

The INSIDER

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Schedule regular home loan health checks. There are many different loans available, each with their own features and fees. Get in touch so we can review your loan at least once a year to make sure you're getting the most out of your mortgage.



Are you ready for tax time

The end of the financial year is fast approaching so now is the time to get all your finances in order to not only maximise your tax return but also set yourself up for the next 12 months.

Try these tips to make the most of tax time.

Business owners

If you own a business that turns over less than \$2 million a year you can take advantage of the Government's new small business tax benefits that were announced in the 2015 Federal budget.

All small businesses are eligible for a 100 per cent tax deduction for any individual assets purchased that costs less than \$20,000. The tax deduction applies to each individual item purchased and there is no limit to how many items under \$20,000 can be bought.

From 1 July this year, small businesses will also have their tax lowered from 30% to 28.5%. If you business in unincorporated you'll get an annual 5% tax discount up to \$1,000.

Property investors

Gather all statements for your property such as receipts for repairs, building work, insurance, body corporate levies, council and water rates from throughout the year. If your property is managed through a real estate agency, your property manager will be able to provide copies of everything.

Make sure that maintenance is up to date. Book in any minor works or repairs that are needed and an annual fire alarm inspection before 1 July and claim the expenses this financial year.

If you haven't already done so, organising a depreciation schedule from a quantity surveyor. The Australian Taxation Office allows

property investors to claim depreciation as a tax deduction. Whilst a quantity surveyor will incur a fee, for years to come you'll be able to claim depreciation on your investment property at no cost to you. Depreciation applies to both residential and commercial investment properties.

Planning for the next 12 months

It's a good idea to start new practices that can help save you money, reach your financial and lifestyle goals as well as maximise your next round of tax returns. Here are some tips to get into healthy habits.

If you want to buy property in the next 12 months work out how much you can borrow and the amount of deposit you'll need so you can start preparing. Remember in order to avoid lenders mortgage insurance, you'll need at least a 20 per cent deposit.

Get in the habit of filing receipts, invoices and recording your deductible expenses.

If you're currently paying a mortgage, organise a review to work out if there are opportunities to save money - there might be a better interest rate out there for you, or perhaps you're paying for features you don't use.

Think about where do you want to be financially in 12 months time. Do you want to pay your credit card debt off? Complete your home renovations? Are you interested in buying an investment property? Forward planning is critical when it comes to saving or spending money and the best place to start is understanding your options. I'll talk you through your options and put together a plan to achieve your goals.



Understanding lenders mortgage insurance

With so many factors to consider when taking out a home loan, it's not uncommon for people to confuse lenders mortgage insurance (LMI) with mortgage protection insurance.

Where mortgage protection insurance protects you - the borrower - in the event circumstances prevent you from being able to repay your loan, such as an accident, illness or unemployment, lenders mortgage insurance protects the lender. Here's everything you need to know about LMI.

Why does LMI exist?

A mortgage is usually the largest sum of money a person will borrow and when a lender agrees to loan that money, there is a risk that the customer will be unable to pay the loan back. Although the property that is purchased is used as security, if we see a downturn in the property market that security may not be enough to cover what's owing on the home loan when the lender sells it.

When does a customer need LMI?

If a buyer has to borrow more than 80 per cent of the property purchase price, they'll be required to pay lenders mortgage insurance.

Lenders require a 20 per cent deposit from buyers as a guard against the risk of the property being sold at a price less than the loan amount in the event of foreclosure.

By introducing LMI, lenders can pass on this risk to an insurance company. This in turn means that lenders can accept a smaller deposit and means that more people can achieve their property goals.

How does it work?

Lenders mortgage insurance is taken out by banks, building societies, credit unions and non-banks lenders - basically any institution that offers home loans. The insurance providers are heavily regulated to make sure that they hold enough money in reserve to pay all likely claims. The LMI policy sits with the lending institution and the premium is passed on to borrowers who can not make a 20 per cent deposit.

What does it cost?

In most cases - and unlike traditional insurance policies - lenders mortgage insurance is a one off payment that covers the entire term of the loan. Customers usually have the option to add the premium to the balance of their home loan.

The cost is determined by factors such as how much money is borrowed and the size of the deposit. GST is payable on lenders mortgage insurance and is included in the total cost.

How to apply for LMI

You don't apply for lenders mortgage insurance - it will be determined in the loan approval process whether or not a borrower needs to pay LMI. First of all, it's important to ensure a customer can afford the loan repayments and once the loan is approved, all documentation and information on LMI will be provided to the borrower.

Your finance question **answered.**

Q. Do I need pre-approval and how do I get it?

A. You can get a leg-up on other buyers and shop for your new home with confidence if you've been pre-approved for a home loan.

A formal pre-approval is a critical step in purchasing property - it's when a lender gives you an approved amount to borrow based on a full assessment of your financial situation.

