YOUR QUESTIONS ANSWERED

Should I place lump sum in real estate investment fund?

Eoghan Gavigan
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Q I HAVE €150,000 which I want to invest for between 10 and 15 years — with a view to using it to fund my retirement in the future. I'm 50 years old. I am interested in property investment and had considered using the lump sum to buy a property outright. But I was burned during the recent property crash and am now reluctant to invest directly in property. I also don't want to take on the responsibilities of being a landlord. I am considering putting my lump sum into real estate investment funds or real estate investment trusts instead. Would this be a good idea and is there anything I should be aware of before committing to such investments? Barry, Co Cork

VERY often when an investor loses money — or is disappointed at how an investment has performed — it is because they came at the task exactly as you have outlined in your question: by trying to make as much return as possible from one type of investment, with little regard for risk or return.

If you have €150,000 to invest and the purpose of the investment is to fund your retirement, you have limited capacity for loss — as a reduction in the value of your investment would be catastrophic for your quality of life in retirement. To allocate all your investment to a single asset class in these circumstances is not investing; it is gambling. In asking me if this is a good idea, you are really asking me if your suggested investment is the optimum for your circumstances. Given all the factors involved in doing this correctly, I can safely say that the answer is no.

Property may indeed form part of the solution, but if your primary focus is on successful investing, you need to approach this from another direction.

Some thought must be given to the choice of investment vehicle — and this may depend on the level of access (if any) required to the funds. You state that these funds are earmarked for your retirement. Depending on your circumstances, it may be possible to make the investment through a more tax-efficient pension vehicle. The downside of this, however, is that you may not be able to access the funds until your retirement, so you would need to ensure that you have an adequate emergency fund in place if you pursue this approach.

Asset allocation — essentially where you decide on the mix of investments you have in your investment portfolio — must also be addressed.

You must address several issues when deciding on asset allocation, such as the term of your investment, your risk profile, the returns you would like to make and the tax implications (which may be affected by the investment vehicle you use). Furthermore, if you are considering investing in property, you need to be aware of liquidity risk — that is, how easy it is to convert an investment into cash. Property is an illiquid asset and this can increase the risk of investing in it because if a large number of investors seek to exit from a property fund at once, they may be prevented from pulling out of the fund.

This, however, shouldn't be as much of an issue in a well-diversified investment portfolio (which a portfolio which contains a variety of different investments).

Some of the above may seem straightforward and not worthy of further examination. However, you mentioned a 10- to 15-year investment term. If you are currently aged 50 and you intend to retire at age 65, then you don't necessarily need full access to the entire investment at that age.

A closer examination of this aspect alone could result in you deciding on a longer investment term for some or all of the investment, with perhaps some form of partial de-risking (where you reduce the level of risk in a portion of your investment) in the lead-up to your planned retirement date. This longer-term investment horizon could further reduce the level of risk.

The optimum investment for you will very likely involve allocating your funds to a range of different investments in a way which is designed to result in the achievement of the desired return, while limiting risk to an acceptable level.

My advice to you would be to work with an adviser to determine your required return; decide your asset allocation based on this and the level of risk you are willing and able to bear; and have a plan in place to ensure that your investment isn't derailed by knee-jerk reactions during times of market volatility. Anything else is a recipe for sleepless nights.

Pension transfer choice

Q I'VE been self-employed for a number of years and recently set up a personal retirement savings account (PRSA). I have a pension benefit built up with a previous employer — through a defined contribution scheme — which I am considering transferring to my PRSA. Could I face charges when transferring the benefit, how high might those charges be — and would I be better just leaving the old pension benefit where it is instead of transferring it into my PRSA? Aisling, Co Galway

GENERALLY speaking, for visibility, ease of management and access to a broader range of funds, I favour moving legacy defined contribution pensions out to a product under your own control. You would need to check with the administrator of your previous scheme but in most cases, you are unlikely to face exit charges. In your case, your options are to move it to your PRSA or to a personal retirement bond (PRB — a portable pension pot which you own and have control over and which is sometimes referred to as a buyout bond). The first step is to determine whether you are eligible to move the pension benefit to a PRSA.

If you are eligible to move the pension benefit to your PRSA, there are a number of issues which you need to address, including when you will be able to draw your pension, and the different options you have for maturing your pension — and how these could differ if you choose to move to a PRSA or to a PRB. For example, if you move your pension benefit to a PRSA, you will lose the ability to calculate your retirement lump sum based on your salary and years of service. You will instead be permitted to take 25pc of the accumulated fund.

Another consideration could be the investment choice available in your new pension product. In some circumstances, a PRSA may not have access to all of the funds which a PRB has access to.

You also need to take charges into account. If you choose a standard PRSA, the maximum annual management charge will be 1pc. There is more flexibility around charging structures for PRBs. As with all financial decisions, your personal circumstances are relevant, so you should seek the advice of an appropriately qualified adviser before taking any action.

