

# The best compliment you can give us is to refer a friend



Hannah Fox

David Wilson

Debra Allen

Adam Gotsalks

Do you know someone who's thinking about getting a new home, car or personal loan? If you've been happy with our service, **please pass on our contact details.** We'd love to help!

## Why choose Mortgage Choice?

We care about helping Australians afford to live the life they want to live. Did you know Mortgage Choice can help you with more than your home, car and personal loan needs?

If you're after insurance or want some direction with financial planning, our experts are here to help. We can even help you with the financial needs of your business.

At Mortgage Choice, we believe better choices lead to a better life.

Contact us today to find out more.



## TALK TO US TODAY

☎ 03 9432 6070 or 0421 310 933

✉ [hannah.fox@mortgagechoice.com.au](mailto:hannah.fox@mortgagechoice.com.au)

📄 [MortgageChoice.com.au/Hannah.Fox](http://MortgageChoice.com.au/Hannah.Fox)  
Suite 4, Level 1/86 Grimshaw Street  
Greensborough, VIC 3088

Mortgage Choice Limited ACN 009 161 979. Australian Credit Licence 382869.  
Mortgage Choice Financial Planning Pty Limited ACN 158 645 624, AFSL 422854.

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# CHOICES

ISSUE 2, 2019



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Better choices  
for a better life

## News from...

### THE TEAM AT MORTGAGE CHOICE GREENSBOROUGH



Hannah Fox

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#### Welcome to your Summer edition of Choices!

The festive season is just around the corner but, homeowners already have plenty to celebrate with the Reserve Bank of Australia cutting the official cash rate to 0.75% in October 2019.

With home loan interest rates at never-before-seen lows, a quick call to your Mortgage Choice broker will reveal if you could save money on your home loan.

The last week of September saw auction clearance rate skyrocket to 71% nationally<sup>1</sup> compared to just 54%<sup>2</sup> this time last year, seeing an amazing return of buyer confidence.

As research group CoreLogic notes, Australia's housing market may have just been through the biggest downturn since the 1980s but the fact that values nationally fell by less than 10% speaks volumes about the ongoing strength of our property market<sup>3</sup>.

The current market upswing looks set to continue. Domain's Property Price Forecast is tipping house values nationally to rise by up to 4% in 2020, with apartment values likely to climb up to 3% higher<sup>4</sup>. Already, values in Sydney and Melbourne have gained 3.5% and 3.4% respectively over the last quarter alone, making predictions of further growth look very achievable.

If there's anything you'd like to learn more about, don't hesitate to contact your local Mortgage Choice broker.

Best regards,

<sup>1</sup> <https://www.corelogic.com.au/news/national-auction-market-preview-6-october>

<sup>2</sup> <https://www.corelogic.com.au/news/preliminary-clearance-rate-just-shy-80-cent-across-combined-capitals>

<sup>3</sup> <https://www.corelogic.com.au/news/market-recoveries-are-generally-led-stabilising-values-followed-rise-activity>

<sup>4</sup> <https://www.domain.com.au/research/domains-property-price-forecasts-june-2019-85100/#aus-forecasts>

The information provided in *Choices* is for general education purposes only and does not constitute specialist advice.

☎ 03 9432 6070 or 0421 310 933

✉ [hannah.fox@mortgagechoice.com.au](mailto:hannah.fox@mortgagechoice.com.au)

