



# Cornerstone Newsletter

Issue 22

October 2017

## How to Pay off your Home Loan Sooner

Inspired Living

### *Special Points of Interest:*

*How to Pay off your Home Loan Sooner*

*Avoid Confusion about Home Loan Pre-Approvals*

*Economic update*

Are you looking for ways to save on your mortgage? Try some of these tips.

**Increase your repayment amounts**—The simplest way to pay off your home loan sooner is to increase the amount you repay. By repaying more than the minimum you can cut the overall term of the loan and save thousands of dollars in interest. The more you pay off earlier on in your mortgage, the more you'll save over time.

Some products may charge you an early payment fee for paying your loan in advance. These costs can be large, so it's best to always check beforehand.

**Consider how mortgage features can help**—Think about how using an offset account or a credit card linked to your home loan might help you keep your loan balance low. If you're looking for ways to keep your interest down, it's worth investigating what other features your home loan comes with.

**Take advantage if there are variable rate cuts**—A lower interest rate will reduce your repayments, but if your lender reduces the interest rate, consider repaying more than the minimum loan repayment amount. This can help you save on future interest payments.

**Don't pay the interest-only**—An interest-only loan might mean you're able to make lower repayments for the first few years, but this means your repayments will be larger when it comes time to pay off the principal.

**Consider re-financing**—If you've had your mortgage for 12 months or more, re-financing might be able to get you a better deal on your home loan. There may be costs associated with re-financing and it's important to take this into account.

**Consider split loans**—A split loan allows borrowers to divide their mortgage into both variable and fixed components. You can lock in a low fixed rate on part of your loan, if you only want to limit exposure to the variable rate.

**Explore your options**—Before you sign on the dotted line, make sure you've explored all of your options. It's worth looking into whether you can get a discounted loan rate with a financial package that includes special rates on other products and services. With just a few easy steps, borrowers can significantly reduce the length of their mortgage and save thousands of dollars in the process.

If you're interested in paying off your home loan sooner and would like to have a no-obligation and complimentary review of your home loan, please feel free to call us on Ph.07 32647100.



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## Cornerstone Car & Equipment Finance

Existing Client's are already making use of and are happy with our new Cornerstone service which is **Car & Equipment Finance**.

So if you are thinking of purchasing a new Car or Motorbike and want to be just as happy, just pick up the phone, come directly to us and we'll do the hard work for you by shopping around for the best deal. Here are the other reasons to use us for your next Car or Motorbike purchase:

- It's complimentary
- Using us saves you time
- Take advantage of our Expert Analysis
- Experienced personalised service
- We will save you money
- We work for you

- If you are self employed we don't need your tax returns

So remember if you're considering purchasing a Car or Motorbike and need finance, why not give us a call on Ph.32647100 and let us help you to make it a reality.



Avoid Confusion about Home Loan Pre-Approvals

Inspired Living

Confused about home loan pre-approvals? Here's everything you need to know before you start house hunting.

What information do you need?

First, your broker will want to build a comprehensive picture of your finances. To do this, you'll need to provide evidence of everything including:

- Pay slips and tax returns for your income
- Title deeds for tangible assets (i.e. physical items such as buildings, machinery and inventory), and portfolio statements for intangible assets (non-physical items such as copyrights and patents)
- Loan statements for existing loans
- Credit card statements showing your credit limit
- Other financial obligations

What happens at your first appointment?

At this initial appointment, your broker will confirm your identity and use your information to calculate an approximate borrowing figure. During this appointment, you'll need to fill in a pre-approval application form.

How do you get approval?

Once you've chosen the mortgage, your broker will perform a credit check. The result of the credit check helps the lender determine whether you're a suitable borrower and how much they should lend you.

When do you get approval?

Once the lender approves your application, you'll receive a conditional approval certificate from the lender that is usually valid for 90 days.

It's important to remember that this is not approval for the actual loan. Use this figure to work out how much you can spend on a property, taking into account the size of your deposit and other expenses such as conveyancing fees, Stamp Duty and so on. Securing pre-approval will allow you to house-hunt with confidence.

What happens next?

When you've found the perfect property and you're ready to make an offer, remember to tick 'subject to finance approval' on your offer before contacting your mortgage broker to finalise the application process.

If you're interested in getting a pre-approval, give us a call on Ph.0732647100 and we'll be happy to assist you.



Family holidays that won't break the bank

Inspired Living

Dreaming of a summer holiday that's relaxing, fun and most of all affordable? Taking a great family holiday without impacting too heavily on your mortgage repayments is possible—it just takes some careful planning and budgeting! So what's the secret?

