



Newsletter Issue 24, July 2018

Achieving financial freedom

Mortgage News

With a variety of mortgage reduction techniques available, simple, low-risk fortnightly repayments could prove to be a very effective way to help you reach financial freedom sooner.

Whilst line of credit mortgages can be very effective, it is often only the well disciplined who will reap the rewards. A simple solution to reach the goal of financial freedom is to make your repayments fortnightly, which most lenders will allow.

How it works

With fortnightly payments, essentially the concept is very simple. You make a payment every two weeks, there are 26 fortnights in a year, therefore annually you make 13 payments rather than the 12 you would make with monthly repayments.

The benefits

Fortnightly payments seem remarkably simple, yet could make a profound difference in the overall repayments during the loan term. This method of repayment could help you wipe up to four years off your 25 year loan term, and may help you save thousands of dollars.

If you can factor the extra repayment into your budget, you'll hardly feel the pinch. Unlike other mortgage reduction techniques, which involve actively managing your mortgage on a monthly—even daily—basis, the fortnightly payment plan can be set up as a direct debit, so you can simply 'set and forget'.

Whilst other mortgage reduction options, such as line of credit mortgages may be effective in mortgage reduction, unless you are a disciplined spender, these may actually be more risky. If you start using your personal savings to buy essentials, the line of credit mortgage loses effectiveness as a method of reducing debt.

It's important to check your chosen lender credits you with 26 payments per year, as opposed to 24 or twice-per-month payments, which are effectively the same as monthly payments. Some lenders also only offer monthly repayments on interest—only loans during the interest-only period, so be sure to check with your lender that your loan facility allows you to make fortnightly repayments without any extra fees or charges.

If you are really keen to reduce your mortgage amount, your lender may allow you to set up payments over the minimum repayment, whilst keeping the amount manageable. Be sure to ask what your options are.

With fortnightly repayments, not only will you better absorb the impact of interest rate movements, the extra repayments will help reduce the remaining principal balance. Overall, it will reduce the interest you pay and the term of your loan.



Special interest articles

Article 1 - Achieving financial freedom

Article 2 - Attracting long term tenants

Article 3 - Things that could trip you when applying for a home loan

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Article 5 - Economic Update

Customer Referral Promotion—want a \$50 Coles Myers Card

You have already experienced our wonderful service, how about sharing that with your family and friends?

As Mortgage Brokers with experience in helping clients to invest in the Property Market, Tracie & Gillian would be only too happy to sit down with your family and friends and review their current position as well.

We are helping many people to find a better home loan and more importantly save

money.

To refer your family member or friend ask them to give us a call and mention this promotion.

Best part of you referring your family or friends if they do a home loan we will give you a **\$50 Coles Myer Card** and one for them as well.

See the enclosed promotion leaflet in with this newsletter.

Attracting long-term tenants

Mortgage News

Whether you have a single property or many, no investor wants an empty rental property to become a drag on their portfolio.

Planning, effective management and investing a little effort can help investors find quality, long-term tenants.

Planning

If you have yet to purchase a potential rental property, an important factor is to investigate rental demand and potential. If you buy in a location with high demand, you are more likely to secure a continued flow of interested tenants. Beyond this, you should also consider how property size, type and character will impact on appeal.

Effort to find a quality tenant

It is important to put effort into finding a quality tenant from the outset. Whilst bypassing screening procedures may fill the property quicker, selecting poor tenants could cost a lot more. Don't rush - effort invested in finding the right tenants will pay off in the long term.

Management—keep the property in good condition

Always ensure your rental properties are well maintained and nicely presented—even when vacant—as this could be a crucial deciding factor for a potential tenant.

When leased, keep the property in good repair to encourage your tenants to stay for longer.

Preventative maintenance to keep the property fresh, such as regular painting and new carpets, will benefit you as a landlord in the long term.

Management—good rapport with tenants

Try to develop a good rapport with tenants—engage with them and find out how they are getting on.

Nurturing this relationship may mean that you receive more notice regarding changes to the tenancy, and it may make them more amenable to future inspections.



