Jacqui Clarke

stop worrying about money

start planning now to **secure** your financial future

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About the author

Jacqui Clarke could very well be Australia's best-kept money secret.

Over her 30-year career, she has been a trusted advisor and accountant to some of Australia's most iconic and wealthy families. What she has learned is that we all worry about money—no matter how much we actually have!

For most of us, money is a complex world of relationships and expectations. This is why Jacqui takes the emotion out of finance for those 'too close to it', 'too busy' or simply 'too confused'.

She is a truthsayer: a conscience and a confidant to clients, family and peers, helping them navigate their financial future with confidence.

To Jacqui, managing money comes pretty naturally. At the age of 10, she would take customer bookings for her family's building and plumbing business. It was very clear to her that someone had to be across the details in business and that, more importantly, everybody needed a trusted expert. This belief has carried Jacqui through her career and is an integral part of this book.

An accomplished executive and business professional, including more than 20 years with Deloitte, Jacqui has held executive roles across Australia, New Zealand and Asia in industries and sectors including retail, property, automotive, professional services, technology, financial services, agriculture, and oil and gas.

She spent two highly successful decades as a full services executive, including time as Head of Clients and Brand, and then went on to co-found Maxima Private, a boutique accounting and advisory firm. Through its virtual family office program, Maxima Private helps families manage, grow and protect their wealth. Jacqui's consulting business is where she focuses on her trusted advisor role for boards and families.

Jacqui is the chair of an iconic global family business, and non-executive director on two ASX-listed boards and a charity. She is also a fellow of the Institute of Chartered Accountants Australia and New Zealand (CAANZ), a graduate of the Australian Institute of Company Directors (AICD), a chartered tax advisor, a fellow of the Taxation Institute of Australia and a Justice of the Peace.

Her hope for you through this book is to see that money allows you to enjoy life, but it also comes with great responsibility. With careful planning and effort, you can manage your money so it doesn't manage you.

jacquiclarke.me

Chapter 4
Build a trusted personal finance village

If there's one name that raises financial fear in the heart of every Australian (and is the topic of a fictitious TV series), it's Melissa Caddick.

It is alleged that the 49-year-old 'financial advisor' (I'll use that term loosely):

- created the persona of a successful businesswoman
- operated as an unlicensed financial advisor with fictitious qualifications
- fabricated share portfolio statements
- embezzled approximately $30 million from more than 70 clients, family and friends.

What we know for sure is that the façade continued for eight years. Caddick created an elaborate Ponzi scheme: a form of fraud that pays profits to earlier investors with funds from recent investors.

As a financial advisor, she was able to lure her friends and family in by demonstrating exceptional investment returns—*on paper*. Using the monies received from earlier investors, she produced detailed fake financial documentation to create the appearance of great returns being generated from their money. So, who wouldn't want in?

If someone needed to get out, she returned their earnings to them using a new investor's cash. All the while, Caddick lived it up using other people's money. To those who knew her, she created the illusion of a successful investment professional with expensive cars, clothes and holidays trips.

The story came to a crashing end after ASIC (the Australian Securities and Investments Commission) paid Caddick a visit at her home in 2020, after which she skipped town. ASIC was midway through an investigation at the time Caddick disappeared. The case was officially closed in 2021 when partial human remains were discovered on a beach and were confirmed to be Caddick's.

I vividly remember the interview on 60 *Minutes* with several of Caddick's clients. Most of them had tipped their only savings, including their hard-earned superannuation, into Caddick's hands.

Michelle Leslie was Caddick's personal trainer, turned close friend and investor. She was one of the victims of this charade. Caddick had tricked her into handing over her nest egg, money that she will never see again.

Cheryl and Faye, also friends of Caddick for more than 25 years, handed over $800 000 of their superannuation for Caddick to invest on their behalf. Also money never to be seen again.

In all, 72 investors became tangled up in Caddick's web of deceit. Everything Caddick had told them was a lie.