- **Get organised**—book in advance and not only will you find better deals, you'll also avoid any last –minute stress.
- **It doesn't need to be five star**—think outside the square; a family holiday doesn't need to be an expensive foray to a fancy island resort. Camping is one cost effective idea to keep kids busy exploring the bush or beach, swimming and fishing...they'll never be bored.
- **Be self-sufficient**—self-contained accommodation is handy for preparing meals rather than dining out three times a day.
- **Choose cost-effective outings**—search for museums and interesting places to visit that have family deals or free entry for children.
- **Bring back up entertainment**—take along some gear to keep the kids happy such as Frisbees, balls and a deck of cards.

- **Double up**—seek out restaurants where children eat free or have dedicated children's menus.
- **Spread the cost**—try to allocate a little out of each pay packet to your holiday over the months beforehand. Spreading the costs will help ease the financial burden.
- **Avoid using the credit card**—try to pay everything in cash; come a few weeks after your holiday the last thing you want is a nasty credit card bill to remind you that you've overspent.



Six Spring Health Tips

WellBeing.com.au

Here are **6 top tips** to use this spring as the launchpad for a great summer:

1. **Listen to your body**  
As you transition from the cooler months into the beautiful balmy breeze of spring, listen to your body! Don't go cold turkey on the warmer, more nourishing foods—ease out of your winter diet slowly, **gradually integrating** more **raw and cool foods** into your diet.
2. **Take time for you**  
Every day. **15min**. Do what **YOU want** to do.
3. **Slow down**  
You may have a spring in your step but doesn't mean you have to live in fast forward. **Be mindful**. Eat slowly. Live thoughtfully.

4. **Get yourself outside**

Warmer weather means more of a chance to enjoy the outdoors. It's amazing what a bit of **sunshine and fresh air** can do for your health. Get your **body moving** while you're outside and you've killed two birds with one stone.

5. **Indulge in health**

Instead of focusing on what you **can't** eat, **indulge in the healthy foods** you can enjoy. Spring means gorgeous **fresh produce**, and new varieties of fruit and veg.

6. **Keep it simple**

Real, fresh **wholefoods**. Local and in season if possible.



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TRACIE'S NEWSLETTER

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Economic update...

Switzer.com.au

Don't let this economic fear thing turn you into a whinger!

This week I've had a plethora of people asking me: "How's our economy going?" And they were asking it like they were afraid I was going to say: "Stuffed!" I didn't.

These inquiries made me think that the only thing we have to fear is the fear that whinging about fear will go on for a long time! My profound take on our unusual economy was encouraged following the latest take on how retailer David Jones is performing.

DJs is no longer listed on the stock exchange and is owned by Woolworths Holdings Group, which is a South African outfit. Being reporting season, the new owners reveal how the company is going, though there's no law to say they have to. As an important retailer however, it's a nice window on how the sector is doing.

The news isn't great. This is what the department store's boss, John Dixon, told Fairfax: "Concern around the housing market, increased mortgage costs, increased utility costs and the lowest wage growth in 20 years: when you put all those things together, customers are having to tighten their belts and that puts pressure on discretionary spend," he said.

By the way, important though DJs is, I have to let you know that department stores stink worldwide, though some are doing better than others. It can depend on where a department store is located that determines how it will do.

In the USA, the iconic store Macy's is struggling but I bet the one on Broadway in New York would be killing it because it's in the core of the Big Apple. The same would go for Oxford Street's Selfridges because this shopping strip is externally packed with Londoners and tourists.

I bet DJs Sydney and Melbourne CBD stores are doing a lot better than its suburban operations because the retail world is challenged by what Mr Dixon pointed out about consumers. But other issues are affecting retail. We economists call it structural change, where the old world is structurally reshaped. The internet and the likes of Amazon, eBay, Gumtree, etc. have changed what we buy and where we buy it.

And retailers such as Apple, H&M and Zara are killing it. You can see queues inside and even outside these stores, which seldom happens with conventional department stores, except say a Saks Fifth Avenue New York at Christmas. Also, retailers in the right space such as JB Hi-Fi are getting it right with their offer and how they flog it, as the latest reporting season showed.

JB Hi-Fi's profit for the 12mths to June 30 rose 13.3% to 172.4 million, compared to the previous year. And revenue was up 42.3%. While there were benefits from absorbing The Good Guys business,

generally this is a retail outfit that's coping with the new economy with its digital disruption and unusual consumers.

Yep, consumers are different to the ones a lot of our economists grew up analysing in their economic models and textbooks. And the penny dropped for me when I heard of a survey of local university students that concluded a load of them want to work part-time.

There's growing evidence that a generation of Australians is rejecting the notion of full-time work. A new Manpower survey shows over 40% of job seekers would prefer to work part-time. Researchers claim millennials now prioritise flexibility when it comes to finding a job that's right for them. Many of the younger workers surveyed said they wanted to blend work with life satisfaction and the potential to build something for themselves.

These youngsters have grown up seeing the likes of Steve Jobs, Richard Branson and Mark Zuckerberg have it all and working it in a T-shirt. And that has more appeal to them than working 12-hour days for a bank or some other big end of town business.

