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finance for home and business

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# money matters

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## Bank of Mum and Dad is becoming the go to bank for first home buyers

It's always been a bank you can trust, but just how popular is the bank of mum and dad?

New research shows that half of Gen Y couples now need financial help from their parents to get into the property market.

Parents love to tell their kids they've 'never had it so good', but when it comes to property, the saying falls flat, with the research showing around half of Gen X couples needed just two salaries to afford their first home, while half of baby boomers needed just one.

Property prices have sky-rocketed in the last five years, particularly in our capital cities, so it's no wonder a lot of younger people are struggling to outbid cashed-up investors at the point of sale.

So what are the biggest financial pressures holding under 35's back? The study found the biggest barrier to homeownership was salary, with 68 per cent of respondents indicating they didn't earn enough to meet the financial commitments a mortgage brings. This was closely followed by cost of living (59 per cent), rising property prices (55 per cent) and rent (22 per cent).

Interestingly, those on a higher income were the ones that felt the rental pinch the most, while the majority of 18 – 24 year olds didn't rate it as a concern, most likely because they are still living at home.



**Deposits** – Saving for a deposit is hard to do, particularly if your bank tells you you'll need a sizeable sum before they'll even consider loaning you the remainder. But this shouldn't necessarily be seen as a stumbling block. Deposits of 20 per cent can really work in your favour when negotiating the best possible rate from your bank.

A deposit of 20 per cent or more will also mean you can avoid the added burden of lenders mortgage insurance which can be as high as \$14,000.



HOME LOANS



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LEASING

PERSONAL LOANS



RISK PROTECTION



INSURANCE



INCOME PROTECTION



CASHFLOW

# What are the main areas to focus on when tidying up your money?

We are marching through the final few weeks of 2016, speedily heading towards the most expensive part of the year: Christmas and the summer break. Before you get lost in the madness that is likely to ensue, now is the perfect time of year to sort out your finances and learn to manage your money better.

## Learn to love budgets

Set a yearly budget, setting money aside for holidays and other big purchases, and reining in any unnecessary expenses. Look at budgets as permission to spend money, rather than restricting your spending.

## Review your mortgage

When sorting out your finance, it's a good idea to review your mortgage and ask yourself whether you're getting the best deal from your bank. You can also look at fixing your interest rate to help with budgeting as you'll know how much you are paying each month. If you feel you're not getting the best possible deal from your

lender, it's worth comparing and shopping around for a different home loan.

## Separate your savings

Opening an online high interest rate savings account is a great way to boost your savings. Removing your savings from your everyday bank account gives you time to think about how you spend your money and can help you accumulate your savings.

## Review your insurance plans

You can reduce your current spending by paying your insurance through your super fund. There are many benefits to this, including gaining a tax advantage because insurance premiums are paid from your super account, not your after-tax income.

## Identify lazy money

This is money spent unnecessarily and for no gain. Do you have a gym membership you don't use? Get rid of it and save hundreds of dollars a year in one quick swoop. Buy a mobile phone outright rather than being on a plan, as it can save you money in the long term and allow you to pay only for what you use.

We understand everyone will probably have different needs. Some people are saving for a house deposit, some for a holiday and others for retirement. It's about you understanding your needs and getting some advice around your goals. Please contact us if you need further assistance.



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Some of our lenders include



Our business is built on referrals and we would welcome the opportunity to assist any of your family or friends, also with their finance.

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