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NEWSLETTER

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Why you should get a home loan health check...

Your home loan should change as your needs do. How has your life changed since you got your home loan? Have you received a promotion, started a new job or taken extended leave? Have you gotten married? Started a family? Or made any other significant financial decisions? Are you planning a renovation or a big holiday?

Here are some reasons why it's important to do a home loan health check.

To secure a more competitive interest rate— Interest rates can change significantly over time. A recent survey found that 40% of Australians didn't know the interest rate of their home loan. A mortgage is easily the most significant financial decision households make and if you're not on top of yours, you may not know that you're paying more than you have to.

To pay off your loan faster—You might have committed to a 30 year loan but it doesn't have to take that long to pay it off. A home loan health check could show you viable options to paying off your loan faster and getting out of debt sooner.

To refinance— Like many borrowers, you might be coming to the end of a fixed rate term or interest only period. It's important to take the time to have a look at what

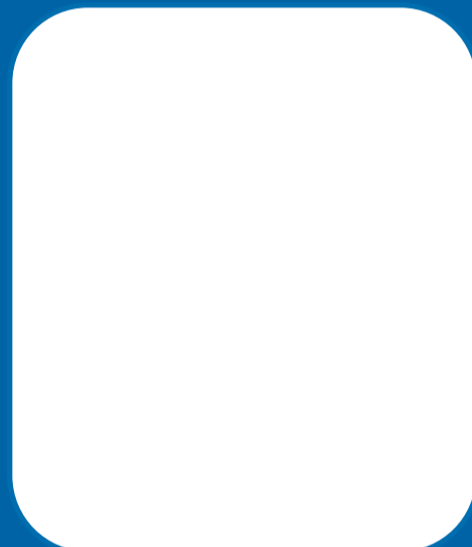
home loan offers are available to make sure you don't roll over onto an interest rate that costs you more than it should. **To renovate or upgrade your home**— A health check will help you determine how much equity you have in your property. You may have accrued equity if your property has increased in value, or you're paid down a significant amount of your loan. You can leverage the equity you've built to finance a renovation, buy an investment property and more.

To access home loan features— There are a variety of home loan features and facilities available to borrowers. For example, an offset account can help reduce the interest you pay on your mortgage each month. A redraw facility will allow you to access any additional repayments you make on your loan.

To simply get on top of your mortgage see how you're tracking— It's fair to say that your financial goals may have changed since you got your home loan. A home loan health check is a great way to check that your loan still aligns with your short and long-term financial goals and make changes if it doesn't.

Call us today for your free home loan health check 07 3264-7100.

A NOTE FROM TRACIE



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10 of the most commonly missed tax deductions sourced from BMT

Many property investors self-assess their tax deductions. However, few have the knowledge and information to accurately prepare their own tax return. As a result, there are several commonly missed tax deductions.

The ATO recently reviewed individual tax returns to determine the difference between what should have been paid and what was paid. They found that nine out of 10 individuals with a rental property were making mistakes. These mistakes could result in an under or over claim.

The top three most commonly missed tax deductions were loan interest, borrowing expenses and repairs and maintenance.