Due to the unavoidable conflict of interest caused by the payment of large initial commissions for single premium pension transfers, you should seek out a fee-based adviser — as decisions of this nature are normally irreversible.

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Email your questions to lmcbride@independent.ie or write to 'Your Questions, Sunday Independent Business, 27-32 Talbot Street, Dublin 1'.

While we will endeavour to place your questions with the most appropriate expert for your query, this column is not intended to replace professional advice.

BEST BUYS

MORTGAGES

Institution	Rate	Monthly repayment
ICS Mortgages	2.6pc	€1,000.85
Ulster Bank	2.6pc	€1,000.85
Ulster Bank	2.75pc	€1,020.60
Finance Ireland	2.8pc	€1,027.24
KBC	2.8pc	€1,027.24
AIB	2.85pc	€1,033.89

Based on first-time buyer getting a five-year fixed rate on a 30-year mortgage of €250,000 — for a property worth €300,000. Lowest Ulster Bank rate is for those not seeking exemption to Central Bank lending rules. KBC rate is for those who have a current account with the bank. Rates do not include those for Green mortgages.

SAVINGS

Institution	Account type	AER/Gross
State Savings	6-yr Instalment Savings	0.98pc
Permanent TSB	Online Regular Saver	0.9pc
Ulster Bank	Special Interest Deposit	0.85pc
Bank of Ireland	Goal Saver	0.5pc
Bank of Ireland	Mortgage Saver	0.5pc
Permanent TSB	21-day Regular Saver	0.4pc

Based on regular savings of €200 a month. You must hold a current account in the Republic of Ireland to open a Goal Saver account.

CREDIT CARDS

Institution	Card type	Typical APR
Ulster Bank	Black Mastercard	16.1pc
KBC	Credit Card	18.25pc
Bank of Ireland	Platinum Advantage	19.6pc
Avantcard	One Card	20.6pc
Bank of Ireland	Classic	22.1pc
Permanent TSB	Ice	22.53pc

Based on interest rate charged on purchases on a card which has a minimum of six months' interest-free balance transfer. Avantcard rate quoted is for customers with excellent credit record.

LOANS

Institution	Typical APR	Mthly repayment
Bank of Ireland	7.5pc	€311.06
Permanent TSB	8.2pc	€312.90
AIB	8.95pc	€316.37
Permanent TSB	12.5pc	€331.19

Based on a €10,000 personal loan over three years at a variable rate. Loans are not secured on cash. Lowest Permanent TSB rate is its home improvement loan.

YOUR WORK

Selling is for everyone not just for sales professionals

GINA LONDON

THE COMMUNICATOR

ARE you employed in direct sales? If so, keep reading. Are you not directly involved in sales? If so, definitely keep reading.

It doesn't matter whether you are a college student, unemployed and looking for a job, a mum about to re-enter the workforce or a top executive in that coveted corner office of a multi-national company, each of us is in the business of selling ourselves each and every day.

New York Times best-selling author Daniel Pink summed it up in his book *To Sell Is Human* when he wrote: "At every opportunity you have to move someone — from traditional sales, like convincing a prospect to buy a new computer system, to non-sales selling, like persuading your daughter to do her homework."

Understanding that fundamentally shifts the way you look at yourself and your interactions with others.

For more on the topic, I turned to veteran salesman David Tumulty to share the secrets he has learnt after nearly three decades of success in the business. From car insurance to call centres to IT solutions, David has sold it all. He is currently a recruitment consultant in the construction and civil engineering sector for Dutton Recruitment, based in the UK and serving across Europe. See if you can apply even one of his tips to help you better move yourself and others.

1. Focus on communications

"Communications is the key to sales," David told me by phone this past week from his home in Cardiff. "Verbal and non-verbal. Communication is the difference between selling or not selling. It's not a luxury, it's a necessity."

I firmly agree with that as a fundamental principle. But what are some of the more specific traits or strategies you can apply to effectively communicate?

2. Focus on the pause

In the area of communications, listening skills are huge. But we're not talking about active listening here, instead we're talking about actively taking a moment to let a silence settle in between you and the other person.

David explains it this way: "Someone told me many years ago that a pause of more than four seconds makes people feel very uncomfortable. They will want to break the silence and say something, and what they say next can be very telling for the sale."

To use Daniel Pink's example, imagine you are negotiating with your daughter about homework, something I'm a bit familiar with with Lulu, my 12-year-old. If you ask her to suggest a time that she will begin her homework or ask her to suggest how long she will work on her book report for the evening and then jump in with your own ideas before she has a chance to make her offer, how successful will you be? Likewise, if you are preparing to discuss a price or solution, ask the question of the other person first, then wait.

David suggests that during this time of silence or pause, the person who is first to break the silence is likely the one who will lose control of the negotiation.

