

# The Home Loan

# Bulletin

Choice Home Loans

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HOME LOANS

SUMMER 2009 | NEWSLETTER

As the year comes to a close, it's time to reflect on how lucky we are to have survived the global financial crisis and be in a position to share Christmas with loved ones.

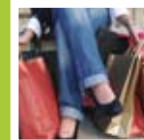
We look at how you can enjoy the festive season without putting yourself into debt – page 2 – and how to give from the heart, not just the wallet – page 4.

On page 3 you will find practical advice about overcoming the fear of risk and taking the first step towards home ownership.

Enjoy this newsletter and feel free to pass it on to family and friends.



CHEAPER TO BUY  
OR RENT?



CLEAR OF  
CHRISTMAS DEBT



SEIZE THE DAY



THE GIFT  
OF GIVING

## Cheaper to buy or rent?

**Buying property is becoming cheaper than renting in many suburbs across Australia, according to research by property pricing specialist RP Data.**

It was found that in 94 metropolitan and regional suburbs, the monthly cost of rental outstrips the monthly mortgage repayment on both houses and units. This news has left many renters doing their sums to determine whether paying off a mortgage is actually cheaper than paying a landlord.

For those of us having this debate, there are some strong pluses that fall squarely on the side of buying your own home. Perhaps the strongest is that it gives your family an asset to call their own that can be passed down through generations or

downsized tax-free to fund retirement.

Another great advantage is that the family home is not subject to capital gains tax. Unlike other assets such as shares, you don't have to pay any additional tax when you sell your home provided its value has risen since you bought it.

It's true that when you rent you don't have to spend money on the home's maintenance, but you do have to go through the landlord for permission to do simple things like hang pictures, replace a hot water system or own a pet. When you own a home it's under your control – your own little piece of Australia!



Ultimately the decision to buy your own home will be determined by your financial goals. It's important to make sure you can meet the monthly mortgage repayments, and this is where we can help – by tailoring a home loan suited to your lifestyle and financial position.



We're a member of the Mortgage & Finance Association of Australia (MFAA), the peak professional body representing over 12,000 mortgage and finance professionals and organisations around Australia. As a member, we must adhere to the industry Code of Practice which requires high professional standards, fair business practices, ethical behaviour and compliance with both the letter and the spirit of the relevant laws and regulations – all in the interest of you, the borrower.

# Clear of Christmas Debt



**If ever there was a popular time to go into debt, Christmas is the choice of many. According to a Reserve Bank report, Australians have more than \$1.9 trillion in outstanding debt, 61 per cent of which is made up of consumer debt. The festive season may well blow-out this already inflated figure unless we fast reign-in our spending.**

While the essence of Christmas is sharing, this doesn't mean running your bank account dry with gifts you can't afford. With a little planning and restraint you can stay debt-free and still keep the spirit of Christmas alive. Here's how.

#### **Make a plan**

Instead of wandering around the shops not knowing what to buy, make key decisions in advance. Write down a list of friends/family/colleagues you

are giving presents to and next to each name put a maximum dollar value for the gift plus any ideas you have for presents. Do the same for decorations, food, entertainment and holiday expenses. Total these figures and make sure they stay within your budget.

#### **Resist impulse buying**

When you have a list, stick with it. You might see a bargain, but if it is over your budget, keep walking! Allow plenty of time to do your Christmas shopping to avoid last minute expensive purchases.

#### **Use credit wisely**

A separate bank account for Christmas savings is a great idea because you know where the money you spend is coming from. It's easy to accumulate debt without even being aware of it, so leave your credit and store

cards at home if you are tempted to spend money you don't have.

#### **Be thoughtful**

Remember that a gift from your heart is far better than one from your wallet. A home-made present or a gift of your time can show your love and appreciation far more effectively than an expensive gift with little thought behind it.

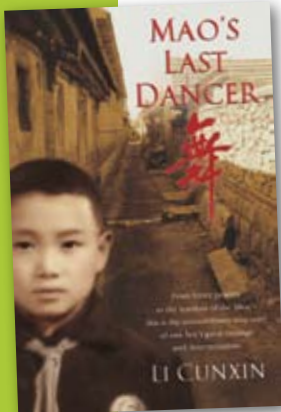
#### **Show commitment**

Be sensible today to reap the rewards tomorrow. If you are serious about staying out of debt, be committed to make it happen.

#### **Seek help**

Ask for help sooner, rather than later. It is widely known in the industry that consumers who make contact with their financial institution are better able to resolve or mediate debt issues.

## Book Review



## Mao's Last Dancer

by Li Cunxin

Mao's Last Dancer is much more than a rags-to-riches story. It is really about the nature of family love, courage and obsession.

