

Talking Concepts

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Refinancing could save you thousands – and give you greater flexibility

Source: Choice Aggregation: Simply Living Winter 2018

Reducing the interest you pay on your mortgage could help you save thousands of dollars in interest over the period of your loan. As there's plenty of competition in the home loan sector, it could be worth looking around for a lower rate.

What is refinancing?

Refinancing is the process of replacing an existing loan with a new one. When it comes to home loans, it means your existing home loan is paid off and replaced with a new one. This is different from a second mortgage, where you draw on the equity you have built up in your home.

How can it help me save?

If you were paying 5.37% interest on a principal and interest home loan of \$600,000 for a 25 year term, your monthly principal and interest payments per month will total \$3,648.00. If you swapped to a mortgage at a lesser rate of 5.24%, however, you'd pay just \$3,602 a month. Over 25 years, that saving each month would add up to \$13,800 in total savings.

Another savings option when refinancing is to choose a loan with a lower interest rate but continue with the same monthly payments as you were making on the higher rate. This approach will see you pay less interest and pay your mortgage off faster. Alternatively, refinancing can help save money by consolidating debt from high-interest credit cards or personal loans into a single home loan with a lower rate of interest.

Features to consider

Most mortgages offer a number of features and benefits. If you're considering refinancing, it's a good idea to think about which features are important to you before starting a search for a lower interest rate.

- Variable rate or fixed rate. A fixed rate gives you more certainty over the longer term. A variable rate fluctuates with the market, so you'll save when it's down but there's always a risk it will rise. (In January 1990, for example, the Australian home loan interest rate reached an all-time high of 17.5%)
- Offset account. Cash in hand can be offset against your loan balance until you need to spend it, potentially saving interest.
- A line of credit. If you have a lot of equity in your home, a lender might be prepared to offer you a relatively inexpensive line of credit secured against the property.
- Repayment flexibility. Repaying a loan fortnightly rather than monthly can make it easier to fit in your budgeting plans.
- Early pay out. You may want the option of paying a loan out early with minimal penalty.

Weighing up the costs

There can be costs associated with refinancing and it's important to factor these in to your decision-making. For example, if you took out your loan before 30 June 2011, the lender might be able to charge you an exit fee for terminating the loan ahead of schedule. If yours is a fixed-rate mortgage, you might have to pay a break fee. For a new mortgage, you may have to pay an establishment fee and the ongoing administration fees could be higher than you're currently paying. And if your loan has redraw facilities, there may be a charge each time you take money out of your account.

A broker can help

Refinancing can be a serious financial decision with a number of variables to consider. A good broker can help establish the type of loan that may work best for you, how much you can borrow and any extra features you want. They can then gather information from many different lenders and help assess the costs and benefits associated with each loan. As well as doing the legwork for you, they can guide you through the refinancing process and apply their knowledge and understanding of mortgages to help you achieve the best outcome if you decide to go ahead.

If you need a new home or investment loan or want to give consideration to refinancing your existing home or investment property loan, give Nadia in our Loans team a call today on 9569 5676 or email ndavison@cr.com.au.



Renting Vs. Buying – Are You Better Off?

Source: Australian Property Investor

While many people think rent money is dead money, the concept of handing over your pay packet to the landlord each week may be a better financial move than you may think. By itself, paying rent can be a futile exercise if you're looking to get ahead, however disregarding renting as an effective investment strategy can be like throwing the baby out with the bathwater.

Consider these two scenarios:

On the one hand, you have chosen to invest in your own home, paying down the mortgage from your own pocket. On the other hand, you could choose to stay renting, purchase an investment property elsewhere and use the rent collected from your tenants to pay the mortgage on the investment property. In each scenario, you have invested in a property, and in each scenario, you are paying down a mortgage. The difference lies in where the money is coming from to pay the mortgage. While it's true that in the second scenario you would be paying money to a landlord, you now have additional income to consider that the first scenario didn't – rent from your tenant. It's this additional income that often means that renting the home you live in can make more sense financially than getting stuck paying off a mortgage on your own home. There are a number of factors to consider if you're looking to pursue this scenario. Let's take a look at some of them here:

Pros

Live where you want – If you're renting you have the major benefit of being able to choose where you want to live and for how long. Don't like the suburb? Move on. Have a growing family? Rent a larger house. Downsizing for the future? Trade the house in for an apartment.