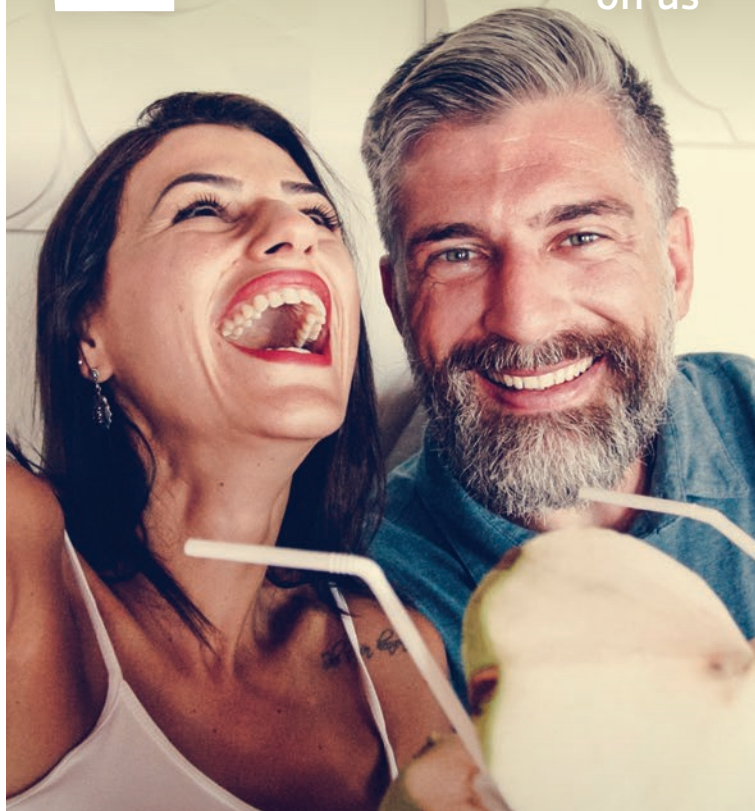
🌐 [MortgageChoice.com.au/Hannah.Fox](http://MortgageChoice.com.au/Hannah.Fox)

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# 2 years' worth of interest on us\*



## What could you do with the savings?

**GIVE US A CALL TODAY**

 **Mortgage Choice**

\*Mortgage Choice Limited ACN 009 161 979. Australian Credit Licence 382869. Mortgage Choice Financial Planning Pty Limited ACN 158 645624. AFSL 422854. Closes 30/06 2020. Major Draw 12.00 hours AEST on 1 July 2020 at the office of Engage Australia Level 8,56 Clarence Street, Sydney, NSW 2000. The Winner will be notified by phone and confirmed by email 2 July 2020. Visit [MortgageChoice.com.au/Win](http://MortgageChoice.com.au/Win) for more details NSW Permit No. LTPS/19/38618, ACT Permit No. TP 19/04325, SA Permit No. T19/1660.



# A home loan summer transformation

Summer's creeping up on us and with the warm weather, thoughts of whipping ourselves into shape also tend to start making an appearance again. But instead of chatting about health and fitness, we'd like to shift focus to your mortgage.

It's a great time to whip your mortgage into shape and believe us, it's actually a lot easier than getting a 6-pack too (unless we're talking about beer). Let's begin the home loan transformation:

## TIP 1 – Get a home loan check up

The start of any good transformation starts with an assessment of the current situation. When it comes to your home loan, this is where a Home Loan Health Check comes into play.

**What is it?** - It's a free service that Mortgage Choice offers to evaluate and compare your current home loan with other products in the market, from our wide choice of lenders and takes into account the interest rate, fees you're paying and features of the loan.

**What are the benefits?** - Whether your situation has changed since you first took out the loan (e.g. started a family), you want to consider other home loan options on the market, you're coming to the end of a fixed rate or planning some renovations (or anything else) - assessing your current situation against your home loan to see if it's still meeting your needs can pay off significantly.

**How does it work?** - Once you set a meeting with your local Mortgage Choice broker, they will assess your current home loan repayments, remaining balance, features and many other factors to then see if another home loan might better suit your needs and then present you with the findings.

## TIP 2 – Review your goals

Do you know if you'd rather have a structured payment plan to suit your budgeting, or whether you want to pay off your home loan faster?

A fixed-term home loan can help you if you're wanting to keep your budget in order, knowing your set repayments over a set amount of time.

A variable home loan could work well if you're wanting to utilise an offset account, make additional repayments and want to work towards paying off your mortgage sooner.