Since its release in 2003, Mao's Last Dancer has sold over 400 000 copies and regularly featured on bestseller lists. Now, some six years after its original publication, Li's inspiring story of courage and determination has been made into a major feature film. For this edition, Li gives us three powerful new chapters as he shares his experiences in making the movie, his feelings for an utterly changed China and the ongoing stories of his beloved families in Melbourne and Qingdao. This is an honest and refreshing account of a peasant boy's journey from Mao's China to stardom in the West - an inspiring true story of courage and determination.



*"You have to risk going too far to discover just how far you can really go."*

Jim Rohn (originally from T.S. Eliot)

# Seize the Day

You have been thinking about buying a property for some time, but you cannot bring yourself to take the first step. Although you know the benefits it will bring, you keep putting your decision off because you are afraid of the risks involved.

The truth is that risk is unavoidable, whether you express opinions, change jobs or undertake any activity where the outcome is not certain. Many of us have trouble facing risk for fear of exposing ourselves to discomfort or loss. By focusing on negatives we give ourselves a reason to avoid risk, allowing us to remain in our 'comfort zone', where nothing ever challenges us so nothing can go wrong.

By trying to play it safe and keep the lows in check, we also rob ourselves of the opportunity to experience the highs. It is only by accepting life's challenges that we can grow and experience all the wonders that life has to offer – including owning a property!

## THE RULES OF RISKS

### Clarify your goals

Write down your goals and the steps that are required to achieve them. Mark these steps on your calendar as a 'must do' and reward yourself each time you tick one off.

### Improve the odds

Obtain as much information as possible to gain more control over the outcome. Know if you are getting a good deal by inspecting many, many properties in the suburb/s you want to buy into and documenting all relevant features.

When you find a property you are serious about, ensure you organise a building and pest inspection.

### Evaluate the alternatives

Sort out your choices by evaluating the pro's and con's of the situation. Consider possible alternatives that might provide a better solution.

### Know yourself

Everyone's an expert when it comes to property, so it's important to be able to separate the good advice from the bad. Ask the right questions, use your own judgement and ensure that the action you take is in keeping with your finances, goals and priorities.

### Leave your emotions at home

'Gut feelings' do not always lead to the best decisions if they are contrary to what your research, finances and common sense tell you. Lead with your head not your heart.

### Make a commitment

Put yourself in the right 'head space' to stay motivated to achieve your end goal. The commitments and time constraints of daily life will always get in the way unless you tell yourself that you will find a way to make it happen.



**Life is all about choice**

# The Gift of Giving

Many of us spend a fortune on gifts at Christmas but ignore one of the most simple and effective ways to renew the true spirit of the festive season – to give without expecting anything in return.

Medical research suggests that the feelings of goodwill that accompanies selfless acts may be more tangible than most people think, with the release of 'feel-good' chemicals known as endorphins. Best of all, this feeling of wellbeing is contagious, and quickly spreads to the surprised recipient of a well-chosen gift.

Whether you choose to donate clothes, sponsor a child, grant a wish or volunteer your time, with a little imagination you can come up with a positive way to brighten someone else's day – either family, friends or a complete stranger. Be inventive, be creative and be kind without wanting or expecting anything in return, except maybe a smile.

If you choose to give to those less fortunate than yourself, it's important to select a registered charity that will distribute your gift to those you intend to help.

For tax purposes, always remember to ask for a receipt stating the charity's registration number and ACN or tax deduction number.

Imagine how much happier our world would be if we all caught the spirit of giving this Christmas.

## 10 Gifts of Giving

- donate your time to a soup kitchen, homeless shelter or nursing home
- fill a shoe box with toys and presents for a local charity
- take part in a food drive
- make a charitable donation
- sponsor a child
- grant a wish to a child in hospital
- purchase a gift for someone in need from an online charity gift catalogue
- become a blood donor
- send charity or home-made Christmas cards
- make or bake a gift, or pay someone a compliment!



### AUSTRALIAN LIFE INSURANCE

**Life insurance can help protect borrowers and their families from being forced into selling their home or investment property, if they are unable to meet their mortgage repayments as a result of serious illness or death.**

As part of the service we provide, our accredited members are able to arrange convenient and competitive life insurance cover at the same time as arranging your mortgage.

✓ **Quick and simple to apply, no medical exams required.**

✓ **3 months free cover.**

Australian Life Insurance is proud that the members of Choice Home Loans are offering valuable protection to their clients.

Your Choice Home Loans member will be able to provide you with information about the product together with a Product Disclosure Statement at the time you apply for your loan. The Product Disclosure Statement contains the detailed information on Loan Cover Plus and this should always be considered in deciding whether you wish to apply for the product.

The members of Choice Home Loans are offering this product as the Authorised Representatives of Australian Life Insurance Distribution Pty Ltd (AFSL 226 403). Loan Cover Plus is issued by PrefSure Life Limited (ABN 20 000 017 194) (AFSL 239 632).

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.

## Contacts