



key mortgage solutions
finance for home and business

Australian Credit Licence No 381336

money matters

New Financial Year – New Financial Goals

With the latest round of rate cuts by the Reserve Bank of Australia (RBA), and the volatility in the share market, the new financial year is a great time to revise household budgets and plan to achieve future financial goals sooner by considering an investment in property. Another good reason is that since the house prices appear to be stabilizing, there is improvement in affordability and purchasing power.

In view of the recent uncertainty in the economy, existing borrowers and those looking to enter the property market in the future need to re-assess their savings and investment strategies. This could include cutting unnecessary spending and/or borrowing and preparing for any future interest rate increases that may occur.

Goals and objectives to reach for could be:

- Moving out of the rental market and purchasing a home,
- Buying an investment property,
- Assisting a family member to purchase a home.

Whatever the future financial goal is, one thing is certain, it needs careful planning and budgeting. Here are some tips to consider when revising the budget for a new financial year.

1. Goals and Priorities for the New Financial Year. Plan ahead and work out what is most important by distinguishing between 'need' vs 'want' as a priority. Forego some luxuries to achieve the set goals. Consideration can also be given to selling some high value non-income producing assets in order to achieve other prioritized objectives.

2. Investing for Financial Stability in the Future. Whatever the current personal situation, whether single, a couple or a family unit, it can be advantageous to invest any unexpected windfalls into reducing debt. Windfalls can be in the form of an inheritance, a tax refund at the end of the financial year or a year-end bonus from the employer. Clearing and/or reducing debt can also help to reduce personal stress.

3. Purchasing Your Own Home. It has been a long held view that 'paying rent is money down the drain.' Not many people will argue with this, because one does not get any return for the rent that is dutifully paid weekly, fortnightly or monthly. Therefore,



saving towards a deposit for a home loan and/or, at the very least, organizing the other debts in a manner which will enhance the chances of obtaining a mortgage is well worth considering.

4. Buying an Investment Property. Creating wealth through investing in Real Estate is still a very popular strategy. If there is sufficient equity in the home, it is possible to purchase an investment property with no money down and it may also be possible to enhance cash flow via rental returns.

A finance professional can help you to decide on the right strategy to suit your particular circumstances.



HOME LOANS



COMMERCIAL



LEASING



PERSONAL LOANS



RISK PROTECTION



INSURANCE



INCOME PROTECTION



CASHFLOW



Insurance... you can't live without it!

Whether you like it or not, Insurance is a part of life. With the plethora of insurance providers and products on the market it is essential to do a lot of research to get the best possible cover at an affordable price.

Since nearly one-third of the household income is used to pay the mortgage it is important to ensure that contingency plans are in place to cover the mortgage and save the house if the income stops due to death or disability. Taking out a life insurance policy is one way to address this.

A family has many insurance policies. Some are mandatory by law. In addition some families take out various other policies for peace of mind. Major insurances may include:

- Building insurance- since most families have a mortgage they have to take out building insurance to meet the lending requirements of the financiers.
- Third party car insurance- when a motor vehicle is registered, third party insurance is automatically included.

The additional policies that a family may have include:

- Home contents insurance to cover loss or damage to household items.
- Comprehensive car insurance to compensate for the loss or damage to the motor vehicle.
- Health insurance to access private health facilities.
- Income protection insurance to safeguard the loss of wages due to illness.

Many consumers have neither the time nor the knowledge to be able to know what level of cover they require and then to know which products suit their particular circumstances. However, this is not a good enough reason not to have insurance. The smart thing to do would be consult a professional to help you to navigate through the maze.

Mortgage health checks can save you thousands or at very least, provide peace of mind.

There are two good reasons for borrowers to have a look at their current home mortgages.

1. The falling interest rates; and
2. The competition between lenders.

The falling home loan interest rates gives borrowers the best opportunity to consolidate debts and make arrangements to pay them off as soon as possible and save mega dollars.

The astute borrower will realise that although the cash rates have fallen and the home loan rates have fallen, although not to the same extent as the cash rate, there has been very little or no movement in other interest rates such as credit card rates. This means that now is the time to pay off the credit card and other high interest debts at the low home loan rate.

The competition between lenders is another very good opportunity to change lenders and/or loan products to suit your current situation. Lenders are chasing market share and are offering products with discounts and features to lure customers.

A mortgage professional can help by giving borrowers the necessary information and steer you in the right direction with regard to fees and charges and the features and benefits of the various home loan products on offer.

HOME LOANS

COMMERCIAL

LEASING

PERSONAL LOANS

RISK PROTECTION

INSURANCE

INCOME PROTECTION

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Some of our lenders include