Unfortunately, in a lot of ways, you can see how this could easily happen to any one of us. Here's how it could go:

- We talk about what we're investing in with a family friend.

- The friend asks if we're interested in investing in something that is working well for them.
- We meet their 'financial advisor', who has all the relevant qualifications (all fake).
- The investment returns look good, or better than average.
- Other family or friends have already invested in it.

So why not just give it a go?

I'll tell you why. You need to do more than your fair share of due diligence when it comes to trusting people with your finances and investments, especially when there are links with family or friends.

When mixing family, friends and business goes bad

Time and time again, people have fallen into the trap of not doing their homework because they trusted the advice of a friend or a long-term mate, or most commonly a school or university friend.

Take, for example, James Packer (son of the late media mogul Kerry Packer) and Lachlan Murdoch (son of Rupert Murdoch, the British-Australian businessman and mass media heir). The sons of two of Australia's most successful media dynasties made their first large-scale foray into business life together, supposedly over a casual dinner one night. James mentioned to a few of his guests that 'a little mobile phone company' was doing good things profit-wise. Both entrepreneurs, James and Lachlan, went on to famously lose a share of their fortunes, totalling near on $1 billion, on the failed One.Tel at the height of the dot.com era.

In court, they said they had been 'profoundly misled as to the true financial position of the company'—which may have been true. It cost these young entrepreneurs dearly, not only in terms of financial wealth but also in terms of their reputations.

Although they both likely had quite a network of advisors at the time, I'll bet the one thing that James and Lachlan hadn't considered at the outset was the impact on their friendship, which still chews up headlines today.

I have seen this happen all too often, whether it's for $1 or $1 billion!

Why did they invest in the first place? The answer … a school friend! The leader of the pack was Jodee Rich, who belonged to an elite private school network that both James and Lachlan were a part of.

It can be a source of great tension and grief if things go bad financially between friends. Friendships may erode and the cascading impacts will be felt through your networks.

Investing with or being advised by friends or family is not a reason to cut corners on your due diligence.

So, who *can* you trust?

When you want to make an investment — a financial decision where you don't have to worry about your money — who can you go to so you don't get swindled?

Who do you trust?

I have a personal desire to ensure people have the best support when it comes to matters of money. And you really do need support. Don't be put off by Caddick's victims. Use their stories as a safeguard for what you can do differently. Work out a process that gives you comfort and peace of mind.

Some of the best advice in the business of finance (even if these sound like clichés) is:

- Never mix friends and financial advisors. If you do, have a third party to oversee everything.

- Don't develop a too personal relationship with your advisor. (Keep it on a professional level if you can.)
- If they're not transparent, walk away.
- If someone puts pressure on you to sign within a time frame, that's a red flag.
- Check the financial service's licence name.

Money and finances can be a highly emotional topic to discuss. It's complex because it's at the core of our livelihood. We might be very sensitive to the topic and not want to trust (or fall into the trap of trusting) family and friends when things are tough, or when we need to catch a break.

It's important to have a logical process and the right people around you. It can also be a good idea to have your accountant as a second person overseeing everything that your financial advisor recommends. (*Remember*: follow the same steps when selecting your accountant as you do for an advisor.)

A business colleague of mine has had a mixed run with money and seems to make the same mistakes all too often. He is 50 years old, paying rent, leasing a car and working month to month to support his family. He has been so preoccupied with business success that he neglected to get his personal financial house in order: not seeking advice when he should have, holding back because he felt he could sort out his finances himself. His trusted network is great for business, but he doesn't feel comfortable sharing the inner skeletons of his personal finance with them, so he doesn't. This causes him a lot of stress.

If you find yourself in this situation, recognise the gaps and weaknesses in your financial house and accept that you may need help to achieve the best financial outcomes for yourself.

You might feel emotional about it and need someone independent of you to help work through your particular situation.

