

inspired living

AUTUMN
2015



Contact:

Tel:

(08) 9453 8888

Fax:

(08) 9453 8899

Email:

enquiry@purelyfinance.com.au

Web:

www.purelyfinance.com.au

Address:

Purely Finance
Level 1, Suite 29,
133 Kewdale Road,
Kewdale WA 6105

Australia Credit Licence 384337

[Unsubscribe >>](#)



AUTUMN 2015

1. Property a firm favourite
2. Maintain healthy habits this autumn
3. Shacking up successfully
4. Financing a reno
5. How super is your superannuation
6. Economic wrap

It's hard to believe 2015 is already in full swing, and the cooler months are slowly approaching. If you're thinking about purchasing a property, find out why property is still such a popular investment option in this issues cover story.

If you'd like to co-purchase a property with a partner or relative, we've also pulled together some top tips for co-ownership that are well worth a read.

And no matter your age or financial circumstances, if you're serious about your financial future, it pays to keep a close eye on your super. Read on for our top tips for taking control of your superannuation.

Competition between the banks has never been fiercer and there are some great interest rates available. Please contact us to review your interest rate on your current loan to ensure that you are getting the very best deal.

We have noticed lately a few of our clients have been sold over priced investment properties by investment groups. We strongly recommend before buying any investment property that you speak to us first. We have strategies in place to ensure you get the right investment property at the right price to ensure your financial goals are met.

Very shortly we will be losing one of our long term employees. Jackie Hawke will be retiring on 2nd April 2015 to become one of the Grey Nomads. Along with her husband Peter, they are planning to travel around Australia in their newly acquired camper trailer. We wish Jackie every happiness in her impending retirement and both her and Peter a safe and happy journey around Australia.

As Jackie departs we would like to welcome Michelle Grassie to the Purely Team. Michelle will take over the role as Client Manager and will continue to assist our

clients with aftercare service. Michelle has a wealth of knowledge having worked in overseas banks and also in management positions within Western Australian Banks.

Also joining the team at Purely Finance as a Credit Adviser is Mariusz Pawlowski. Mariusz has been working as a Credit Adviser for the last 3 years and is very excited to be joining the Purely Team and is looking forward to assisting his existing and new clients.

As always, if you'd like any advice relating to your financial arrangements, please don't hesitate to get in touch with us to discuss.

Kind regards

The Purely Finance Team

1

PROPERTY A FIRM FAVOURITE



Following a strong run in many locations in 2014¹, sound investment fundamentals and low interest rates continue to make well-selected property an attractive investment selection in 2015.

A record number of investors hit the real estate market last year, creating a buying and selling frenzy across many parts of the country. According to Domain Group's senior economist Andrew Wilson, a colossal 14,500 homes were listed for auction over September to December, compared to 12,584 for the same period in 2013².

Over the course of 2014, capital city house values grew by 7.9%³. Gains were strongest in Sydney, with year on year growth of 12.4%.

With the Reserve Bank of Australia reducing the official cash rate to a historical record low of 2.25% at its February meeting, and a rise in interest rates unlikely in the short to medium term, property is likely to remain a popular investment option⁴.

But it's not just low interest rates that make property a popular investment option. Here are some of the key reasons for

Steady returns: Property offers both the potential for capital growth over time⁵ as well as ongoing passive income in the form of rent - a compelling combination for long-term wealth creation.

Your dollar goes further: Many lenders will finance up to 90 per cent of the value of the property based on the lender's valuation - generally more than is available for other asset classes.

Manufacture capital growth: Smart improvements can quickly push a property's price upwards, enabling investors to speed up returns.

With the heady spring and summer months now behind us and low borrowing costs continuing, autumn could prove a good time to buy for many. Remember, if you're looking to explore the property market, it pays to have your finances in order so you can be ready to act when the right property pops up.

Getting an indication of your borrowing capacity will also help you to narrow your property search appropriately.

¹www.abc.net.au/news/2014-04-01/capital-city-homeprices-surge...

property's persistent appeal:

It's simple: Property has proven itself to be a trusted wealth creation tool that is often easier to understand than other complex investment options. And with a long-term investment approach and a good property manager it can largely be a set-and-forget type asset, that doesn't require daily input on an investor's behalf.

[2www.smartpropertyinvestment.com.au/news/13845-record-breaking-pre...](http://www.smartpropertyinvestment.com.au/news/13845-record-breaking-pre...)

[3www.corelogic.com.au/resources/pdf/indices/2015-01-02--corelogic...](http://www.corelogic.com.au/resources/pdf/indices/2015-01-02--corelogic...)