1. **Loan interest**—If you require a home loan to purchase your investment property, you're entitled to claim the interest as a deduction. Along with this, you can also claim interest on a loan used to purchase a depreciating asset for the rental property (like a new air conditioner), to make repairs or to finance renovations.
2. **Borrowing expenses**— when you first purchase your investment property the borrowing expenses involved can be claimed as a tax deduction. These expenses can include loan establishment fees, title search fees and costs of preparing and filing mortgage documents.
3. **Repairs, maintenance and capital improvements**— according to the ATO, repairs are considered work completed to damage or deterioration of the property. Maintenance, on the other hand, is work completed to prevent damage or deterioration of an asset. For example, oiling a deck is considered maintenance. Any costs incurred to repair or maintain your property can be claimed as an immediate tax deduction in the year or the expenses. However, the ATO specifies that initial repairs for damage that existed when the property was purchased are not immediately deductible. Instead these costs are capital in nature and claimed over the time. A capital improvement occurs when the condition or value of a thing is enhanced beyond its original state at the time of purchase. This must then be classified as either a capital works deduction or as plant and equipment depreciation.
4. The ATO allows owners of income-producing properties to claim depreciation deductions for the natural wear and tear that occurs to a building and its assets over time. The best way to ensure you maximise your depreciation claim is to organise a tax depreciation schedule.
5. **Property management fees**—If you enlist a real estate to manage your investment property, you'll be required to pay property management fees. These fees are tax deductible and can be claimed in your annual tax return.
6. **Real estate advertising costs**— As an investor, you're eligible to claim any rental advertising fees charged in the same year you paid for them.
7. **Land tax and council rates**— You're entitled to claim deductions for costs like land tax, body corporate fees and council rates relating to your investment property.
8. **Pest control**— Rental property owners can claim pest control costs on tax. Depending on the cost of the pest control, you can generally claim these expenses as an immediate deduction.
9. **Insurance**—If you claim rental income on your property, your insurance also becomes tax deductible. Insurances that may be tax deductible include building, contents, landlord, public liability or private mortgage insurance.
10. **Legal expenses**— The ATO stipulates that legal expenses involved in purchasing or selling your property, resisting land resumption or defending your title to the property are not tax deductible as they are capital in nature. However, any expenses involved in evicting a non-paying tenant are.



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6 reasons why you need to budget

If you've heard it once, you've heard it a thousand times: BUDGET YOUR MONEY!

Financial experts and money advisors have been shouting this mantra from the mountains tops for years.

This is just one of those financial lessons that can't be preached enough. If you and your family want financial security, following a budget is the only answer.

Still not convinced? Below are six good reasons why everyone should create and stick to a budget.

1. **It helps you keep your eye on the prize**—A budget helps you figure out your long-term goals and work towards them. If you just drift aimlessly through life, tossing your money at every pretty, shiny object that happens to catch your eye, how will you ever save up enough money to buy a car, take that trip or have a deposit for a home?
2. **It helps ensure you don't spend money you don't have**—Far too many consumers spend money they don't have— and we owe it all to credit cards. As a matter of fact, the medium credit card debt per household reached \$2,300 in June 2019. However, if you create and stick to a budget, you'll never find yourself in this precarious position. You'll know exactly how much money you earn, how much you can afford to spend each month and how much you need to save.
3. **It helps lead to a happier retirement**—lets say you spend your money responsibly, follow your budget and never carry credit card debt. Good for you! But aren't you forgetting something? As important as it is to send your money wisely today, saving is also critical for your future. A budget can help you do just that. Its important to build investment contribution into your budget for your retirement. After all, would you rather spend your retirement golfing and taking trips to the beach then working to make ends meet.
4. **It helps you prepare for emergencies**— Life is filled with unexpected surprises, some better than others. When you get laid off, become sick or injured, go through a divorce, or have a death in the family, it can lead to some serious financial turmoil. Your budget should include an emergency fund that consist of at least three to six months work of living expenses.
5. **It helps shed light on bad spending habits**— building a budget forces you to take a close look at your spending habits. You may notice that you're spending money on things you don't need.
6. **It's better than counting sheep**— following a budget will also help catch more shut-eye. How many nights have you tossed and turned worrying about how you are going to pay the bills?

Chicken, mango & prosciutto salad

- 3 chicken breasts, trimmed, sliced in half
- 1/3 cup olive oil
- 1 Tbsp white wine vinegar
- 1 tsp Dijon mustard
- 3 baby gem lettuce, torn
- 2 small Lebanese cucumbers, sliced
- 250g baby tomatoes, halved
- 2 small ripe mangoes, sliced
- 12 thin sliced prosciutto
- 100g goats cheese, crumbled
- 1/4 cup almonds, toasted, roughly chopped
- Zest of one lemon

Step 1. Place chicken and half of the oil in a snap-lock bag. Season and rub to coat.