## TIP 3 – It's not all about lower numbers

As much we can all get caught up in the numbers game when getting into shape, when it comes to your mortgage, it's not always all about the lowest number. The smallest interest rate on the market sounds like a great option, but it might not be a home loan that suits your needs.

Many other factors can come into play than just a low interest rate, such as high account fees and particular home loan features you're wanting.

### Double the frequency

Just like with any workout, the more you exercise, the more you're likely to see results. If you're currently making monthly repayments on your mortgage, it could be time to turn it up a notch to fortnightly. This means you'll be paying about one extra instalment each year!

### Don't let it slip for too long

We all know that it's harder to get back into shape than maintaining it. Just like with your mortgage, it's good to know what's happening in the market and what it could mean for you. The best part is, your broker can help with that.

There's no need to be your own expert, but if you give your mortgage some thought every year or two, your broker can help assess what's happening in the market and provide some information and options for your next move.

**So, what are you waiting for? Give your local Mortgage Choice broker a call today! Let them do the hard work for you and reap the rewards of a home loan that suits you.**

# Pay off your home loan or invest?

**Are you tossing up whether to pay more into your mortgage or buy an investment property? We look at the pros and cons of both.**

Home loan interest rates have reached record lows in the second half of 2019. Unlike investment loans, the interest on your owner occupied home loan is not tax deductible in Australia. This would mean that conventional financial wisdom would normally dictate that you should pay off your non-deductible loans (your home loan) before taking on more debt to invest in property.

That means you have your answer, right? However, taking on an investment loan can be lucrative too, as not all debt is bad debt. Does this mean that you should consider investing in property over paying down your home loan faster?

Unfortunately, there's no one-size-fits-all solution, but it's important to consider your personal financial situation when working out what's best for you.

## How big is your mortgage?

The size of your mortgage is important when it comes to determining whether you throw more into your home loan or buy an investment property.

The choice will be taken out of your hands if your mortgage is 80% or more of the current value of your home. If this is the case, a good option is to pay down your home loan and increase your equity. Even with more than 20% equity in your home, most lenders will let you borrow against only 75-90% of total equity.

## Paying down your home loan

Making extra mortgage repayments allows you to reduce your loan balance and maximise the equity in your home. Paying more into your home loan could work for you if:

- You enjoy spending (a little too much) – scheduling extra repayments may help with financial discipline.
- You still have a large loan balance approaching retirement – paying down your mortgage quickly is a good option.
- You want to release guarantors on your mortgage.

Making extra repayments helps reduce the term of your loan and the amount of interest you pay in the long term, while maximising your available equity. However, be aware that if you pay extra directly into your mortgage, you may not be able to easily access these funds if you need them.

## Investing in property

If you're in a position to invest, researching the investment property market can certainly help with your decision making. There are a few things to consider when it comes to investing in property:

- You may need to make some lifestyle changes. Things like taking holidays, changing jobs, home improvements or having another child may need to be put on hold while you adjust to your new financial situation.
- You may be hit with a "break cost" from your lender when you refinance your home loan to access the equity. This will apply if your interest rate is fixed.
- It's important to ensure you have access to emergency funds for unexpected costs like maintenance and repairs.
- Buying an investment property rather than paying off your home loan allows you to produce rental income, enjoy the benefits of negative gearing and eventually see a capital gain from the investment property.

**If you're trying to decide whether to pay more into your home loan or buy an investment property, your Mortgage Choice broker can help you assess the most suitable option for your personal financial situation.**





# 5 important reasons why you need to know what a property is worth

**Knowing the value of a property is important - whether you're looking to buy or to sell. As a buyer, you want to know you're not paying too much and as a seller, you want to know you're getting what you should for your property.**

## Market value vs. market price

First, definitions are always a great start.

**Market value** - this takes into consideration the features and benefits of a property, current market conditions as well as supply and demand factors.

