



# Money Matters

with Bruce Cruickshank



## Ways to save time and money to achieve home ownership

While interest rates are falling the possibility of borrowers improving their mortgage situation via a few key steps is an opportunity not to be overlooked.

To achieve the dream of owning a home sooner, now is a good time to take a look at the loan repayment strategy to determine if any improvements can be made to help with improving the household finances.

### Is the current mortgage still the most suitable?

Circumstances change as do a family's needs. Consider how competitive the current lender's interest rate is. What are the features and benefits that are being paid for but not being used? What are the costs associated with switching the loan and/or the lender? Professional assistance can be obtained by a qualified mortgage consultant to help compare loan products.

### Are there ways to pay off the mortgage quicker?

Unexpected windfalls can help to reduce the mortgage faster. The annual tax refund is a good example. Paying the mortgage fortnightly rather than monthly and setting up a mortgage offset account can also help. Not all lenders and all loan products offer the 'offset' facility.

### Is refinancing an option?

If there are loan products that could help to reduce monthly payments due to lower interest rates and/or lower fees, then consideration should be given to refinancing. However, exit fees imposed by the current lender should be taken into account. Refinancing can also help if coping with multiple loan repayments is a problem.

### Is a workable budget in place?

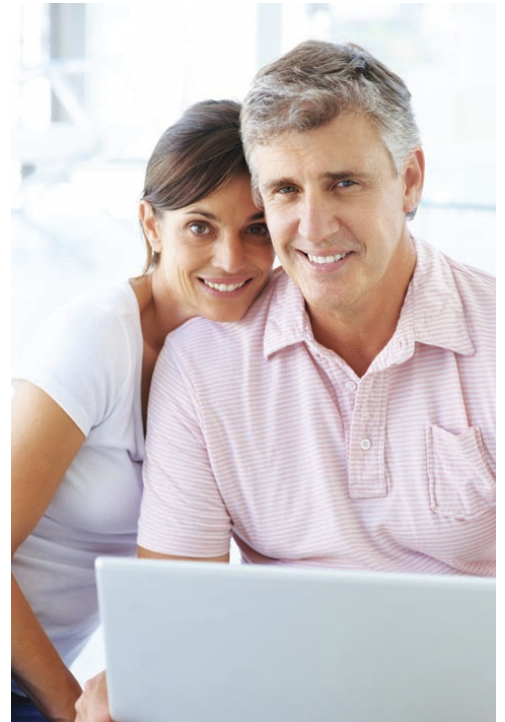
One of the ways to get a grip on spending habits is to have a detailed budget. Knowing where the money goes is crucial to putting in place a good savings plan. Money saved by cutting down on unnecessary expenditure should be put into the mortgage.

### Be interest rate savvy

Whenever possible make the monthly repayments at an interest rate higher than currently charged. This has two-fold advantages:

1. If and when the interest rates do rise, the repayments will not be a problem; and
2. Whilst the interest rates remain low the additional amounts will be reducing the capital.

Looking into ways to reduce the minimum repayments on a mortgage and then paying off extra to reduce the capital earlier is a worthwhile exercise to help householders own their home sooner.



HOMES | COMMERCIAL | LEASING | INCOME PROTECTION



## RBA Gives Borrowers and Retailers a bit of Christmas Cheer!

For the second month in a row the Reserve Bank of Australia has reduced the cash rate which now stands at 4.25%. This is certainly good news for retailers with Christmas just around the corner. It could also see an increase in home sales due to an uplift in consumer confidence and more buyers making their move.

## Investors have various options to increase cash flow

There are some simple ways to minimize the cost of holding an investment property. Of course these need careful consideration and planning.

**Line of credit** – Structuring the loan as a Line of credit makes it possible to put excess funds into the loan account to reduce interest, but the funds are still accessible if required. Of course this has to be considered in conjunction with the negative gearing aspect of the property.

**Varying the tax paid** – Calculating the year-end tax position in advance and submitting an income tax variation form enables the tax refund to be accessed regularly instead of at the end of the tax year. The estimation should be done professionally to avoid over-estimation which could result in having to pay back taxes at the end of the year.

**Choose a loan tailored to your current needs** – Depending on your finances, lifestyle and investment portfolio, there are a range of property loans for you to consider. With new products constantly entering a competitive market, and professional mortgage brokers providing free 'home loan health checks', your loan should always suit your current needs.

**Visit a financial advisor and/or accountant** – Discuss your complete financial position, objectives and short and long term goals with professionals who have a proven track record in managing a range of investment assets, to make sure your situation is improved by an investment property and that you can afford repayments without stretching the budget.

## First Home Buyers should look before they leap

There are many pitfalls for unwary home-buyers, especially the young first home buyers. However, there are a few simple precautions that you can take to make the experience of buying a property an enjoyable and profitable one.

1. Get into the 'saving' habit. Having a reasonable deposit gives many options with regard to choosing a lender.
2. Handle your current debts, eg; car loans, personal loans, etc., responsibly. Having a debt default is a major hurdle to overcome.
3. Learn the actual cost of buying and owning a property. Repaying the loan is only the start. There are fixed expenses such as council and water rates and on-going variable expenses like utilities and maintenance.
4. Only go house hunting after you know how much you can borrow and what purchase price you can afford. There is no point in setting your heart on a house that is out of your price range.
5. Shop around for a loan product that suits your budget and your circumstances.

The above may sound daunting, but it need not be. We are here to help you make the experience of purchasing a house stress-free – call us anytime to discuss your financial needs!

## Car, Truck, Equipment Easy Replacement Finance

Looking to upgrade your car, truck, excavator or other business equipment with a new one?

Don't want to go through the hassle of a whole new finance application? Then give us a call or drop me an email to see if you qualify for a new loan under the easy replacement policy.

No financials, quick approval, quick turnaround and it doesn't necessarily matter who your current finance is with.

We have done a number of these lately and they have worked very well with very happy customers.



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