Property tycoon tops young rich list

Adelaide developer Ross Makris has unseated Queensland coal baron Nathan Tinkler as the richest Australian under 40, as the financial crisis lowered the wealth required for inclusion in the list.

Mr Makris, son of Greek immigrant property magnate Con Makris, made $420 million through shopping centres, commercial properties and residential projects, ranking No. 1 in the 2009 BRW Young Rich list, up from fifth spot last year.

Cotton On retailer chain owner Tania Austin from Geelong is Australia's richest woman, with a $156 million fortune shared with husband and co-owner Nigel.

"Essentially property and retail have held up better than most of the market," said Sean Aylmer, editor-in-chief of BRW, which publishes the annual list. BRW is owned by Fairfax Media, the publisher of this site. "We're seeing quite a few property people getting back into the market. Obviously the more savvy ones buy and sell at the right time."

Overall, the total wealth of the 100 members on the list dropped by 4.5 per cent through the financial year to $5.8 billion, with the cut-off level dropping to $15 million from $20 million last year.

Top-ranked Mr Makris is followed by the London-based hedge fund manager Greg Coffey, whose wealth is calculated at $390 million. Mr Tinkler comes in at No. 3 with $366 million.

Stimulus keeps retailers rich

Sass & Bide fashion label founders Sarah-Jane Clarke and Heidi Middleton together are in the No. 5 richest women's spot, with a combined $36 million.

"Retailers have done reasonably well because the government stimulus package has kept up consumer spending," Mr Aylmer said.

Although individual retailers on the list were doing better this year, the overall number people drawn from the sector fell to 11 in 2009 from 17 in 2008, he said.

"Elizabeth: The Golden Age" star Cate Blanchett is the top-ranked female entertainer, worth $53 million - which makes her the second-wealthiest woman on the list, and places her at No. 34 overall.

Victoria tops NSW

Victoria ranked as the No. 1 state for young rich Australians for the first time in the list's seven-year history. It pipped NSW as the fallout from the global financial crisis continues to squeeze wealth out of the financial sector.

Rick Munday was ranked fourth on the list of top five Victorians. Wealth: $114 million, industry: property. Photo: Paul Jones

Number one ... Ross Makris (South Australia), wealth: $420 million, industry: property. Photo: DAVID MARIUZ

In 2009, Victoria boasted 28 names on the list, compared to 25 names from NSW. Last year, NSW claimed 30 rich people, while Victoria had had only 25.

Expats accounted for 20 of the people on the list, more than Queensland which made up only 14. Western Australia contributed 9 young and rich members, while South Australia added 3.

By industry, more young Australians made their fortunes in technology – 21 of them- than any other sector.

"Technology has held up well," said Mr Aylmer. "There's still a lot of money out there for good technology firms.

"Young IT entrepreneurs are making a bit of a comeback."

Property accounted for the second biggest slice, with 15 entrants. Sport created 13 of the tycoons, while financial services made up only 12.

The list ranks the top 100 wealthiest Australians under 40 years of age, excluding those who have inherited their wealth.

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pal member of the Financial Planning Association.

That goes to show that anyone wanting financial advice really has to do their homework (See: How to find a planner).

Good financial planning is much more than just picking investments. Any planner who is overeager to recommend investments should be treated with caution, Menschik says. "You have got to trust the adviser and should not feel like you are being pushed into something," she says.

MORE THAN PRODUCTS

The planning process should involve developing a budget and strategies for saving money, protecting against risk, managing debts, growing assets and reducing tax liabilities, Heaven says.

It is also about planning for retirement, identifying entitlements for government benefits and planning what inheritance is to be left to the next generation, he says.

Nicholson is paid mostly by fees and that's his preferred remuneration model but he allows clients to pay by commissions if they wish. He separates out the advice from the investing. After the client draws up a detailed balance sheet of their assets and liabilities, there is a series of meetings (at least three) and Nicholson draws up a detailed financial plan. It maps out where the client will be in five, 10 and 20 years' time. Most clients can expect to pay a couple of thousand dollars for a comprehensive financial plan.

Planners are now more flexible in how they are paid than a few years ago. They should be able to accommodate those who just want one-off advice, and answer questions such as: "What should I do with this inheritance?" through to a comprehensive financial road map.

Good advice goes a long way

Ross Jackson has been a client of AMP's Andrew Heaven for almost 20 years. Over that time, what started out as a professional relationship has become a personal one as well. Ross says his main goal, and that of his partner, Lisa, is to save enough to afford a comfortable retirement.

Ross, 40, is the managing director of a small business in Sydney's northern suburbs. His parents were clients of AMP and he followed in their footsteps. His first foray into investing was buying and renovating houses. "I'm not a sophisticated investor and I don't have the time nor inclination to become one," he says.

His circumstances have changed considerably over the 20 years, from being single, to married, to having a child. On the advice of Andrew, Ross and Lisa have started an education savings plan for their 7-year-old daughter, Kirra. Ross and Lisa meet with Andrew twice a year.

"The relationship with Andrew is one based on friendship but it started as a professional friendship," he says. Ross still dabbles in property and, though he will ask for Andrew's advice, he makes the calls on property investing himself.

On all other matters, Ross and Lisa adhere to Andrew's advice. "I ask his advice on everything and do not do anything outside of what he recommends," Ross says. He likes the fact that his planner is of a similar age, has a similar outlook to him and that he can pick up the phone to talk to him any time.

How to find a planner

It's no good getting advice unless it's quality advice. That means people need to take their time and choose wisely.

Unfortunately, the minimum standard required to be a planner is low and some planners are nothing more than commission-driven salesmen. So how can you be sure of getting the real thing?

The Australian Securities and Investments Commission (ASIC) recommends that you deal only with licensed planners or people who are representatives of licensees.

But that may not be enough to ensure you get good advice.

Word of mouth is probably the best approach. Seek recommendations from friends and colleagues and from other professionals you trust, such as accountants and solicitors.

"If you do not feel good with the person then you should walk away," says Laura Menschik of WLM Financial Services. "You have to trust your adviser because there are going to be lots of questions. You are going to be asked about your goals, fears and concerns and whether your marriage is stable and whether you want to leave any money to your kids."

More than 90 per cent of planners work for one of the big banks or insurers, either directly or though a firm that is owned by one. Having the backing of a big institution can be good for consumers.

When the property developer Westpoint collapsed, many of the smaller planning firms who recommended Westpoint went into liquidation, leaving clients with no one to turn to for compensation.

However, the institutions have a record of favouring their own products in their recommendations.

Those seeking advice should ask if the planner receives any commissions or other financial benefits for recommending any particular products. And if there are any products the planner does not recommend why not.

Planners should be members of the Financial Planning Association, though some planners do not belong to the association because they believe that the membership standards are too low.

The Financial Planning Association has a referral service at fpa.asn.au.

The Australian Securities and Investments Commission has a guide to finding a financial adviser, "Getting Advice", at www.fido.gov.au.