

Take property investing through a self-managed super fund (SMSF) as a current example.

Somewhere in the country tonight an 'SMSF property expert' will be spruiking the benefits of SMSF property investing. Towards the end of the pitch, you'll be handed an application form for a new property development sourced 'exclusively for you'.

The fervour of the evening, the impassioned 'we're on your side' flavour of the presentations, plus the wine, might lead you to thinking there's something to it. There isn't. The development will be over-priced, the fees horrendous and the mortgage expensive.

Even in a booming property market your chance of getting a half decent return from a property purchased through a seminar like this is close to zero.

When you think about it, it can't be any other way. The food and drink, hotels, flights and the army of supporting staff don't come cheap. No self-respecting spruiker would front load an exercise like this with a big cost base without the prospect of a supercharged profit at the end of it.

In the end, the mug punter has to pay. If one in 10 people take up the offer, the promoter needs to cover the costs of the other nine, and add in a tidy profit margin. The dynamic puts you so far behind that you don't have a fighting chance.

Property, in particular, is a favourite of the seminar spruiker right now. Intelligent Investor Super Advisor doesn't recommend SMSF property investing, especially investments that are negatively geared, but if you're still keen on the idea, you don't need a product pusher to talk you through it.

There are about 50 online SMSF administrators, many of which will set up your SMSF free of charge. Ongoing costs depend on what options you take but this approach keeps expenses to a minimum.

Then head to a property website such as domain.com.au. It features thousands of properties, almost all of which are likely to be a better deal than a development bought through a seminar. Plus you only pay the normal exorbitant real estate agent fees, not the off-the-charts seminar version.

For legal advice, your online administrator is the best place to start. If they can't help, online document providers like Cleardocs or Topdocs, or your local legal firm, can.

By working with an SMSF specialist you'll improve your chances of getting the job done properly. Many deadly mistakes, like signing the contract to buy the property before the SMSF is established, have occurred in the rush by seminar spivs to lock in a sale.

If you're keen to hear the 'latest and greatest' strategies then by all means attend investing seminars and hear what they've got to say.

Just make sure you can see clearly through the chardonnay haze and withstand the barrage of 'advisers and consultants' looking to stitch you up before you can make it out the door. If you're still keen after that, you're better off doing it yourself.

Richard Livingston is the managing director of Intelligent Investor Super Advisor, an online service providing advice on superannuation and investing. This article contains general investment advice only (under AFSL 282288).

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