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

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

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Level 1, 20C Blackburn Road, Blackburn, VIC 3130

Are you ready for summer?

As we all know, summer doesn’t just bring with it hot nights and even hotter days, but plenty of friends and family gatherings.

The beginning of summer also marks the start of the silly season. It is a time when we spend a lot of time at home or in the homes of our nearest and dearest, enjoying lazy barbeques and the occasional game of backyard cricket.

All of this begs the question: are you summer ready? Were you hoping to be in a bigger home by year’s end or perhaps you wanted to renovate your current dwelling?

Whatever your goals, the good news is that there is still plenty of time for you to achieve them. In this edition of CHOICES, we look at the benefits of upsizing into a bigger home and help you decide whether or not now is the right time to do so.

We also look at the pros and cons of buying a holiday home.

Finally, we provide you with quick and easy savings tips to help you navigate the silly season without blowing the budget.

If you would like more information on any of the articles you read, or would like to provide us with some feedback on the articles included in this edition of CHOICES, please let us know.

We value your feedback.

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

Mortgage Choice Calculators

Use our suite of popular mortgage & home loan calculators to work out your borrowing capacity, home loan repayments, stamp duty, savings targets and more.

**Borrowing power**

Calculate your borrowing power based on your salary and financial commitments.


**Home loan repayments**

Work out your minimum weekly, fortnightly or monthly home loan repayments.


**Achieve savings target**

Find out how much you need to save weekly, fortnightly or monthly to achieve your savings target.


**How long to repay?**

Work out how long it’ll take to repay your home loan.


**Compare loans**

Compare home loans from different lenders based on interest rates, loan terms, fees and more.


**How much do you need to retire?**

Calculate how much money you’ll have to spend in retirement.

Get your renovation plans under way this summer

With the summer holidays upon us, now could be a good time to revisit your renovation plans and get the wheels in motion to make them a reality.

While renovating is a great way to make lifestyle improvements, it often comes at a significant cost. So, if you’re considering renovating your home in the near future, it’s a good idea to conduct some thorough research into the costs involved.

As with anything, whether you intend to make smaller cosmetic renovations or larger structural renovations, unexpected costs are always a possibility.

If completed correctly, renovations can optimise the potential of your home and allow you to make alterations where necessary to suit your current lifestyle and needs. Homeowners would also benefit from keeping in mind that a well planned and executed renovation can potentially add value to your property.

Here are five tips to consider before jumping on the home renovation band wagon:

- **Add up all the costs:** Do your homework so you know what costs you are up for from the beginning. Be realistic about what you can achieve with the budget you set yourself, and be sure to stick with it.

- **Invest in a plan early:** Keep in mind that the longer your renovation takes, the more money you will likely spend or even lose (e.g. loss of rental income). Proper planning from the word ‘go’ could successfully save you some unnecessary costs further down the track and make for a smoother renovation overall.

- **Avoid over capitalising:** Investigate whether you can achieve your renovation without over capitalising on the investment, that is, when the cost of the project outweighs the value it will add to your property.

Once you’ve added up all the costs and settled on a renovation plan, it’s important to turn your attention to how you will fund the project. Depending on the scale of changes, there may be a number of different finance options to consider such as a loan top up, personal loan, line of credit loan or even a construction loan.

To help make the right finance decisions when renovating to create your dream home, seeking specialist help is a sensible idea.

A good first step is to talk to your local mortgage broker, who will be able to clarify your property goals and help you assess the nuts and bolts of the finance options most closely aligned with your needs and circumstances.

This may also be a good opportunity to shop around and compare your loan to the hundreds of others to see if there is a better option to suit your needs – whether this is a new loan structure to help you cover the extra renovation costs while holding repayments at your current levels, or a loan with a lower interest rate.

To get your renovation plans under way this summer, visit MortgageChoice.com.au/refinancing-guide.
Upsizing: when and how to do it

For many homeowners, there eventually comes a time when you begin thinking about moving into a bigger place.

Whether your family is growing and your current home is becoming a bit too cramped, or you’re just looking for a change of scenery, there are many reasons to upsize.

It’s important to note that upgrading into a larger home can come at a significant cost. As such, there are a number of things you should consider before you make your move.

1. What can I afford?

Upsizing into a larger home often means buying something more expensive and you may be able to use the equity you’ve grown in your current property to purchase your next home. Keep in mind however, that only a certain proportion of your equity can be used.