"You should be doing about 30pc of the chatting and the other person should be doing about 70pc," David says. "As the old adage says, 'We have two ears, but only one mouth'."

3. Focus on mirroring

Daniel Pink's book refers to a Dutch study which found servers who mimicked their customers' styles and behaviours earned more tips than those who did not.

If a group of diners is dressed in suits or smart dresses and behaving formally, then the waiter should interact in a similar business-like manner. If, on the other hand, the waiter meets a buoyant group on a family reunion, a more laid-back and familiar approach will likely work better.

David agrees. "When you're meeting someone face to face, mirror their body language. If they put their hand lightly on your shoulder, you can do that too." Same thing with speaking style. "I speak to a lot of builders," he says. "If one of them says, 'Dave, mate...' and proceeds to talk about football, I will probably also call him 'mate' at the end of the call. But if he calls me Mr Tumulty, I will call him 'Mr' or 'Sir' throughout."

4. Focus on the objection

Imagine what objection your daughter may raise when you bring up the dreaded subject of homework. Now imagine what your boss may say when you bring the notion of a pay rise.

Or, as David explained, imagine the objection a decision-maker may have if you're making a cold call. "The number one thing they'll say is that they don't have enough time, so I do the salutation and move right in with, 'I know you're really busy and so am I. That's why I'll make this really quick'. It's really powerful because you have already identified and acknowledged their objection first."

By focusing on the pictures in the other person's head first — their reluctance toward silence, mood and mannerisms, possible objections — you will accelerate the speed with which you can close the sale, get the job or, perhaps best of all, complete the homework.

Next week in The Communicator

You won't have anything to whine about, but you might discover something to happily wine about as I interview Justine McGovern, the Dublin-based director of the California Wine Institute UK.

Write to Gina in care of SundayBusiness@independent.ie

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SMALL BUSINESS

Dublin: A growing hub of global opportunity

Eoghan Hanrahan

THERE has never been a better time for ambitious, indigenous businesses to develop in Dublin. A vibrant, urban region with significant potential, it is earning a reputation worldwide as an attractive destination to start and scale a business.

The most recent Global Cities Report — produced by management consulting company Kearney — ranked our capital highly in its Outlook Index, jumping 24 places to ninth, behind cities such as London, Singapore, San Francisco, Paris and Tokyo. This particular index highlights those primed to become the next generation of global hubs, thus positioning Dublin as a key base for companies looking to compete on a global scale.

Collaboration is essential in establishing Dublin as both a national catalyst for growth and as an international tier-one city.

At Enterprise Ireland we work with key stakeholders, including third-level colleges, Local Enterprise Offices and the four local authorities to ensure startup and scaling companies have access to appropriate supports at each stage of their enterprise journey.

As a region, Dublin has seen a transformation in the past eight years. With unemployment now below 5pc nationally and the fact many global corporates have established headquarters here, the demand for highly specialised skills and office space presents challenges. Enterprise Ireland's regional strategy, Powering the Regions, is focused on balanced regional development. Funding co-working and second site initiatives and promoting collaboration between regional hubs is central to this.

In recognition of this emerging trend, Enterprise Ireland has funded a strong network of enterprise centres and hubs across the Dublin region which are flourishing, innovating and providing flexible workspace for startup and expanding companies. Guinness Enterprise Centre, Spade kitchen incubator, Ghala DAC, Social and Local in Tallaght and the Social Innovation Hub are examples of recently funded projects.

Last month, Enterprise Ireland awarded more than €2m in regional enterprise development funding to develop The Collaboratory, an industry solutions hub in Blanchardstown, north-west Dublin. This workspace will support agile startups, scale-ups, SMEs and multinational companies within cyber security, internet of things and artificial intelligence, rapidly growing sectors here.

The flexible, co-working office market is thriving in Dublin and is as attractive for on-demand working space as other major European cities such as London, Paris and Stockholm.

The city and county's coastal geography means, too, that the high-growth ecosystem of SMEs and startups, especially in industries like fintech and ICT, can look at expanding within Ireland's regions as well as using its location to act as a gateway to markets overseas. Combined with the expert insights offered by the in-market teams operating across our network of 39 international offices, these businesses can properly explore their global ambition supported by Enterprise Ireland.

Dublin is a dynamic source of startup funding and SME support programmes. At the core of our regional strategy, 'Powering the Regions', is the commitment to boost innovation. Participating in events such as Techstars StartUp Week, powered by Dublin City Council, provides a valuable opportunity to promote awareness of our range of innovation supports.

In Dublin, Ireland's first technological university has received Enterprise Ireland funding to develop a national sectoral cluster. This will develop skills, enhance technology and boost knowledge transfer for SMEs across the region. No matter what stage you are at, if you want your business to prosper you need to be in the the very best location with access to the very best resources.

Eoghan Hanrahan is Enterprise Ireland's regional director for Dublin