> ***Emotions often get in the way of good financial decisions and that's why you need a personal village of finance people who can help you get the best overall outcome.***

We all need a little bit of help every now and then. Looking at your own financial future and your personal finance village is an important stepping stone to sound decision making.

Picking the right people for your personal finance village

The most successful businesses and families I have worked with have a network of trusted advisors and sounding boards that has been built over time. In the context of finances, I call this their personal finance village or PFV.

The old adage, 'It's not *what* you know, it's *who* you know' is the foundation to building your PFV made up of the right people. Your PFV should comprise trusted people who can help with money matters. When I say 'trusted', I mean people you have put through a filter—you need to do your due diligence. They must suit your unique needs (this is important). Your PFV should be different from anyone's else's PFV because your goals will be different from theirs.

Having qualified people around you is necessary to develop your financial literacy and set yourself up for success so you feel confident in the choices you make (and worry less)—and so you don't fall prey to the Caddicks of the world.

A PFV is something you should establish over time. You might seek someone for a specific reason only as a 'one-off'. Others may be required long term and, just like your GP, over time they will build up a long history with you. And sometimes, just as with a trusted GP, you may need to get a second opinion when the stakes are high.

I have, and have had, a range of people in my PFV. They have been sourced from my network and 'tested' by the network. They all have professional qualifications (I checked them out). Here's a snapshot of some more recent members of my village:

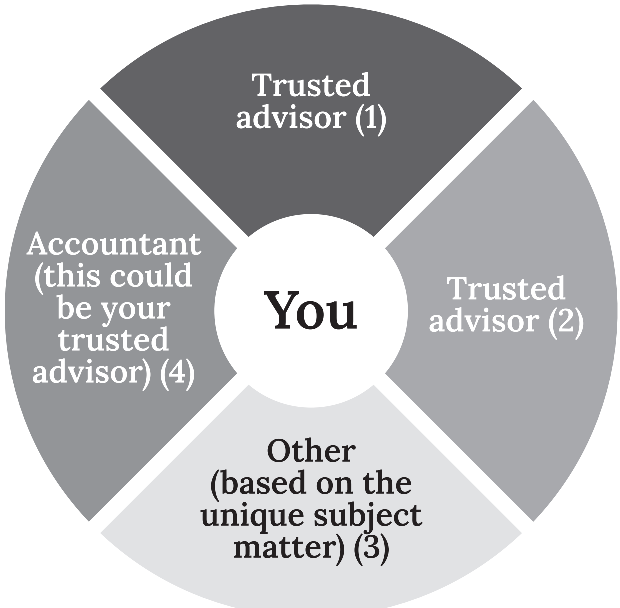
- A*n accountant*: runs my business (yes, I have my own accountant!) even though I am an accountant. I value an 'outsider' looking in for me
- A *buyer's agent*: to help with the process of identifying the best locations to buy rental properties based on capital growth and rental yields and to also help scan the market more quickly than I could — somebody who is in the real estate game all day, every day
- A *business coach*: when transitioning from my executive career. While you might not see how this immediately relates to finance, a business coach will help you focus on and grow your business more quickly than anyone else can
- A *lawyer:* to review a contract for joining a board as a non-executive director. You might not have use for one now, but it's good to have someone on 'speed-dial' for when things come up that you haven't dealt with before. A good lawyer will also refer you to an alternative lawyer if it's not their specialisation.

Here are some other possibilities to assist you in addressing your money matters — and to assist you more broadly. Any one of these could be your trusted advisor.