2. What are the costs involved?

Upsizing can work out to be quite an expensive exercise once you factor in the costs involved. There are expenses such as stamp duty, refinancing, agent fees, legal and conveyancing fees, building and pest inspection reports, and removalists to help you move your possessions.

3. Should I sell my home or use it as an investment?

You may decide that you do not want to sell your current property and instead, use it as an investment property. If you do keep your current property as an investment, you need to make sure you are financially comfortable paying two mortgages at the same time.

4. Do I have a plan for when I sell and buy?

Timing your decision is an important consideration. Will you sell your home first then buy, or buy your new home first then sell? You may not be able to buy a new property if you don’t sell your current home first, but what happens if you do sell, but are unable to buy the next place in time? You may end up without a roof over your head, so you’ll need to have a backup plan in place if the timing does not work out.

There are many elements to consider when you’re thinking about upsizing. It’s therefore a good idea to speak to your local broker who can walk you through the best options for your situation.
Should you invest in a holiday home?

Let’s face it, everyone loves a holiday.

Whether you’ve just spent the weekend away in a secluded bushland retreat, or holidayed in a home just metres from the beach, you may have wished you had a holiday home you could visit whenever you wanted.

The idea of purchasing a holiday home can sound very enticing – you generate income when you rent it out and you can enjoy it free of charge when you stay in it.

In fact, there are many pros associated with owning a holiday home. First, there’s the obvious enjoyment of a property that you can escape to without much planning or money required.

If you rent out the property to tenants, you can also benefit from additional income, as well as the various tax advantages associated with owning an investment property.

Even if you don’t make a lot of profit, it can help you pay for things such as insurance and maintenance of the home.

In addition, holiday homes allow you to claim depreciation, which is generally higher compared to other investment properties. An owner of a short-stay home can claim up to 4% depreciation for 25 years instead of 2.5% for 40 years.

Another benefit of owning a holiday home is that it can become your place of residence after you retire.

That said, there are also drawbacks to owning a holiday house. If you’re still paying off the mortgage for your main home, you’ll have to take out a second mortgage in order to purchase a holiday home.

During periods where you do not have a tenant staying in the property, you’re still responsible for paying the mortgage, insurance and maintenance fees yourself, with no rental income to offset these costs.

Furthermore, you may want to use your investment property during the holidays, but it is likely that these will be popular times for people to rent your property.

Finally, there are also ongoing costs including property management, cleaning and advertising.

If you decide to buy a holiday home, make sure you do not rush into it and that you do plenty of research. Location is key, so investigate the best areas that will offer you the greatest bang for your buck.

Don’t forget to weigh up the different costs associated with owning a holiday home. If you are unsure whether it is financially feasible, speak to your broker or financial adviser.
Just how well covered are you?

Life insurance is an automatic feature of most super funds, and that’s a good thing because it gives many working Australians life cover that they may not otherwise take out.

In fact, around eight out of ten super fund members have personal insurances like life cover or income protection insurance through their super.

On the plus side, organising insurance through your super is very cost-effective. The premiums are low because the fund arranges ‘group’ cover, which works like bulk buying. The downside is that fund trustees don’t know your personal circumstances. So the insurance you have is not specifically tailored to your needs, and this can have significant drawbacks.

You may not have enough cover for your needs

To begin with, you may not have sufficient insurance in place to protect your family from financial hardship.

Life cover held in super is usually only worth $100,000 or $200,000.1 If you add up your financial commitments including a home loan, as well as the future needs of loved ones, it’s highly likely you may need considerably more cover.

Be mindful too, that the trustee of your super fund has discretion over to whom your life insurance is paid. The payout is not guaranteed to go to the person of your choosing. The only way around this is to complete a binding death nomination that specifies exactly who you want to receive the money.

Income protection – how long will it last?

It also pays to know exactly how the insurance your fund offers will work in your circumstances. For example, income protection insurance is essential. It pays a regular income usually worth around 75% of your normal wage or salary if you can’t work due to illness or injury – and remember, health insurance will pay some of your medical bills but that’s all. It won’t offer protection if you get sick and can’t work.

The trouble is, income insurance organised through super normally runs for two years only. If you fall seriously ill or an injury leaves you unable to work for many years, you’re going to need cover that lasts a lot longer.

Read the fine print

Worryingly, fund trustees are not obliged to provide insured benefits to all members on the same basis. In March 2017, for instance, media reports emerged of workers who’d had total and permanent disability claims rejected because they were casual not permanent employees2.