What this means is that you can attend auctions and know what your price limit is and how much your repayments would be at a certain price range. Even if you're borrowing a small amount, a formal pre-approval is a good idea. You'll know exactly how much you have to play with, putting you in a stronger position to negotiate with a vendor or bid at auction.

Be wary of any website that offers you a pre-approved home loan without taking the time to assess your financial situation. A Loan Market mortgage broker will organise your home loan pre-approval for a loan that matches your personal situation and financial goals.



Five things your home needs this winter

The cooler weather has arrived and for the most of us, the temperature is due to drop even further. Taking care of a few things around the house before we hit the depths of winter could make all the difference. Here are five easy things you can do to keep the warmth in and make your home winter-ready.

Beef up your bedding

Switching your summer sheets for warmer bedding can make all the difference. Investing in a down duvet (goose or duck down make for a cosy comforter) and woolen blankets will keep you toasty on those chilly nights and mornings. Layering some throw rugs on your bed aren't just for show either - they also provide added warmth when the weather drops.

De-draft

Light a candle and carry it around your doors and windows. Wherever you see the flame flicker, you've got a draft. You have options when it comes to filling the gaps: upgrade to heavier curtains to block the draft, or seal up the gaps with one of the many products designed to keep the cold air out, which in turn, increases energy efficiency.

Check your heating system

If you have an open fire, clean out the flue before you light your first fire. From the outside, check for broken or cracked bricks. Don't forget to stock up on wood and kindling and store it somewhere dry so that you're ready for a season by the fire.

If you're on a gas or electric heating system, get a routine maintenance check to make

sure it's in good working order. If your heating system is old, consider updating it with a more efficient newer model. The money you spend today, you'll save on your energy or gas bill down the track.

Clear the gutters

Autumn is the time our deciduous trees shed their leaves. Gutters clogged with leaves block the drainage of rain, which can result in leaks in the house. To avoid having to go up in the cold, wet weather, grab a ladder, a garbage bag or bucket, some rubber gloves and get rid of the leaves towards the end of Autumn. Remove twigs, leaves and dirt. Check that the downpipes are clear of obstruction to minimise the risk of blockages in the cold, wet months.

Stock up on supplies

It's a good idea to have torches, spare batteries, matches and candles in the house in case of blackouts. If you wanted to be really prepared, you could go a step further and buy a portable gas stove, so that you can heat up food and boil water, and gas lighting. Most camping stores have these types of things and can make the world of difference during a prolonged power outage.

Your finance question answered.

Q. Can I get a home loan with a low deposit?

A. Not all lenders look at deposits with the same way and you might not need as much as you think. We know who'll lend with as little as 5% deposit, let you use rent as genuine savings or allow you to use a guarantor to help with your home loan.

With no deposit home loans, it's very important to shop around - lenders assess deposit criteria differently and a Loan Market mortgage broker knows what each lender is looking for. Your broker can also assess your needs and financial situation and make sure you're presented with the right options for a low deposit.

A Loan Market broker can:

- ▶ Show you the loan products that require the smallest deposits
- ▶ Maximise your genuine savings
- ▶ Help you set a plan to build a loan deposit
- ▶ Show you the right options for using a guarantor.



What you need to know about **debt consolidation**

When you have multiple debts, it's not only a challenging task to keep them under control, it can become a big stress on you and your family. Managing different interest rates, as well as varying minimum repayment amounts and repayment due dates, can be overwhelming and most of all, expensive. If you're holding debts with a number of different creditors, that only complicates matters further.

Rolling your debt into one single loan could be the right option for you if you're juggling multiple debts, particularly if it's credit card debt.

Taking out a personal loan is usually the most common way to consolidate debts. Personal loans can be more affordable and easier to manage and they generally have a lower interest rate compared to credit cards. On top of paying less interest, you could save money on monthly fees.

Here's three advantages of debt consolidation:

- ▶ What you repay each month on your loan might be reduced by bringing all your debt under a single, lower interest rate.

▶ By consolidating your debt into one loan, you can improve your credit rating, if you meet your monthly repayments on time. Your credit rating will further improve as you pay off your debt.

▶ If you're paying off credit cards, it could be wise to consider closing the accounts once you consolidate your debt to avoid new charges. Keeping accounts open after consolidation puts you at risk of running up even more debt.

As with all loans, you need to go through an application process for debt consolidation. And there are a few things you need to consider, such as: finding the right loan option, finding the right lender and outlining an achievable payment plan to make sure you can afford your monthly repayments.

As with all your financial needs, I'm here to help. If you think it's the right option for you, I can help you navigate through the consolidation process and find you the loan that suits your circumstances.

Your home loan top tip

Increase your borrowing capacity by resolving any outstanding credit issues. Request a credit check to see if you have any bad debts or money owing. From there you can identify what needs to be paid and if there are any errors showing on your record.

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