Potential trusted advisor	How they might help
Financial advisor	Takes a bigger-picture view of your overall wealth and assists with making investment choices
Superannuation advisor	Could be the same person as your financial advisor Focused purely on the performance of your personal superannuation (usually this would apply when you have a self-managed super fund)
Stockbroker	Main function is to identify when stocks on the share market are bought and sold, preferably for a profit!
Estate planning lawyer	Specialist in their field and best used for preparing and reviewing your will
Bookkeeper	Records your cash flow in and out and prepares your BAS (business activity statement)
Private banker	Usually accessible if you have a certain level of debt or assets. Acts as a good advocate for you at the bank when borrowing money or requiring help with bank products for savings or investments
Tax agent	Prepares and lodges your income tax returns on time
Tax advisor	For technical issues such as how best to structure yourself into an asset or business; may help on all manner of issues (capital gains tax, loans etc.)
Psychologist	To talk about 'money baggage'; some of this comes from relationships and family history (it can be good to talk these things through with a psychologist)
Personal coach	If you're looking for motivation or direction, this is a great place to start
Insurance broker	It's handy to have someone you can call on for advice on life, TPD, trauma and income protection insurances. Also, if something goes wrong, they can assist with the process of rectifying it

We all need good, diverse people around for guidance with our personal finances. You won't need all of these people at all stages of your life, so it's worthwhile considering who is currently in your village, who you might need to add and who might need to be removed, depending on your current money goals.

Build a trusted personal finance village



Who's in your village?

Take 10 minutes to reflect on your village: who do you need and where are your skill gaps?

Make an action plan to kick off your research for that one addition to your village or at least 'fact check' the ones you currently have.

My personal finance village
Trusted advisor (1)
Trusted advisor (2)

I'd like to share a story that will highlight for you the importance of choosing the right people for your PFV.

Mel and Kim: how to know who you need and when — a cautionary tale

Some time ago I was introduced to a couple, Mel and Kim. Kim's family had a retail business that was ticking along successfully and always provided a good level of income for the family. Kim did not work in the family business. Mel, however, worked alongside Kim's father. For 20 years they had used the same accountant and business advisor, Peter.

Peter had always worked directly with Kim's father and occasionally with Mel on matters relating to the day-to-day operations of the family business. Kim had only recently engaged Peter for her own money matters as he was the only accountant she knew and as she had known him for a long time it made sense. This is where it gets interesting.

Kim had built a very successful career for herself (outside the family business). She had accepted a senior role in a corporate organisation and was offered shares and options in the company. It took some time for Kim to seek advice from Peter about the shares. Kim needed to know what the tax implications of these shares and options would be, now and in the future. Peter had always been focused on the family business, and particularly on Kim's father, and it turned out Peter was not well qualified in shares and options and perhaps didn't consider the significance of Kim's shares. The dollar value of the shares and options at the time Kim first raised them with Peter may not have seemed significant. However, this quickly changed, and while Peter became aware of their increase in value his actions didn't reflect this.

Luckily for Kim, it was at this point that her suspicions of Peter's 'lack of interest' and perhaps lack of technical knowledge led her to look further. She contacted her banker, who gave her the name of a qualified professional to talk to about her shares and options. This introduction proved to be crucial for Mel and Kim as the value of the shares and options grew considerably to become worth many times their combined annual incomes.

Nevertheless, the delay in seeking advice from a qualified professional cost Mel and Kim a net of $6 million in taxes, due to the capital gains cost of selling shares. But the damage would have been $8 million because they saved $2 million by getting the right advice in the end.

Sadly, getting the right advice identified that Peter had already made fatal errors to the tune of $9 million. These errors could not be fixed retrospectively and had already cost Kim and Mel dearly.

The family was loyal to Peter (which is a common story). He was good as an advisor to the family business because he had a detailed knowledge of it. The business had a retail focus, which was Peter's specialty.

On the other hand, he was not across executive share option matters in the level of detail needed to ensure Mel and Kim benefited from the upside and minimised tax wherever possible to improve their overall outcome. This was no small matter—in fact, the success of these shares was life changing for Mel and Kim. The sale of Kim's shares provided long-term financial security that may never have been possible from the intergenerational retail business.