Live in a better home – Many people live in the home that they have chosen because that's the limit of the mortgage they could afford to pay. Rent is often much cheaper for the same style of home though, depending on the market interest rate, and you're also not required to pay land tax, strata fees or general upkeep of the building in order to live there

Ability to adjust your budget – Mortgage repayments can be one of the biggest financial strains on a household. While you can slowly pay the balance down over many years, the first 10 years are often a struggle. If you're renting though, you can adjust your budget accordingly. If your financial circumstances change you then have the ability to move down (or up) to a property that's more suitable for you financially.

Tax deductions galore – Very simply, repayments on a principal place of residence (PPOR) cannot be deducted. On the other hand, interest repayments from an investment property are fully tax deductible so you can end up making some great savings when it comes tax time.

Greater profit potential – You love the suburb but would you invest there? While it may be a great place to live, your money may be better spent on a property in a growing area that is more likely to build your wealth faster than the area you've identified as ideal for your own lifestyle.

Say goodbye to entry and exit costs – Selling your own home and then purchasing another to live in will cost you about 8% of the assets value (Stamp Duty and legals plus agent selling costs). This is how much your property portfolio loses every time you decide to pick up and move. Not so with renting, where the major cost is in furniture removal and delivery.

Renting isn't always rosy of course and there can be disadvantages that balance up the positives

Cons

It's always temporary – Like it or not, the home you live in does not belong to you. While this may not bother those who are more pragmatic about things, it may be much harder to bear for others who have more an emotional connection to their living space.

Potentially less choice – This is particularly the case for more premium style properties where owners are much more prevalent than renters. In this situation, your dream home may simply not be available to rent. Mind you, unless you're in a buyers' market, finding a dream home can be difficult at the best of times.

Packing – Ugh! – Nothing ruins a perfectly good weekend than breaking out those packing boxes and dismantling everything you've spent years arranging only to have to unpack it again in a foreign place. While this can be a burden, it does provide a good opportunity to do a bit of housecleaning!

So while there are pros and cons to renting the home you live in, it's important to remember that rent money is not necessarily dead money as long as your money is invested in the market elsewhere.

Renting a home that you may not have been able to afford the mortgage for allows you to invest in property elsewhere that does meet your budget and is earmarked for growth. Using this strategy not only create a more affordable and flexible lifestyle but it can also supercharge your wealth.

Dates to Remember

28 Oct	Superannuation Guarantee Contributions for Sept Quarter Due
21 Nov	Lodge & Pay October 2018 monthly activity statement
25 Nov	Lodge & Pay September 2018 quarterly activity if lodged with Concepts & Results
21 Dec	Lodge & Pay November 2018 monthly activity statement

My Gov account

Do you have a McGov account? Did you know that your Income Tax Notice of Assessments is available and can be accessed via this account?

<https://my.gov.au/>

Your myGov account gives you:

- Secure access to a range of government services using one username and password
- A single inbox for your messages from Centrelink, Medicare, Child Support and the Australian Taxation Office.
- A quick and easy way to advise selected member services about changes to some of your personal details

ATO Spam Emails

There are a lot of spam emails and some are very clever and look like that are genuinely from the Australian Taxation Office. Things to look out for:

- The ATO will never email you regarding a refund or amount payable.
- Check the email address – if the name is odd, then it is not the ATO

Do not click on any links in the email or open any attachments. Delete immediately from your mail provider.

Never give any personal information to anyone unless you instigated the email and know exactly who you are emailing

The Australian government have a website with the latest information on scams. You can also report a scam via this website.

Tax Man Travels

Are you going away soon? Next time you're in the office, ask for a Tax Man and take him on an adventure!

Send your photos to concepts@cr.com.au for a chance to win a prize.





Celebrate. Remember. Fight Back.

Concepts & Results will once again be participating in the Cardinia Relay for Life in February 2019 with many of our staff and their family and friends walking for over 18 hours to help raise money for the Cancer Council. Relay is a team fundraising event where team members take turns walking around a track, ensuring at least one member is on the track at all times. This is to signify that cancer never sleeps.

The event has a great community spirit and quite moving moments, like the survivor/carers lap and the candlelight ceremony where we remember those who cancer has taken from us, those who are fighting it, and those that have survived.

At this year's Relay for Life our team raised \$3,500, and we hope to beat that in 2019!

Relay for Life is one of the largest fundraising event for cancer in the world.

If you would like to make a donation, go to http://fundraising.cancer.org.au/site/TR/RelayforLife/CVIC?team_id=62209&pg=team&fr_id=5694

No matter how big or small your donation, you are making a difference.

2018 Highlights!



Fundraising

To help raise money for our team we have booked a Gold Class session at Village Cinemas Fountain Gate to see Bohemian Rhapsody on 1th November 2018.