Things that could trip you when applying for a home loan

Buying your dream home is exciting, so the last thing you want is for your home loan application to be held up. While many factors are considered in assessing an application, showing stability and consistency is key for lenders to determine whether you will be able to repay the loan. But sometimes what's happening in your life can trip you up. Here are some things to be aware of.

If you're at the other end of your kid-wrangling years and looking at returning to work after an extended break, it may be best to wait until you've been back at work for a few months before applying for a loan. This will give you time to show stability and consistency in your employment record.

Having a consistent employment record doesn't mean you need to have the same job for years, but if you're planning on applying for a home loan, it might be best to hold off changing jobs. If you do have to, it's worth knowing that with some lenders you'll need to show at least two

pay slips with the same employer. If you can show over 12 months in the same job that's even better.

If you have a probationary period in your new role, it could also be difficult to have a loan approved until you've completed it and the role is made permanent.

For the self-employed, demonstrating a stable income can be particularly difficult, which is why it's a good idea to have an accountant. They can help you put together financial statements, which you'll need to include as part of your loan application. Generally you'll need at least one year's history to support your application.

If overtime or shift allowances are a significant part of your income, your broker will be able to provide advice on which lenders may take these into account for loan repayment ability, as not all do.

Piggy bank goals

Mortgage news

Saving a small amount every day, week or fortnight in a piggy bank or jar can be a great way to save for little treats each month. This is money you can spend guilt free, knowing you have taken care of all your expenses and your new compulsory savings.

Empty your pockets

At the end of each week, empty your pockets and pop the small change in your wallet/purse, the loose change on your desk or in your car in a savings jar or piggy bank. On a day-to-day basis you won't miss this money, but at the end of a month you could have a nice sum to treat yourself!

Save for a monthly goal

If you would like to go for a special meal or have an activity in mind that you'd like to have a go at, put away a few dollars every day to help pay for it. This way, you can treat yourself without noticing a chunk of your bank balance disappearing! For example, saving \$4 a day could give you around \$120 with which to treat yourself at the end of month!



YOU ARE NEVER TOO OLD
TO SET A NEW
GOAL
OR TO DREAM A NEW
DREAM

"A Big part of financial freedom is having your heart and mind free from worry about the what ifs of life" Suze Orman

Economic update... by Peter Switzer

Switzer.com

This is a super idea to save dumb, lazy Aussies from a retirement from hell!

What we have sounds great. With Australians set to be able to select a high performing super fund for life and some math's genius says they would save \$407,000 by avoiding crappy performers and by not having multiple accounts.

I love the sound of this Productivity Commission report into super but I'm curious how we are going to make my fellow countrymen and women care about their super? And then how does the Government force us into a smarter super solution?

The report says 33% of our super funds are hopeless. There are about 10 million "unintended multiple accounts" that rob super members of about \$2.6 billion because unnecessary insurance accounts and duplicated fees rip the guts out of retirement nest eggs.

Some people are paying for income protection in a number of super accounts, but they can only claim one, under law! Going forward bosses, unions and others won't be able to force super members into a fund and poor funds will be shown the door. The numbers show that 5 million super accounts are underperforming, and so in the future new workers will be shown the top 10 funds and be invited to sign up with one of them. That's a small number considering there are 40,000 super products out there!

And financial planners will be put under pressure to recommend the funds and will have to explain why they've opted for something else. The Commission thinks this "kick out the dud funds program" could return \$3.9 billion to super members. The recommendation is to cut the MySuper funds or approved products by a third, and the duds will be told to get out of the game!

The Commission also supported the Government's Super Minister, Kelly O'Dwyer, to end multiple insurance policies, get super

members to bring all of their funds into one fund — consolidation — and help members find their lost super.

That's the guts of this report, and they're pretty good ideas which I've been talking about for at least a decade or maybe two. The final recommendations come in December, but let me say, we didn't need this report — all of this info was out there. But Governments always need to pay someone to justify their big changes.

I've been showing the top 10 funds in my writings for over a decade. I'm always telling people to go to Superratings.com.au or Chantwest.com.au to see how their fund is doing against the top 10 and how expensive their fund is compared to the best.

However, there has been a big problem — Australian's don't give a toss about their super until they are in their 50s. A super fund over 45 years of work can be worth more than a house if it's a good performing fund, not overcharging its client but most people I know couldn't be bothered to look after an asset that could be the difference between a good and a bad retirement.