**Market price** - is the price someone is willing to pay for a property and what the seller will accept.

You might think that the two final figures should be close in amount, however, there can be variances between the two.

This can come down to a fast-changing market and any sudden rise or fall in property values can shift outcomes when past sales are used to help determine current values.

If a market is higher on the demand side and lower on the supply side, this could also influence how much a buyer would be willing to spend on a property, especially when emotions come into play.

## Why you should know the value of your property

1. **You're buying** - whether it's your first or tenth time buying a property, knowing the value of the property you want to buy is incredibly important to know you're not overpaying for it.
2. **You're selling** - when it comes to selling, you don't want to sell for significantly lower than its market value.
3. **Insurance coverage** - knowing the current value of a property (not just the sale price) can help ensure you have adequate insurance coverage if something were to happen.
4. **Renovating** - knowing the value of a property can help guide you in making the right renovations to avoid spending on areas that may not change the value of the property. A detailed valuation that breaks down the condition of each area of a place can help you spend money where it matters.
5. **Retirement** - as part of planning for your golden years, knowing the value of a property can help you make smart financial decisions, whether this is downsizing, selling, buying, or anything else.

## Tips to value a property

1. **Look locally** - it's always a good start to look for other properties in the local area. Keep it quite close to where you're either buying, selling or currently living and keep it to the last few months.

2. **Look for similarities** - when comparing to other places in the local area, look for similar land size, number of rooms, location and how close it is to transport, as well as if the quality is similar.
3. **Move with the market** - things can change quickly in the property market and the faster it moves, the less you can rely on previous sales in the area, especially from more than a few months prior. It's helpful to know what's happening in the market and how it's affecting your local area.
4. **Dive into data** - there are huge amounts of data available to help you understand what's happening in the property market. Looking for median house prices, auction clearance rates and how long a property has been on the market are valuable sources of information.

**Regardless if you are looking to buy your first home, looking to upgrade or downsize, or even looking to buy an investment property - it's important to have your finances sorted before you start actively looking.**

USE OUR ONLINE CALCULATORS AT [HTTPS://WWW.MORTGAGECHOICE.COM.AU/HOME-LOAN-CALCULATORS/](https://www.mortgagechoice.com.au/home-loan-calculators/) TO HELP (RUNCH THE NUMBERS, OR CONTACT YOUR LOCAL MORTGAGE CHOICE BROKER TODAY.



# Interest rates are dropping and savers are losing out

**There's been a lot of excitement over the past few months, with the Reserve Bank of Australia (RBA) dropping the official cash rate multiple times in 2019. Most importantly, we've seen many banks and lenders following these cuts and dropping home loan interest rates on many of their products.**

With the cash rate at record lows and some experts suggesting that if it's going to change at all, it's probably heading lower, it's hard to imagine that anyone could be losing out in this situation, right?

The possibility for you to take advantage of this new low rate environment and potential to find a lower interest rate sounds amazing.

## How the RBA rates affect deposit interest

When the RBA lowers the cash rate, many people generally think about the lower home loan interest rates and more money in your back pocket.

However, when the RBA cash rate lowers, it also means that many banks follow suit and also cut interest rates on savings and investment accounts.

These cuts to interest earned on savings, which in Australia are already at incredibly low figures, mean that savers will now stand to make little to no return on their money. This could affect those who rely on their savings and interest earned, with less return for their savings efforts.

## How to make your savings count

But it's not all doom and gloom. While your savings might not be growing at the same rate as they were a few years ago, in these situations it pays to know what to look for and how to make the most of your savings. Here are our tips:

### A deeper look into interest rates

We know that this is pretty straight forward, however it's a good idea to look a little deeper into the interest rates on offer for savings accounts.

Knowing the base rate and maximum interest rates is a great start.

The minimum interest rate gives you an idea of how much you will earn on your savings any given month, and the maximum is how much you could earn if you followed all of the account's terms and conditions.

This takes us into our next point.