Step 2. Heat a large pan on high and cook chicken 3-4 mins each side until cooked. Set chicken aside and rest for 10 mins then thinly slice.

Step 3. Meanwhile, put remaining oil, vinegar and mustard in a screw-top jar. Season and shake well to combine.

Step 4. On a large platter arrange lettuce, cucumber, tomatoes and mango. Top with prosciutto, chicken and goats cheese. Drizzle with remaining dressing and sprinkle with almonds & lemon zest.

Top salad with basil and mint leaves. Service with charred bread.



Smart ways to add value to your house at a low cost

Kitchen and bathroom revamp—It's a smart idea to spend money on bathroom and kitchen renovations because you can do this without blowing out the budget but at the same time make a return on investment.

- Add composite stone bench tops
- Freshener up your cupboard doors with a coat of paint
- Replace cupboard door handles with a modern option
- Replace window coverings with shutters or new blind
- A splash back refresh new tiling or glass

Update your outdoor entertainment space—Do you have a large unused space in your yard, a little nook of waster space perhaps it's just time to revamp the existing backyard

- Level out, the pave, deck or stone an area
- Place outdoor furniture in the area
- Add a pendant light or two above a sitting area
- Build retaining walls to section off your garden
- Add new plants both in the garden and pot plants

Don't underestimate the power of paint—Life the mood of a room

by applying the perfect coat of paint. If you have darker walls throughout your property, consider painting the walls lighter or white. This can give the illusion of more space, and simply looks fresher. It's a good idea to look for durable paint supplies which you'll be able to find for a good price.

Add natural light where possible— If you're making small structural changes, consider adding windows where possible. Adding natural light can reduce your energy costs by up to 75%, and has also been proven to have significant health benefits too.

Natural light on the side of your property where you get morning sun is ideal as the sun isn't as hot in the morning so it won't heat your house too much!





Tracie's update...

Hi Folks, in this very unprecedented time of health and financial concern with the current Corona Virus I wanted to reach out and give you some comfort around what we are doing here at Cornerstone Home Loans to help and support our customers.

Firstly, if you have lost your job please call us. Most if not all banks have a Hardships Department where you can call or email for support. This may include putting your home loan repayments on hold for up to six months. It is important to note that this is not a given and there is a process to go through. We have the contact details for all the Lender's Hardship Departments, so just call us.

Secondly, if you are at all concerned about your finances and have **not had a Home Loan Health Check in the last two years, contact us.** Gillian and I will be doing reviews for our existing customers. This is a COMPLIMENTARY service to all our clients. We have the ability to go to the Pricing Department for each bank to see if we can get you better interest rates. This is for ALL CUSTOMERS even if you are not in hardship. All you need to do is call or email us and we will do the rest.

We will look at your entire portfolio of loans, including

personal loans, car loans, business loans, credit cards and of course home loans. We will make recommendations that may and probably will save you money. Our aim is to help as many customers as we can as fast as we can to get everyone into a better financial position, should things escalate. This may mean that we recommend you amalgamate some of your personal debt to free up cash flow to get you through the unknown for the next six months or so.

The reality is that some people may lose their jobs and we are deeply saddened by this. Our customers mean everything to us. We are thinking of you all and hope and pray that you will feel comfort and peace at this really stressful and scary time.

We are here for you! **I URGENTLY ENCOURAGE you to call or email our office to seek support to help you get through this next period of time.** We will get through this, I am certain. Please do not put this off, contact us today! Things can change in an instant, lets work to get you in the best possible position now. Take care and much love, Tracie & the team at Cornerstone



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-  Refinance your Existing Home Loan
-  Consolidate Debt & Free Up Equity
-  Find a Commercial or Business Loan
-  Car & Equipment Finance



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