I hate Government's getting involved into an industry, but as most people are hopeless when it comes to super, I think we need a benevolent dictator like the Super Minister to right the wrongs.

I don't like calling my fellow Aussies dumb and lazy, but when someone chooses to be in a hopeless, expensive super fund because they don't do some basic homework, then they need to be dragged kicking and screaming by Kelly O'Dwyer into a better future.

Low-Cal Beef Stroganoff

Ingredients

400g thick beef fillet steaks
4 large field mushrooms, thickly sliced
150g pkt oyster mushrooms,
150g button mushrooms
1 tablespoon no-added-salt tomato paste
250ml (1 cup) salt-reduced chicken stock
2 teaspoons Worcestershire sauce
250g dried tagliatelle pasta
80ml (1/3 cup) light cream for cooking
1/4 cup chopped fresh continental parsley
Steamed broccolini, to serve



Taste.com.au

1. Place a large non-stick frying pan over high heat. Spray lightly with oil.
2. Season the steaks and cook for 4 minutes each side for medium-rare. Transfer to a plate and set aside to rest.
3. Spray the pan again with oil. Add the field mushroom. Cook over high heat, stirring, for 2 mins or until starting to soften. Add the oyster and button mushrooms and cook, stirring, for 2 mins or until tender. Add the tomato paste and stir to coat. Reduce heat to medium and stir in the stock and Worcestershire sauce. Simmer for 5 mins or until reduced slightly.
4. Meanwhile, cook the tagliatelle in a large saucepan of boiling water, following packet directions, until al dente. Drain.
5. Add the cream to the frying pan and simmer for 1 min. Thickly slice the beef and add to the pan along with the parsley. Stir until the beef is just warmed through. Season. Divide pasta into serving bowls & top with stroganoff. Serve with broccolini. Enjoy
6. Divide pasta among serving bowls and top with stroganoff.

Car & Equipment Finance

Well it's now a new financial year and maybe you're thinking it's a great time to get that new car you need or always wanted.

If this is the case, don't forget that at Cornerstone, we now offer Car and Equipment finance to our Customers as an additional service.

So if you're thinking about getting finance for a new car, motorbike etc. please give us a call on **Ph.32647100** and we will be very happy to talk with you about your options and hopefully make your dream of a new car or motorbike a reality.



Tracie's update... **Happy End of Financial Year!**

Wow where does the time go? We have been so busy keeping up with all our customers updates and changes this last few months.

It's been so great to see a lot of our longer term clients lately and hear how life has been treating you. I have been really happy to find some amazing deals for all of you and hope that you are all pleased with your new 'cheaper' home loans.

If you haven't had time to come and see me to review your home loan please call in to make a time for us to catch up. There are some super deals out there at the moment as lenders compete for your business. Let us do all the leg work, you might be surprised how much you can save.

Congratulations to all our new First Home Buyers. We always love helping you guys to get into your first home. We hope you will all be very happy in your new home and that you make lots of memorable moments together over the years ahead. For new First Home Buyers, the good news is that the Grant has been extended for a further 6 months but will now be \$15,000.

You might have noticed our customer promotion for July and August. We would love to meet all your family and friends so

please help us out by telling everyone about us. So many people are paying too much on their home loans and we would just love to get them a better deal.

Everyone's a winner at Cornerstone, if you refer someone to us in July or August, make sure you tell them to mention your name when they call us and you will automatically receive a \$50 Coles Myer Gift card when their home loan settles. We will also surprise them with a gift card too! So please feel free to knock our door down with referrals, we'll love you for it :)

Don't be strangers, call in some time! Take care, Tracie

Don't forget to "like" us on Facebook and Instagram. I put up new stories each week and interesting updates in the market and finance industry, so please like our pages to keep informed.

Links to the pages are:

Facebook: <https://www.facebook.com/CornerstoneMortgageBrokers/>
Instagram: https://www.instagram.com/cornerstone_home_loans/

Here at Cornerstone we can help you...

- Get a home loan
- Review your current home loan
- Refinance your existing home loan
- Consolidate debt and free up equity
- Find a commercial or business loan

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