[4www.propertyobserver.com.au/financing/interest-rates/39848-one-more-then...](http://www.propertyobserver.com.au/financing/interest-rates/39848-one-more-then...)

[5www.asx.com.au/documents/resources/russell-asx-2014-long-term-invest...](http://www.asx.com.au/documents/resources/russell-asx-2014-long-term-invest...)

[^ Back to Top ^](#)

2

MAINTAIN HEALTHY HABITS THIS AUTUMN



As the weather starts to cool, it can be tempting to stay indoors and switch the fruit for cake. But don't spoil the good effort you've made over summer - here are some tips to keep your healthy habits going.

Switch your snacks: As the weather turns, the lack of activity combined with your body's lower energy reserves from cold weather, may lead to you snacking more. Rather than trying to skip snacks altogether, substitute healthier options like wholegrain toast and avocado instead of cakes, popcorn instead of fatty chips or try skim milk in your hot chocolate.

Graze: If you've got a long day working in the cold ahead of you, pack healthy foods to enjoy throughout the day, so there will be less chance of caving in to an afternoon pig-out. If you're heading out for the evening, line your stomach with protein and fibre-rich foods like boiled eggs, nuts and yoghurt, to avoid gorging on carb-laden meals.

Move your workout indoors: Braving the outdoors can be tough during the cooler months but it doesn't mean you have to skip exercise altogether. Join a gym, take up an indoor exercise class like yoga, or make a habit of doing simple exercises like squats or sit-ups when you're at home in front of the TV.

Warming and nutritious food ideas

Vegetable soup: Make a batch of this classic soup to get through the cooler months, customising it with flavours such as basil and chilli. Add chicken to keep you feeling full for longer.

Peppermint tea: This warming drink is a sweet substitute for a late-night hot chocolate, and is proven to aid digestion and reduce cold and flu symptoms.

Baked eggs: Packed with protein and nutrients, baking eggs Middle Eastern style creates a delicious warming treat.

[^ Back to Top ^](#)

3

SHACKING UP SUCCESSFULLY



With the romance of Valentine's Day still in the air, many may be feeling the romantic urge to take the plunge and shack up with a loved one. Certainly, romantic reasons aside, co-purchasing a property can be a great way to improve your buying power and reduce the burden of debt repayments. It also enables you to split other costs such as rates, water and utilities.

Whether it's young love or simply your first transaction together, when it comes to purchasing with a partner, it pays to proceed with caution and avoid letting your heart play tricks with your head!

With that in mind, we've compiled a range of tips for successful co-ownership, that won't leave you heartbroken - or broke.

Communicate: You might prefer to avoid tough conversations but successful relationships and successful property transactions are built on communication and honesty. Before diving into anything, discuss your wants, needs, fears and budgets and try to keep emotions at bay.

Put it in writing: It might seem hard to believe now, but relationships can suffer and circumstances can change. No matter how much you love or trust your purchasing partner, preparing a formal co-ownership agreement and correct legal documentation is essential.

A co-ownership agreement should include each owner's rights, obligations and contributions as well as a plan should one or both of the co-owners wish to exit the investment.

Structure your ownership correctly:

There are two main options for joint ownership. As 'Tenants in Common', each party owns an agreed share of the property and should one party die, they can bestow their interest to beneficiaries of their choosing. This differs to 'Joint Tenants', where if one party dies, their share is transmitted automatically to the remaining owner.

Seek professional advice: To ensure you set about your co-ownership agreement correctly and select the best loan arrangements to suit and protect your best interests, be sure to engage the assistance of professionals, including legal advice - and a mortgage broker, of course.

[^ Back to Top ^](#)

4

FINANCING A RENO



Have the wave of home improvement shows on television inspired you to carry out some renovation? Whether it's big or small, an investment project or home extension you've been dreaming about for years, the big question is - how are you going to pay for it?

Here are some options to consider:

Extend your mortgage: If you're planning an extensive renovation, one of the most common ways to finance your project is to increase your current mortgage. This can be advantageous as you spread the cost out over a long period.

Personal loan: A simple and cost-effective option for financing smaller scale renovations. The interest rates on personal loans are generally higher than home loans, but they typically have a fixed interest rate that stays the same for the full term of the loan. This can be useful for budgeting, but the catch is you can't usually make additional repayments to get ahead and reduce costs.

Credit card: A convenient and flexible option if you already have a card with a high enough credit limit. However, it might be costly if you don't pay the debt within the interest free period.

Home equity loan or line of credit: These products enable you to use your home as an asset for additional borrowing.

This allows you to borrow money at a lower interest rate compared to a personal loan or credit card and can usually be drawn up to the approved limit at any time.

