



Tips for autumn home improvement ■ Questions first-home buyers should ask ■ Buying a second property ■ Read. Watch. Listen.

WHAT TO BE AWARE OF WHEN BUYING OFF THE PLAN



The rise of new apartment developments in our cities provides greater opportunities for potential home owners to buy off the plan. There are benefits to this, but also a number of issues to be mindful of. We look at some of the things to consider when buying off the plan.

The benefits

A major benefit of purchasing off the plan is that you'll own a brand new property. There are also financial benefits; for example, you'll have the security of knowing how much you'll pay for the property in the future, even if its value increases. Construction usually takes a year or two, so there's time to save before you settle.

If you need to borrow money towards the deposit, speak to your broker about how to best structure the purchase. Most home loan lenders won't approve a loan for a long settlement period, but a broker can provide advice about what assurances you can get regarding the amount you may be able to borrow when it comes time to settle.

Depending on which state or territory you're in, you may have access to stamp duty and tax concessions, or government grants. If you're purchasing the property as an investment you may also be eligible for tax benefits. You should consult with your accountant for personal financial advice, specific to your circumstances.

Things to look out for

Off-the-plan contracts try to cover future issues. Check that certain scenarios, such as construction delays or if you want to withdraw, are clearly addressed. Once the building is complete it might not meet your expectations. Speak to a legal advisor before signing the contract to avoid any surprises.

Find out whether the developer has taken out home warranty insurance. Depending on the relevant state or territory laws, builders may be required to include a certificate of insurance in the contract. Even if this isn't the case, you can ask the developer for proof of insurance before you settle. Your broker or home loan lender may help with this as part of the lending process.

The property might be everything you dreamed of, but there's always a risk the market may have changed by the time you settle. While you can't avoid this, you should do some homework before you buy. For example, look at properties being built in the area to work out if there's likely to be an oversupply. Some lenders may look at the value of your property, rather than what was paid for it, when considering how much they will lend you. It's worth speaking to your broker about how your property may be valued and what your home loan options are.

By exercising a little due diligence you can minimise the risks and reap the benefits of buying off the plan.

Welcome

The weather's getting cooler, and we offer some great reading to help you ease into the new season; including some great tips for getting your home ready for winter!

First up we explore buying off the plan, and what to be aware of if you're considering it. We also have some great tips for getting your home ready for winter.

Thinking of buying your first home?

We look at the five questions you should ask yourself before taking the plunge.

We're interested in helping you and your family. So, if you'd like any advice relating to your financial arrangements, please don't hesitate to get in touch.

Best Regards,

Daniel O'Brien



**HAVING TIME TO
SAVE BEFORE
YOU SETTLE IS A
FINANCIAL BENEFIT**

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Six tips for autumn home improvement

With autumn just around the corner, now is the perfect time to make improvements around your home, and get your property in tiptop shape for winter. Here are some ideas for the to-do list.

Repair roof problems

Small roof leaks will make it harder to keep your house warm in winter. Inspect your roof for damage (or have a professional do it) and fix any holes or gaps.

Get your gutters in order

Autumn's falling leaves look picturesque but can cause a problem for gutters and spouts. Clean your gutters to prevent blockages, check for cracks or holes and add mesh guards for extra protection.

Inspect your heating

Whatever type of heating system you have, now is the time for a proper inspection to ensure it's safe and working well. If you have a fireplace, get it checked and cleaned by a specialist to prevent fire hazards. If you've been considering installing extra insulation, do it now to keep your home warmer during winter and cut your heating bills.

Add a fresh coat

Autumn is a great time to paint the interior or exterior of your home. The temperatures are generally good for paint drying, and it's still warm enough to allow plenty of ventilation into your home to let out the fumes.

Mind the gaps

Keep things cosy and reduce energy use by draught-proofing your home. Inspect all your doors and windows and seal any gaps you find. Consider upgrading any single-glazed windows to double glazing (being mindful that this comes with a not-insignificant price tag).

Let the light shine in

Autumn and winter bring less daylight, but a few small measures can help keep your home light and bright. Replace those blown light globes you've been ignoring (choose energy-efficient globes), and consider splashing out on a new feature lamp. Translucent curtains can be a great alternative to heavy blinds. Pruning large trees around your home will also let more of that autumn sun shine through.

AUTUMN IS YOUR CUE TO CHECK THE GUTTERS AND DOWNPIPES ARE CLEAR AND DAMAGE FREE



5 QUESTIONS POTENTIAL FIRST-HOME BUYERS SHOULD ASK THEMSELVES

As a new home owner, you may be asked by friends and family interested in buying a first home what to consider before diving in. Here are five tips you can pass on.

1. Is it the right time?

Moving house can be stressful and time-consuming, so consider whether it's suitable right now. Will your children need to move school? Are there work obligations that could make a move challenging? If you're planning major life changes, like having a baby, you'll need to factor these in.

2. Am I ready?

When considering your financial situation, do you have debts, like a personal loan, that you'll need to manage? Perhaps you can consolidate these into your home loan, or pay off the credit card first. You'll need to ensure your deposit is big enough to both purchase your new home and cover the costs of buying.

3. How much money do I need?

While the purchase price of your home will be your biggest cost, there are other expenses to pay. Some other costs include stamp duty, home owner's insurance, legal fees and removalists.

4. Can I afford the repayments?

Determine what you can afford by taking your income and deducting regular expenses. Add home-ownership expenses, like rates, and allow for some unexpected costs. Once you understand how much you can afford, work out how much you can borrow using an affordability calculator¹.

5. Are there any grants that I can access?

The government's First Home Owner Grant (FHOG) scheme may provide a grant of up to \$7000 to first-home owners (up to \$15,000 in Queensland) who meet certain criteria². Depending on which state or territory you're in, and if you're building your home, there may also be subsidies or tax exemptions available.