But this undermines all those economists, politicians and journalists, who have been fretting about the growth of part-time jobs. That was the concern earlier this year, as full-time work was being lost to part-time work, which was seen as a bad economic sign. And 10 or 20 years ago it would have been. Nowadays, with new age Australians in a new digital, globalised, price-cutting age, it's just the sign of a new time.

The GFC, digital disruption, the new internet retail world and the modern attitude to work is structurally changing the world we live in, which partly explains why we have interest rates as low as they are now.

My point is that we are stressing out about our economy based on old views of the world, which are not as insightful as they used to be. Adding in what I'm seeing in the economic data, here's my take on the new world we live in: we'll keep growing at a more sedate pace, as all these new age changes challenge existing businesses but, eventually, a new economy will emerge and the economics used today to understand what's going on.

Minimise your fear and your whinging, as we're doing OK and will likely to do so for some time yet.

Colourful Crunchy Iceberg and Almond Salad

Taste.com.au

Ingredients

- 4 slices sourdough bread
- 3 teaspoons extra virgin olive oil
- 1 garlic clove, halved
- ½ cup whole-egg mayonnaise
- 1½ tablespoons white wine vinegar
- ½ teaspoon caster sugar
- 2 anchovies, finely chopped (optional)
- 1 iceberg lettuce, roughly chopped
- 1 red capsicum, roughly chopped
- 4 radishes, thinly sliced
- ½ red onion, thinly sliced
- ½ cup roughly chopped smoked almonds
- ½ cup chopped fresh flat-leaf parsley leaves

Method

1. Preheat a barbeque chargrill on medium heat. Brush bread with oil. Chargrill bread for 2 minutes each side or until lightly charred. Rub with garlic. Cut into 2cm pieces.
2. Combine mayonnaise, vinegar, sugar and anchovies (if using) in a medium bowl. Season with salt and pepper.
3. Place the lettuce, capsicum, radish, onion and dressing in a large serving bowl with half the bread, almonds and parsley. Toss to coat. Scatter with remaining bread, almonds and parsley. Serve.





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Here at Cornerstone we can help you...

- Get a home loan
- Reassess your current home loan
- Refinance your existing home loan
- Consolidate debt and free up equity
- Find a commercial or business loan
- Car and equipment finance

CALL US TODAY  
FOR ALL YOUR HOME LOAN NEEDS  
07 3264 7100

Hi All,

Spring has sprung! Welcome to the beautiful warm weather again.

You may have seen some recent commentary about ASIC and APRA doing a sweep through the banks in the last six months. Report cards are back and many of the banks are now making changes to their policy to be more in line with their governing bodies requirements. To this end, it is increasingly important for you to take time to review your home loans. Part of the changes have seen some banks increase their interest rates, while others are no longer doing certain types of loans. I am currently in the process of sending out review letters to many of my customers. **Please take the time to contact us so we can check that your loan is still doing what it should for you.**

Welcome to all our new customers. Many new first home buyers, congratulations on one of the biggest financial decisions you will make in your lifetime. It has been so much fun working with you all to find your dream homes and in some cases, starting the process to building your first home.

As we head into a market where interest rates are more likely to increase than decrease, it is very important that everyone takes the time to review their budget. If you are on a variable interest rate at the moment, you might consider paying a bit extra so you are used to

any rate increase before it happens.

Fixed rates are still unbelievably low. If you are considering locking your home loan into a low fixed rate, now would be the time to do this. Just give me a call to discuss the pros and cons of doing this.

Self Employed customers, don't forget that we can help you to finance your next work vehicle. Normally we can match or better any written offer you show us. So why not come back to the ones you know and trust. We can find you a great car loan at very competitive rates. Most of our customers are saving around \$200 a month in repayments compared to the quote given by the car yard. So don't pay too much, just give us a call.

If you are in a position where you are thinking of selling your home whether you are upgrading or moving location, whatever the reason, please let us know before you list your home so we can give you guidance about your loan.

Sometimes it is easier to payout the existing home loan and start a fresh loan for the new purchase or there might be an option to do a substitution. Everyone's situation is different so please call us to find out what's best for you.

We have a new website! Please jump on and have a look. I would love your feedback.

**Don't forget that we have our Cornerstone Home Loans Facebook Page.** Please take a moment to go in and like our page. I am now regularly posting blogs on this page and would love for you to read each one if you can.

Lastly, thank you again for all the great referrals over the past few months. We love helping your family and friends save money and create wealth for their future. As always if you need anything, just call us.

Till next time, Tracie & the Team.

**Disclaimer:** This Newsletter has been prepared by Tracie Palmer. Every effort has been made to ensure the contents are accurate at the time of publication. Tracie Palmer /Cornerstone Home Loans takes no responsibility for any subsequent action that may arise from the use of this Newsletter.