Tickets are \$75.00 each and include movie ticket, morning tea before the movie and popcorn and a choc top ice-cream during the movie

TICKETS ARE LIMITED - CONTACT US TODAY IF YOU WOULD LIKE TO ATTEND!!



Silent Auction!

One of our lovely clients Glenn Young has donated a framed sporting memorabilia which we will be auctioned at Relay for Life in February. If you would like to make a bid please email scampbell@cr.com.au. There is a reserve price.

In addition, if you have an item or service that you would like to donate, they hold a live and silent auction at the event with the money raised going towards the Concepts & Results target.

Please contact our office and speak to Bethany, Sue or Ann for further information



When is the Event?

From 5:30pm Friday 22 February until 12noon Saturday 23 February 2019 at Toomuc Recreation Reserve Pakenham
SEARCH FOR THE CONCEPTS & RESULTS TEAM ON THE RELAY FOR LIFE WEBSITE TO TRACK OUR PROGRESS

Smart Seller Tips For A Buyer's Market

Source: Australian Property Investor

It's no secret that the Melbourne property market has dropped off in 2018 with clearance rates now in the 50% range. Therefore, it is imperative that if you are planning to sell your property that you adhere to the processes and do everything in your power to ensure the best price is achieved. This needn't be a stressful time, full of angst so long as you are prepared to put in the work and have a well-executed strategy

Here are top tips for sellers

Trust your agent: You will hopefully have done your due diligence on which real estate agency and agent to appoint and entrust with the sale of your property. Therefore, without giving them complete free reign, heed their advice. They are on your side and should be working towards the same goal. Try not to get caught up in empty promises, if you have appointed the right agent then if the buyers are out there we will find them. A successful sales campaign requires a vendor to empower their agent to do the best job. Vendors who don't listen to their advisers often don't get the best results.

Keep yourself abreast of what the market is doing

Ask questions about the market and keep an open dialogue with your advisors and agents. There is so much material and statistics flushed into the media about the state of the market at any given time which can be confusing and misleading. Your agents know the market better than anyone given they are in it day in, day out.

Presentation

Although this has always been an important aspect of the sale process, it is critical in a buyer's market to tick every box in terms of correct presentation. It is important to make your property stand out in this market, attention to detail is vital. Clever presentation doesn't mean you need to go out and spend a fortune on furniture, often less is more and a simple de-cluttering of a room and some well-placed pieces can make all the difference and give buyers the imagination they need.

Flexibility

This is a key component when it comes to the sale of your property. This comes in many forms such as allowing access for private inspections at different times of the day or styling your property differently over the course of an auction campaign. Again, rest assured any inconveniences and changes are for the greater good. It is important you allow potential buyers all the opportunities they need to inspect and re-inspect the property as without them on auction day you could forgo tens of thousands of dollars.

Set realistic expectations

Understand and accept where the market is at today. Buyers are being very picky in this market and they can afford to be. By no means should you sell your property for a less than fair price, but holding out for an unrealistic price could drag the process out for months and see your property become stale. Aim for a fair price for both parties and hopefully, you will be pleasantly surprised.

Builders, Trades, Consulting and Services Businesses

- Get Your Books Back in Order
- Get Your Payroll Done
- Get Your BAS Done & Lodged on Time
- Get a Free Data Integrity Audit
- Remove the Pressure
- Get Fixed Price Services
- Save \$1,000's or Your Money Back
- Join 100s of Happy Clients...

Keep your businesses ticking over without the stress

Make More Money & Ease The Financial Pressure

"Without working any harder than you do"



If you need a bookkeeper or know someone who needs help getting their business back on track call All Trades Bookkeeping today on 1300 880 863

2018 Income Tax Return

Don't delay doing your return. You may be entitled to a refund. Better the money in your pocket.

Call 9569 5676 for an appointment, drop your paperwork off to our office or post to:

PO Box 61, Holmesglen 3148; or email to:

concepts@cr.com.au

Did you know.....

- ☺ Men can read smaller print than women can, but women can hear better
- ☺ Intelligent people have more zinc and copper in their hair
- ☺ The first novel ever written on a typewriter was Tom Sawyer
- ☺ The first couple to be shown in bed together on prime time TV were Fred & Wilma Flintstone
- ☺ Many years ago in Scotland a new game was invented. It was called "Gentlemen Only – Ladies Forbidden". And thus the word GOLF entered into the English language



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If you have any questions or comments regarding any items in this newsletter simply email Sue at scampbell@cr.com.au

NEXT ISSUE DUE OUT

1ST DECEMBER 2018