Sources:

¹ www.moneysmart.gov.au/tools-and-resources/calculators-and-apps/mortgage-calculator

² www.firsthome.gov.au/

WHAT TO CONSIDER WHEN BUYING A SECOND PROPERTY

Buying your own home remains the great Australian dream – and purchasing a second property may help you take your wealth further. Whether you're building your property investment portfolio, buying a holiday house or supporting a family member, there are plenty of things to think about before you take that next step.

Consider your cashflow

Property tends to be a long-term investment, so do your sums to make sure you can afford the ongoing repayments on two mortgages. Also think about any major life changes on the horizon – for example, you may be planning to expand your family, or you might need to support a parent in the coming years.

Get to know the market and location

Research what's happening in the current market, and whether it's the right time for you to buy. Get to know the area you're considering by speaking to local residents and real estate agents. It's also wise to look into the short and long-term planning for the area; for example, nearby construction may affect your ability to find a tenant.

Investigate before you invest

If you're buying a property as an investment, carefully consider its location. Buying in a high-demand area is likely to see you enjoy a constant flow of income from the rent.

You'll need to provide your lender with a rental estimate letter, which you can get from the agent managing the property. Keep in mind that generally lenders only take 50–80% of the rental income into account when calculating whether you can afford the loan.

Choose the right mortgage

The amount you can borrow and the type of loan you choose will depend on various factors, including the equity in your current home, your income and expenses, and your property valuation. It helps to get quality advice on the right mortgage for you, along with other considerations such as negative gearing, and how to structure your loan to maximise tax effectiveness.

Whatever your reason for considering a second property, being well-informed will ensure a smoother purchasing process and a financially secure future.



TAKE ADVANTAGE OF THE COOLER WEATHER TO START YOUR NEXT PROJECT



Read. Watch. Listen.



With autumn the perfect season to focus on projects around the home, a little inspiration can be the perfect motivation. Take a look at these great picks.

Houses magazine: this bimonthly publication showcases Australia's best contemporary residential architecture and design. It's full of stunning photos, inspiring ideas and plenty of homes to dream about.

www.architecturemedia.com/magazines

'Green roofs' are a growing trend, helping reduce building energy use and carbon emissions, and creating green oases in our built environments. *Rooftop Garden Design* is an image-rich book exploring green roof trends around the world.

www.imagespublishing.com

Australia's first online-only home and lifestyle magazine, *Adore Home* takes you to beautifully designed homes across the globe, and presents design tips, trends and covetable items to adorn your home. There's also an online shop to tempt you.

www.adoremagazine.com



Recently released on Netflix, comedy series *Master of None* stars *Parks and Recreation*'s Aziz Ansari as an Indian-American actor struggling to find success in his work and personal life. Set in New York City, the series has received rave reviews.

For an autumn action fix, don't miss the latest superhero flick *Batman v Superman: Dawn of Justice* (released 24 March). The film is causing plenty of excitement worldwide, being the first live-action movie to feature Batman and Superman together, along with Wonder Woman, Aquaman and The Flash.



This year we sadly lost David Bowie, one of the world's most influential musicians. Bowie's extensive back catalogue covers more than five decades, and now is the perfect time to revisit his iconic music – or discover it for the first time.

Start with *The Man Who Sold the World* (1970) or *Hunky Dory* (1971), or go for one of his many compilation albums.

UPS AND DOWNS: THE CURRENT ECONOMIC CLIMATE



The year started with some turbulent economic activity in the local and international spheres, including a falling Australian dollar, local share market falls and the slowing of the Chinese economy. We run through the economic situation of early 2016.

The first 16 trading days of the year until 26 January saw the All Ordinaries Index fall by 5.4%¹, concerning both investors and consumers. This reflects some of the issues in the commodities market, where export prices for iron ore, coal, wheat and oil have continued to slump. Commodities account for over 50% of the country's foreign earnings, compounding the impact on the share market and our foreign balance of trade.

On the positive side, consumers are enjoying lower petrol costs, but for those who rely on their superannuation



2.8%

**DEVALUATION
AGAINST THE
US DOLLAR² IS
GOOD NEWS FOR
EXPORTERS AND
THE TOURISM
INDUSTRY**

this year looks less rosy. The drop in the share market will contribute to declining growth rates in superannuation funds, a trend that has been ongoing for the past three years, and one that is likely to be seen for the remainder of the year.

Exports will find some relief in the lower Australian dollar, which has devalued against the US dollar by over 2.8% during the month of January². This is also good news for education and tourism, as more foreign students and visitors flock to Australia. Those planning overseas travel will feel an extra pinch in their hip pocket.

One of the key issues believed to be triggering many of these macro-economic issues is a slowdown in the Chinese market, with manufacturing and consumption both down in the world's second-largest economy. China is a key trading partner for Australia and a reduction in consumption there is having a direct impact on our exports.

But the weakening in its market isn't just being felt at home. The International Monetary Fund has indicated that China is to blame for its reduction in global growth forecasts. Things may also get worse before they get better, due to uncertainty about whether the Chinese government is masking the true economic situation in the country.

Despite low growth, the employment outlook is still positive, with the unemployment rate at the end of December remaining low at 5.8%³. Forecasts expect it to remain relatively constant for the next quarter. Low growth tends to go hand in hand with low interest rates, which is good news for home owners. Combined, this offers a silver lining to the economic clouds that shadow 2016.

Sources:

¹ www.marketindex.com.au/all-ordinaries

² www.bloomberg.com/quote/AUDUSD:CUR

³ www.tradingeconomics.com/australia/unemployment-rate

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