## Know the terms and conditions

If you come across a savings account that is offering a better interest rate than you currently receive, it's time to investigate what you would need to do to receive this rate.

This could include depositing a minimum amount each month, depositing a certain number of times or even not making any withdrawals.

## Look further than your current bank

Put your current bank aside for a second because there are so many options on the market: why would you want to limit yourself?

Take a look around to see if the rate on the highest interest rate savings account from your current bank can be beaten elsewhere.

## Set a savings plan in motion

Yep, it always comes down to a budget (have you sorted yours out yet?). What are your goals, is it for something in particular, do you know how much you need to put aside each pay? Not only do you need to know how much you want to save, but also how you could benefit from this plan.

Once you know the terms and conditions for your new, higher interest savings account, consider how you could potentially meet the requirements each month to meet the maximum rate. Should you split the savings you deposit into 3 different transfers? Or should you look at other areas in your budget to save to ensure you meet the minimum amount required to be transferred into the account to receive the higher rate?

**If you're looking for ways to build wealth or want some help to achieve your savings goals, give your local Mortgage Choice financial adviser a call today! They can help you devise a strategy to set your ideas into motion and work towards achieving your financial goals.**



# How to start a small business from home



**Have you got an idea hiding in the back of your mind, thinking it could one day be a great start to your own small business?**

Whether you've discovered a service or product that could help people, or you have a hobby that you think could become your source of income, we wanted to let you know our tips to help you get started in a small business.

## 1 Start at home

By the title of the article, you've probably already guessed that we could suggest starting your business from home. Getting started at home can be an effective way to save on costs as you begin to build your foundations.

Working from home also comes with benefits such as flexibility of your working hours (we do touch on this later on too), less (or rather zero) commute times as well as the ability to scale your business up and down fast.

## 2 Have a plan in place

When you're first starting out your small business, defining your business plan to determine what you want to achieve, how you're going to do it and what you'll need in order to get it done and the associated timelines, is essential.

A business plan can set out these goals, highlight your priorities and develop strategies for a clearer vision. Not only does it help at the beginning of your small business, but also assists in planning for the future. It's preferable to be proactive, rather than reactive to the unexpected events that invariably arise.

## 3 Dive into tech

We know that this goes without being said, but it's worth a mention - leverage technology! Having the right technology set up for your business can increase efficiencies and can set you up for sustained growth and success.

If you've worked in a similar environment before, take note of what helped with all the processes. For example, if you worked in an office and used 2 monitors, would that make a difference to how you work from home? Know what you will need to be as efficient as you were previously.

## 4 A routine can be key

Becoming your own boss comes with flexibility. There's no one checking up on you and peeping over your shoulder - so you need to learn how to keep yourself accountable.

New flexible hours could work wonders for you. If you're a night owl and do most of your productive work once everyone's asleep, then great!

However, if you're uncertain how you can keep yourself in check, a routine can help. This could be a similar structure to a previous job, such as waking up early and completing a workout to then start working by 9am and taking your lunch break at 12 o'clock on the dot.

Having set work hours can also help to define when you should start, and also switch off at the end of the work day, so these lines don't get blurred and you start to burn yourself out.

## 5 Be a jack of all trades

Starting your own business means you'll need to wear many hats while running each department at the same time. It can be a challenge to begin with, but spending the time to learn a bit about all these areas can go a long way.

If you have a basic understanding of a certain process, for example IT and accounting, this can help you work through some problems yourself rather than outsourcing, which can get rather expensive.

## 6 Keep finances in check

When you decide to start your small business, it's time to set up a separate business account. This can help keep your bookkeeping organised and accurate.

Keeping on top of your cash flow is just as important. Creating a budget can help you focus on the goals you have established in your business plan, review your finances regularly, consider seasonal trends and adapt to changes.

## 7 Know when to get help

Learn when to reach out for a helping hand! With so many experts out there with valuable knowledge, there's someone who would be happy to help. Whether they're successful small business owners or experts in their field of work, be open to asking for help and support.

