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The recent federal election may have split the nation's opinion, but it no doubt brought the topic of economics and finance to the dinner table. Few of us can argue about the prosperous state of the economy and our first article outlines what this means for those of us lucky enough to live, work and do business in Australia.

If you own a home and are looking to save on your mortgage, read on further to find out how you can use speed as your secret weapon. You'll also find an article on the First Home Owners Grant that

outlines which government benefits are available in your state.

Our final article outlines how our role as your mortgage broker can assist you with a much wider range of finance needs than you might realise.

Enjoy this newsletter and feel free to share it with family and friends.



A TOAST TO
THE ECONOMY



BENEFITS FOR
FIRST HOME OWNERS



START SAVING ON
YOUR MORTGAGE



BENEFITING FROM
A SINGLE POINT
OF CONTACT

A Toast to the Economy

There's no better time to be living, working, investing or building a business in Australia. Despite the rise in interest rates, our economy is arguably at a 15-year high and remains on track for continued strong growth.

The recent change in government demonstrates that we feel confident enough about the economy to vote in a new team of economic managers. There's every reason for this confidence: unemployment is at a 32-year low, the currency is strong, and there has been over a decade of consistent 4% plus economic growth.

We enjoy interest rates that are at historical lows and a standard of living that is higher than all the G7 countries except the United States. Our nation's GDP is valued at over \$1 trillion, with a budget surplus in excess of \$17 billion. What these statistics should mean to us as individuals is that there are more opportunities to prosper and build wealth than ever before.

The outlook for the future remains positive. The International Monetary Fund predicts that threats to the world economy like soaring oil prices and current account imbalances will slow growth, not derail it.



In the climate of this economic prosperity, it makes dollars and sense to take advantage of financial opportunities. Remember that as your broker, we are here to support and assist you when any funding needs arise.



We are members of the Mortgage & Finance Association of Australia (MFAA), the peak industry body.

All members are bound by a strict code of ethics to ensure the highest levels of service, integrity and professionalism.

Benefits for First Home Owners



The upfront costs of buying a home for the first time might seem a little daunting, but fortunately there are a number of government benefits that will help you reduce these costs.

The First Home Owner Grant is the most well-known of these. Since it was introduced by the Federal Government on 1 July 2000, it has helped make home ownership a more affordable dream for many. The grant entitles first home buyers to a one-off payment of \$7,000 which may be available at settlement of your purchase. It is applicable Australia-wide, whether you buy or build, and irrespective of your income or assets provided the property is used as your principal place of residence.

Lesser known are the other rebates and schemes the states have introduced for additional support. In Victoria, for example, first home buyers may be eligible for an additional payment of \$3,000-\$5,000, known as the First Home Bonus. Victorians may end up saving up to \$12,000 off

property purchase costs depending on the value of your home and whether it is new or established.

NSW residents are also looked after, with generous government exemptions on stamp duty under the First Home Plus Scheme, including concessions for those building their dream home on a vacant block of land.

Changes introduced to the First Home Plus scheme in 2007 may allow you to buy property with other partners and still receive a concession, as well as receive an exemption from duty on any advance you undertake to buy vacant residential land.

South Australian residents are also treated to stamp duty exemptions. There are exemptions for properties valued less than \$85,500 and concessions if between \$85,501 and \$250,000.

The jackpot of all stamp duty concessions is to be found in Western Australia, where residents pay no duty

if their home is valued at less than \$500,000, and concessions on duty for homes of up to \$600,000.

In the sunshine state, transfer duty concessions are available for home buyers, first home buyers and buyers of vacant land who intend to build their first home on the land. For those sharing a state with the leaders of the nation, concessions are available for transfer duty, but you will have to pass an income test on eligibility.

Tasmanians haven't been forgotten – a concession applies to the purchase of established dwellings with a purchase price of \$350,000 or less.

The conditions might sound a little complicated, but the bottom line is that you can make significant savings on your purchase costs by taking advantage of these government schemes. Give us a call for help with applying for these grants. We are well placed to know exactly what you are eligible to receive and how best to iron out the red tape.

Book Review



Fix It by Scott McGregor

RRP \$24.95

Source: www.borders.com.au

Popular TV presenter and handyman Scott McGregor shows you how to fix all those repair jobs around the home in this essential guide to everything DIY. Fix It is packed full of step by step and how-to's for all those tricky jobs you'd rather not pay a tradie to do. Scott's book covers all the key areas of your home, both inside and out, as well as tools, materials and safety musts. An essential item in any home tool kit.



Start Saving on Your Mortgage

Interested in wiping thousands off your mortgage bill and years off your loan?

It's an appealing prospect and the good news is that most of us can achieve these savings simply by looking at ways we can pay off our mortgage sooner.