The bottom line is that you can be knocked back at claim time. And when that happens, don’t expect to be refunded the premiums you have been paying, potentially over many years.

Having personal insurance through a super fund is a good idea but it pays to read the fine print of your policy. If something goes wrong, your low-cost, low-fuss cover can quickly prove to be false economy.

With so much at stake, it is worth speaking with your financial adviser to know exactly what you are – and are not – covered for.

1https://www.canstar.com.au/superannuation/insurance-through-super-yes-or-no/
2http://www.abc.net.au/news/2017-03-17/casual-workers-life-insurance-claims/8361198

It’s easy to assume ‘it’ll never happen to me’ but none of us are immune from illness or injury. Find out more here - mortgagechoice.com.au/financial-planning/insurance.aspx.
Budgeting tips for a happier holiday season

Each year, people across Australia get themselves into debt buying gifts for their loved ones over the holiday season. At Mortgage Choice, we understand that you want to spoil the ones you love, and we want to help you do that without overworking your credit cards or putting a dent in your savings account.

There are a few easy steps that everyone can follow to ensure you enjoy the festive season without overspending.

First of all, set yourself a budget

Determine the number of people you’re going to buy gifts for and decide what gifts you’re going to buy them early on. If you give yourself enough time to shop, you might be fortunate enough to save money on some of your purchases. Shop around before making any final purchasing decisions and sign up to sales alerts wherever possible. In the current retail climate, retailers are constantly offering deals or sales to try to entice customers to spend in their stores. Setting yourself a budget will help you focus on your priorities. Where possible, shop at odd hours so you have time to think and don’t run the risk of being pressured into a sale. If you’re an emotional or impulsive shopper, approach your gift-buying with a list. This will give you a single-minded focus and keep you from buying more than you should.

Secret Santa

If you’re part of a large family or friendship group, you may want to suggest a Secret Santa method. If you do a Secret Santa, you can get away with buying just one present for one person, rather than one present for everyone. This is a great way to relieve yourself from the financial burden of holiday shopping. All you have to do is agree on a spending limit for the gift.

Get creative

For those of you wanting to exercise your creative streak, consider making your own gifts. Talented home cooks could make your own salted caramel, gingerbread, decorate your own sugar cookies, make jams with seasonal fruit or homemade marshmallows - your options are endless. If you’re a talented painter, sewer or knitter, take the time to make pieces for the ones you love. Another interesting and fun gift idea could be to create IOUs you can gift to your partner: ‘I owe you a massage,’ ‘I owe you a night out’; these are a thoughtful gesture your loved one can claim throughout the year.

Delegate

As for your holiday feast, make it a group effort. Instead of spending a fortune preparing a meal for all your loved ones, ask each guest to bring a dish. Or, designate each family to bring a different component of the meal such as entrees, mains or dessert.

Happy holidays!
Housing market update

Recent data would suggest the housing market has officially moved through its peak growth phase.

For example in Sydney, affordability constraints and tighter lending conditions have led to slower price growth. Over the past three months, property values have risen by approximately 0.5%, which is the lowest rolling quarterly gain since June 2016.

Melbourne has performed slightly better, with dwelling values climbing 1.9% over the past three months. Pleasingly, clearance rates continue to sit above 70%, while inventory levels also remain tight throughout the capital city.

In Perth and Darwin, property prices have continued to trend lower. Thankfully, the annual trend suggests the rate of decline is easing. Since peaking in 2014, Perth dwelling values have declined by a total of 10.8%, while the cumulative decline across Darwin has been more severe, with values down 18.6% from the market peak.

The silver lining around the decline in values is a substantial improvement in affordability. Based on a dwelling price to income ratio, Darwin is Australia’s most affordable capital city with a ratio of 4.4. This means dwelling prices are typically 4.4 times higher than gross household incomes across the city.

The outlook for Australia’s housing market depends on a broad range of factors, including local economic and demographic conditions, as well as supply factors and credit policies. If the current trends continue, we could see dwelling values across Australia’s two largest housing markets, Sydney and Melbourne, trend lower as they move through their cyclical peaks.

Source: Tim Lawless, Head of Research, CoreLogic RP Data

Statistics

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Source: CoreLogic RP Data Market Trends (Standard, National), October 2017 (all data is to 31 July 2017). All figures are current and based on data available at the time the report is published. Figures are indicative only and subject to revision.

MELBOURNE HOUSING MARKET KEY STATISTICS

Housing market update

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