

When a gift is as good as gold



Picture: Cameron Richardson

SOPHIE ELSWORTH

BUYING a younger family member a financial Christmas gift could avoid the problem of giving a stack of unwanted presents that end up in the back of a cupboard.

Instead of wasting money on toys or clothes they will quickly grow out of, putting money towards a financial present is a good way to spend money on children.

AMP financial planner Mark Beag says buying kids shares at this time of year is popular among grandparents.

"Giving them an understanding of the market is a good educational tool and is much better than getting them a PS4 (gaming console) that will result in them wanting a PS5 the next year."

Managed funds – a diversified way to invest money in a range of asset classes, i.e. shares, property and bonds – is another way you can invest money for children.

"It becomes like a savings plan, they can kick off managed funds with an investment of \$1000 and add \$100 at any stage," Beag says.

Children can earn up to \$416 a year without paying any tax if the asset is invested in the child's name.

But if you invest in an asset that's held in your own name with the plan of giving it to the child down the track there will be

implications in dodging capital gains tax when you change ownership.

Investing in gold is another possibility, ABC Bullion's chief economist Jordan Eliseo says.

"You can invest in quite small amounts, you can buy a five or 10g gold bar for less than \$300," he says. "Silver is even cheaper."

"We have many clients who accumulate gold over time in the view that they will pass it on to their children or grandchildren."

Gold prices have climbed on average by 10 per cent per annum. You can open an account with a reputable bullion dealer online and order over the phone – they can also arrange storage.