**If you're looking to kick start your small business, call your local Mortgage Choice expert today who can help you with a range of solutions for the needs of your small business. We can help you understand the finance options available and do all the legwork in sourcing a business loan for your particular requirements.**





# How to plan for the backyard update you've always wanted

**Who doesn't love a barbecue on a warm day, sipping on a refreshing beverage and enjoying the longer daylight hours? It seems to be the go-to meeting place for any occasion. So, is your backyard up to scratch?**

Here are our 4 tips to plan for that backyard update while sticking to a budget:

## 1 Plan ahead of time

Instead of thinking "Let's go to Bunnings and buy some stuff," it's always a good idea to start with a plan.

You'll need to know how much you want to spend, what you'll need and how you're going to do it. Take time to look for inspiration and clear out the space, getting rid of (or selling) anything you no longer need.

## 2 Set up a budget

If you want to stick to a budget, it's time to create it. Decide how much money you want to put aside for the project to help keep you on track. With all of the inspiration you've pulled together, make a list of what you want for your backyard.

Then create a list of the plants, furniture, structures you want and research prices. The more you're willing to research, the more you could potentially save.

## 3 Landscape your backyard (yourself)

Hiring a professional landscaper can potentially send the cost of your makeover over budget. With resources such as the internet and flower shops, ask for expert advice for the kinds of plants that are suitable for your backyard. Take note of the sunlight, placement and climate and ask what would suit.

## 4 Decorate your backyard

Recycle the items you've kept aside from your clearout. Look into some DIY projects that could help give these items a boost. Also, don't dismiss op shops and recycled goods, as they could save you a good penny too.

Most importantly, have fun with the decorating as you're creating this to be a space for everyone to enjoy the warmer weather.

**If you're looking to renovate your backyard or home, call your local Mortgage Choice broker today to discover the finance options to suit you.**

## NATIONAL HOUSING MARKET KEY STATISTICS

	Change in dwelling values			Total return	Median Value
	Month	Quarter	Annual		
Sydney	1.7%	3.5%	-4.8%	-1.3%	\$805,424
Melbourne	1.7%	3.4%	-3.9%	-0.8%	\$634,913
Brisbane	0.1%	0.5%	-2.1%	2.5%	\$492,474
Adelaide	0.0%	-0.6%	-1.1%	3.4%	\$428,292
Perth	-0.8%	-1.9%	-9.0%	-5.2%	\$436,008
Hobart	-0.4%	0.4%	2.5%	7.7%	\$459,271
Darwin	-0.2%	-1.1%	-9.5%	-3.3%	\$389,214
Canberra	1.0%	1.4%	1.3%	5.9%	\$604,039
Combined capitals	1.1%	2.2%	-4.3%	-0.8%	\$602,319
Combined regional	0.1%	-0.1%	-2.5%	2.2%	\$376,903
National	0.9%	1.7%	-3.9%	-0.2%	\$524,744

Source: CoreLogic Index Hedonic Home value Index, September 2019 Results. All figures are current and based on data available at the time the report is published.

## Are we seeing signs of a stronger market?

Australia's housing market looks to be gaining momentum with a national increase of housing values up 0.9% from last month. Although this might seem like a small increase, there are signs that the market will continue improving, including an increase of auction clearance rates across the country compared to last year<sup>1</sup>.

### So what does a recovery mean for you?

With housing values looking up but the national index remaining at 6.8% below the peak in October 2017, CoreLogic head of research Tim Lawless<sup>2</sup> says, "Buyers will have time to take advantage of improved housing affordability before values return to record highs".

**For more market information and how you can utilise current market conditions, contact your local Mortgage Choice broker. Discover how you can start reaching your financial goals today!**

<sup>1</sup> <https://www.corelogic.com.au/news/national-auction-market-preview-6-october>  
<sup>2</sup> CoreLogic Hedonic Home Value Index, September 2019 Results