Here are the main factors that played a part in Mel and Kim's awful tax bill:

1. the delay in getting the right advice upfront
2. recognising that while Peter was great at working for the family business, he did not have the experience to deal with shares
3. not seeking another opinion quickly

4. trusting their gut that Peter's strengths were not in options and shares
5. Peter not acknowledging quickly that he was out of his depth.

As you can see, there could be $2 million worth of reasons why it's critical to have the right people around you for your particular situation or scenario.

Don't just stick to what you know, who you know or to continuing to do things the same way.

How to handle a new financial challenge

So, let's take Kim's story a bit further. Let's assume there was no existing relationship with an advisor—that is, there's no Peter.

You are now in Kim's shoes. What is the best way for Kim to decide who to trust with managing her shares and options for the best possible tax outcome?

Here are 10 steps you can apply to a new financial challenge like owning shares and options when determining the best way to approach it and how to seek the best support:

1. *Educate yourself*. Ensure you understand the shares and options you are being offered by the company.
2. *Recognise your skill gap*. See the significance of the shares and options as a 'trigger'. By trigger, I mean do something different—change it up. Ask yourself, *Who do I need to add to my PFV to get this right*?
3. *Ask your advisor for a referral*. Ask your bank manager if they know anyone who could advise you. (In truth, this is what saved Kim, because they introduced Kim to a qualified advisor.)

4. *Check in with your internal network*. Ask someone at your company (perhaps another employee) if there is someone they worked with previously when offering these shares/options.
5. *Seek confirmation that they are appropriately qualified*. Meet with the recommended person or people to ask, 'Do you have the right skills to advise me?' Or 'Have you dealt with this type of situation before?'
6. *Ask, 'How much will it cost?'* Ask about the cost or fee for the advice. How would they structure their cost or fee?
7. *Build trust*. It takes time and this will be a good opportunity for you to get to know this advisor.
8. *Do your due diligence*. Ask to speak to some existing clients of this new advisor to help build a greater understanding of their experience and what has worked well for them.
9. *Check that their professional qualifications are suitable.* The greatest risk we all face is using unqualified people. There are plenty of scammers out there who fake professional qualifications. There are also professionals with huge egos who are too big to say, 'I think you need someone else to look at this'.
10. *Admit 'you're not right for me'*. All too often we feel an obligation to continue when we need to *stop*. At the end of the day, the buck stops with you so if you aren't feeling it, you need to terminate this business or personal relationship (so far as it relates to this matter). I know you have invested time and energy into getting to know this advisor (and the thought of doing this all over again with someone new is painful or downright annoying), but you may need to start afresh.

Seek first to understand what you are contemplating before you seek out advice.

If Kim had followed more of these steps sooner, in addition to the $2 million saved, she could have saved an additional $9 million that was missed due to Peter's earlier error. That's one very expensive lesson! Thank goodness she (eventually) followed her instinct.

Fact-check your finance village

If you went back and interviewed Caddick's 72 victims, you would find that they all wished they had checked more of the details, such as the professional qualifications that Caddick purported to hold, including a financial services licence.

It was only when ASIC contacted some of them that they started to dig deeper—for example, by calling CommSec (the Commonwealth Bank of Australia's share trading platform) to confirm their account details, only to find no such account existed.

Fact checking is at odds with how we generally respect professionals but if there is one key takeaway from all of these stories it is that, regardless of how 'well' we know—or a friend knows—the advisor, we must do our fact checking.

Here's a checklist of key criteria to assist you with building your village. (*Note*: your first point of call may be to go to the professional association to ask for someone experienced who can help you, then confirm they have the right skills.)