To find out more about the renovation financing options, be sure to get in touch.

Avoid a budget blow-out

Know your budget: Setting a budget is essential for successful renovation. Research your costs thoroughly and review your budget weekly to ensure you stay on track.

Consider DIY: A great way to save money on your renovation is DIY on easy things like painting, landscaping and other non-structural jobs.

Be creative: Small changes like changing wall colours, updating light fittings and smart decorating can have just as big an impact as larger scale alterations.

[^ Back to Top ^](#)

HOW SUPER IS YOUR SUPERANNUATION?



If you're determined to build a prosperous financial future, superannuation needs to be part of your wealth creation strategy. According to recent research from asset managers Mercer¹, one in four Australians are likely to outlive their retirement savings given current life expectancies.

So what can you do to make sure your superannuation is in strong shape?

Work out how much you will need to retire. Retirement income calculators on ASIC's MoneySmart website can help you assess the amount of super you can expect to accumulate, what you should aim towards for a comfortable retirement and any gaps between these figures.

Check your current super balance to measure whether you are on track to achieve the figure you need. You should be able to check this on your super fund's website regularly to help monitor your progress and adjust your contributions or investments if needed.

Review your investment package. If your balance is not accumulating as you'd hoped, most funds offer several options within the investment package you choose based on your situation.

Compare other funds. Research the financial performance and fees of other funds, to weigh up whether you could potentially get better results elsewhere. Consider your life insurance cover first to make sure you have the appropriate cover.

Seek financial advice if you're unsure.

Make your super work harder

Help build your super balance by:

Considering a self-managed superfund (SMSF): If you have a high super balance and are a keen investor, managing your own fund may give you more control and potentially save cost².

Salary sacrifice: Contributing more to your super each paycheque can be an easy, tax-free way to build your balance if it fits your financial situation.

Consolidation: If you've worked in multiple jobs, visit the Australian Taxation Office (ATO) website to check if you've got multiple super accounts and consolidate to save on fees.

Invest lump sums: One-off windfalls such as a tax return or inheritance, could be used to top up your super.

¹www.mercer.com.au/newsroom/game-changer-for-retirement-income-market.html

²www.smsfessentials.com.au/strategies/analysing-smsf-growth-trends

A SOFTER OUTLOOK FOR 2015



Australia posted only moderate economic growth in 2014. A sustained weakness in terms of trade, a reduction in income growth and ongoing political issues took a toll on consumer sentiment. However, there seemed no limit to investors' appetite for real estate, with the property market going from strength to strength.

So what can we expect in 2015?

Interest rates

The Reserve Bank of Australia (RBA) kicked off 2015 by reducing the official cash rate to 2.25 per cent - the first change in monetary policy since August 2013¹ and one of the most intensely anticipated decisions for some time. Speculation continues as to exactly when interest rates will begin to track upwards again, but in any event it seems unlikely that we'll see a dramatic lift upwards in borrowing costs any time soon, with economic conditions expected to remain soft.

In his statement on 3 February 2015, RBA Governor Glenn Stevens said that in Australia, the available information suggests that growth is continuing at a below-trend pace, with domestic demand growth overall quite weak¹.

"Overall, the Bank's assessment is that output growth will probably remain a little below trend for somewhat longer, and the rate of unemployment peak a little higher, than earlier

Property

According to the latest CoreLogic RP Data Home Value Index³, the annual rate of home value growth in Australia peaked at 11.5% across the combined capitals over the 12 months to April 2014, prior to the rate slowing to 7.9% in December 2014.

Houses performed better than units over the calendar year, with house values gaining 8.4% compared with a 5.1% increase in unit values.

"Based on the median price across the combined capital cities, houses are attracting a \$100,000 premium over apartments," said CoreLogic RP Data research analyst Cameron Kusher.

CoreLogic RP Data expects dwelling values will continue to increase in 2015, at least across the combined capital cities.

However, the rate of capital gain is likely to continue to soften.

¹www.rba.gov.au/media-releases/2015/mr-15-01.html

²www.propertyobserver.com.au/financing/interest-rates/39848-one-more-then..

³www.corelogic.com.au/resources/pdf/indices/2015-01-02--corelogic-rpdata..

expected. The economy is likely to be operating with a degree of spare capacity for some time yet," Mr Stevens said.

Broad consensus is that economic growth will remain soft in 2015. Investment bank Goldman Sachs' chief economist Tim Toohey has forecast gross domestic growth for 2015 of just 2%, while Westpac has predicted growth of 2.5%².

[^ Back to Top ^](#)