Early repayments, extra repayments and more frequent repayments are all effective ways of lowering your interest bill and reducing the life of your loan subject to the terms and conditions of your loan.

Every little bit extra you can put on your home loan now, can save you dollars in the long run. Even just switching to a weekly or fortnightly repayment schedule can save hundreds or even thousands of dollars by year end.

When it comes to the race to be mortgage-free, it's the speedy hare not the slow tortoise that will cross the finish line first! Here are some tips for speeding up your home loan.

Tip 1 Make more frequent repayments

Pay fortnightly or weekly instead of monthly. Mortgage interest is calculated on a daily basis so the more frequently you pay, the more you will save, even if you are not actually paying any more than you used to.

Tip 2 Make additional payments

You mightn't have much spare cash floating around to make extra repayments, but keep in mind that every bit helps, even if it's only \$10 a month. Every dollar you put on your

repayment will reduce the principal and therefore the interest payable next repayment. This saving then compounds, making a significant impact over the life of your loan.

Tip 3 Make early payments

The effect of this compounding interest over time means that you'll maximise your cost savings by making extra repayments early in the life of your loan. Dollars paid into your mortgage early on - when most of your repayments go to pay off the interest - are especially good at speeding up your home loan.

Other ways to pay off your mortgage faster? Services like offset accounts, redraw facilities and lines of credit are there to help you shorten the life of your loan.

We can tell you more about these services, the terms and conditions that apply and help you tailor a plan that will match your mortgage and lifestyle requirements. You may be surprised at the number of strategies you can use to help save on your mortgage.

Did you know?

Switching from monthly to weekly repayments on your home loan may cut over seven years off a 30-year home loan of \$330,000*. Let's say you currently pay \$2,479 a month; pay \$1,239 a fortnight instead and you'll save over \$160,000 in interest.

If the terms of your loan permit extra repayments and you pay an extra \$20 a fortnight you will shave over 8 years and an extra \$21,000 in interest off the life of your loan.

Budgeting is a great way to work out how much more extra money you can afford to pay. By cutting down on \$3 worth of unnecessary expenses per day, you could put around \$40 extra on your mortgage every fortnight.

*Please note that the interest rate used in these calculations was 8.25%. Feel free to call us to see how much you may be able to save off your loans.



Benefiting from a single point of contact



A single point of contact for your borrowing needs creates benefits in terms of time, convenience, choice and trust. The role we can play in meeting your borrowing needs is now being extended to a much wider field than before.

Over recent decades independent mortgage brokers and finance businesses such as ours have changed the face of lending in Australia. Twenty years ago independent finance businesses were a factor in only a small proportion of all mortgages arranged. Now they play a part in a growing proportion of the market and this shows that brokers have something real to offer.

Success has not been an accident and the personal relationships between brokers and home buyers have been an important element. The knowledge that the broker has access to a wide range of products from a wide range of lenders has also been important.

In the past you may have been happy with your home loan or investment loan but when it came to the need to purchase a motor vehicle, for example, you had to go off and find another lender. Similarly if you had other borrowing

needs such as personal loans, commercial finance, factoring and other business borrowing needs, you had to deal with a number of different people to meet all these finance needs. With the changing situation, your choice and convenience are both improved.

Rather than facing the task of flicking through the yellow pages every time you have a new borrowing need, it is more convenient to come to a person you already know - and who already knows you.

Your choice is boosted because our panel of lenders is increased to include companies that specialise in various other forms of finance. If the financial product or service is not one we offer in house, we are sure to have a trusted industry professional we can refer you to for assistance.

One of the exciting things about our business is seeing our clients grow and the privilege of growing with them. If your financial needs are growing and becoming more sophisticated, it might be an opportune time to contact us for a conversation about this.

DISCLAIMER: This newsletter is intended to provide general news and information only. Readers should rely on their own enquiries before making any decisions touching their own interests. Please do not rely on any part of this newsletter as a substitute for specific legal or financial advice.



With compliments

Pacific Home Loans
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Profile

With over a decade of mortgage brokering experience and with over 35 lenders, we will find you the most suitable and cost effective loans. We strive to become the personal banker for life for all our customers by making the application process as hassle free as possible. We are also about facilitating your financial goals and plans for the future. We provide an efficient and honest service to all our customers.

We have a reputation for tailoring loans to all types of borrowers including newly arrived migrants, customers with no savings, Lo doc loans for self employed customers etc.

Depending on your particular situation we can usually arrange ongoing interest rate discounts between 0.5% to 0.8% off the standard variable rate.

Pacific Home Loans is a Full Member of the Mortgage and Finance Association of Australia (MFAA) and a Member of Credit Ombudsman Service Limited (COSL).

Our main strength and the reason for its continued success is loyalty to you, the client and the capacity to handle all your needs.

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