Skills and qualifications checked

- ☐ Known by someone you trust
- ☐ Demonstrates experience with your circumstance or issue
- ☐ Track record with solving issues like yours
- ☐ You have a good rapport
- ☐ Your gut responds well to this person

- ☐ If you are seeking a family member's opinion, confirm they are qualified to advise you on this matter (they may give you a better emotional radar than a financial one, which is also important)
- ☐ Ensure you fully understand the issue that you are seeking advice on

In short:

Beware the huge ego

Beware the smooth talker

Beware the salesperson

Beware the name dropper (pet dislike of mine)

Beware the friend of a friend…

Fess up when things go wrong!

A friend recently shared a story about a husband and wife who lived in a well-to-do suburb in a capital city. The wife was always out shopping, getting facials, playing tennis, and so on. She used a credit card to pay for everything and there had never been any issues with it. So she was shocked when her husband's business went south and they had to sell their beautiful, prestigious house to pay off the debts and to consider renting. Her husband was too proud, or too embarrassed, to admit that the business was failing and continued without advice or support only to find the hole he had dug was so deep there was no way out.

I have a bank of these kinds of stories relating to people and issues with money. The hardest conversation to have with a client is where they went wrong on an issue when they didn't get prior advice.

My advice here is simple. Don't be afraid to come clean if you're in a mess. Advisors are usually in the business to help and it's better to come clean now than wait because things can fester and get much worse.

It's too late when you've sold your business to minimise tax. It's too late when you've purchased shares in your name instead of, say, a trust. It's too late if you didn't save for your tax bill. It's too late when you have already signed the contract!…Some things can be amended or adjusted but the best outcomes are the considered ones.

Just remember that, first and foremost, you need to be in control of your finances.

A final friendly piece of advice

Our friends can be an incredible source of knowledge and wisdom, in most cases. Friends do have a valid part to play in your finances. But it is just that: they may play a *part*. The worst thing you can do is stick your head in the sand and ignore everything or everyone around you. I also caution you on opinion shopping. Don't drop the ball on your own due diligence. Continue to do your research and fact checking regardless of the source.

I like the story of former professional basketballer Shaquille O'Neal, who has an entourage of business and financial advisors, but found he was turning up to meetings and being treated like the 'sports jock'. It drove him crazy because people would pitch their business ideas to his team and virtually ignore him. He decided to take matters into his own hands and went and got an MBA (Master of Business Administration) so that he could be in charge.

That's exactly what you need to do: be in charge of your finances.

Stop worrying now

1. Considering your current money matters and looking to the future, what issues give rise to a worry or worries that you could resolve now by talking to someone new (who will join your PFV)?
2. Take a moment to reflect on your current PFV: the connections, relationships and level of trust you have established. What do you need to do now to strengthen the ones you have? What probing questions can you ask them that will help cement these professional relationships?
3. Having considered where the gaps might be in your own PFV, if you are working with an advisor now who isn't the right fit, what steps will you take to change that relationship and move on?
4. Take action to connect, book a cuppa with and get to know someone you need to add to your PFV. What outcome would you like to achieve from working with them?

Face your money challenges head on

Stop Worrying About Money delivers smart, sure-fire money advice to help you prepare for life's ups and downs. From Jacqui Clarke, trusted advisor to some of Australia's wealthiest families, this book is your answer to the question: how can I build a more confident relationship with money?

Inside, you'll find a practical and hands-on guide to dealing with life's most common and challenging financial obstacles; you'll learn how to build financial security for yourself and your family as you take control of your spending and set meaningful and realistic money goals; and you'll discover how to pay down debt, become a master planner and handle unexpected money emergencies.

Discover how to:

- understand your money story
- build your support team—your personal finance village
- create a resilient retirement nest egg
- combat expense creep and avoid other typical money traps
- make empowered, wise money choices.

Stop Worrying About Money is the energising, no-nonsense financial wake-up call that you've been waiting for. Stop worrying about money, and start living, today.

Jacqui Clarke is a trusted advisor, board member, executor and veteran business executive. For decades she has worked with some of Australia's wealthiest families to help them preserve, protect and grow their wealth, and navigate the challenges that money brings.

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