

# HAV&N

Spring 15

money + lifestyle + home

**Money for  
nothing**

**EASE THE  
SQUEEZE**

*late bloomers*

win  
**\$1,000**  
cash





HAVEN MONEY



# money for nothing

*The best things in life are free, especially when money is up for grabs. From government benefits to special grants and shopping rewards, there is plenty of funding available if you know where to look. Here's our guide to help you cash in. Additional rules and restrictions apply in all cases (and are subject to change). Detailed information about eligibility and participation rights can usually be found online on the provider's website.*

**Families:** Kids cost, but financial help is at hand from the get-go. The Federal Government will provide Parental Leave Pay for up to 18 weeks to eligible parents who take time off work to care for a new baby or recently adopted child.

Up to \$2,056.45 is available in the Newborn Upfront Payment and Newborn Supplement, providing you are eligible for Family Tax Benefit Part A and not receiving the above Parental Leave Pay for the same child. There's even help for the parent who is not the primary caregiver who wants to take two weeks off to lend a hand.

The Government can also assist with child care costs – up to \$205 per week – through the Child Care Benefit.

As kids grow, you can take advantage of Family Tax Benefit Part A (up to \$230 a fortnight), and if you are a single parent or have just one income earner in the family, you might also be eligible for Family Tax Benefit Part B (up to \$150 a fortnight).

Like most government benefits, income tests apply. Find out more at [www.humanservices.gov.au](http://www.humanservices.gov.au)

**High achievers:** If your child is gifted in sport, academics or the arts, there are a number of government, corporate and community grants up for grabs. The Federal Government, for example, offers 12-18-year-olds participating in state, national and international level sporting championships \$500 through its Local Sporting Champions program. In another example, the Queensland RSL has teamed up with Bond University to offer year 10 and 11 students in that state the chance to apply for an RSL Youth Development Grant worth a generous \$2,500 or \$5,000 to help them pursue their sport, arts or academic dreams.

The internet is your best resource for tracking down relevant grants. Start with a simple search for youth or individual grants in your state and you will soon find one link leads to another. It's also worth contacting your local council to see if it offers financial support for representative sports, academic competitions or arts achievements.

**Home buyers:** A stash of cash is still available for those getting into the property market.

Originally introduced in 2000 to help offset the impacts of the GST on home ownership, first-home owner grants are part of a national scheme but are funded and administered by each state and territory, so the amounts and eligibility vary.

Visit [www.firsthome.gov.au](http://www.firsthome.gov.au) to find out how much funding is available in your state or territory. Most states also offer stamp-duty concessions for first-time buyers, which can be worth up to about \$20,000 depending on your location.

You may also get a boost to buy or build a new home. In NSW, for example, home buyers and investors could be eligible for \$5,000 towards building, buying off the plan or buying vacant land on which a new home will be built. In South Australia, the Seniors Housing Grant worth up to \$8500 is offered to those aged 60 or older who are buying or building a new home, providing they live there.

**Seniors:** The term 'pensioner' often implies financial hardship but you might be surprised to learn a home-owning couple can have up to \$1,151,500 in assets plus the home they live in and still access a part age pension, providing they meet income tests. Single seniors can have up to \$775,500 excluding their home and receive a part payment.

The age pension currently kicks in at 65 and the access age is already legislated to rise to 67 by mid-2025. There is even a proposal to raise it again to age 70 by mid-2035.

The age pension comes with a Pensioner Concession Card which can entitle holders to discounts on health care, utilities, car registration and more.

Seniors who don't qualify for the age pension might still be able to get a discount on medicines and health services through the Commonwealth Seniors Health Card, providing they meet the income test.

For more information on federal funding for seniors visit [www.humanservices.gov.au](http://www.humanservices.gov.au)

Some retailers and service providers give discounts to seniors, regardless of whether they receive a pension. Most state or territory governments issue seniors cards, which can entitle holders to a range of savings, including public transport discounts and special deals on entertainment and groceries.

**Super contributors:** According to the Australian Tax Office (ATO) around 45 per cent of working Australians have more than one superannuation account<sup>1</sup>. The ATO is encouraging those with multiple accounts to consider consolidating their super into one preferred account. But be cautious, before consolidating you should look at the insurance cover with each fund, as it will be cancelled once you close the account.

Most of us pick up extra super accounts when we switch jobs. When choosing which fund is right for you, compare administration fees and interest earned on investments, remembering the higher the earnings, generally the higher the investment risk.

Not sure if you have more than one super account? Visit the ATO's Super Seeker to track down any lost funds [www.superseeker.super.ato.gov.au](http://www.superseeker.super.ato.gov.au)

Low and middle-income earners can also get a government leg-up on their super. If you earn less than \$50,454 and make a personal, after-tax contribution to your super, the government will also chip in. The maximum government contribution is \$500 (for total income of \$35,454) and reduces on a sliding scale.

**Students:** Young people studying or training full-time, looking for work or needing support because they are sick, might be able to claim Youth Allowance. The payment applies to 16 – 24-year-olds and depends on factors including income, where the applicant lives and whether they are dependent. A single person under 18 who lives at home with parents could receive up to \$233.60 a fortnight, while a single person over 18 required to live away home from could access up to \$426.80.

If you are 25 or older and studying or training full-time, you might be eligible for Austudy, worth up to \$426.80 a fortnight if single with no kids or up to \$468.70 with a partner and children.

Aboriginal and Torres Strait Islanders who are studying or training full-time may be able to apply for Abstudy, with payments varying depending on age and the type of course or training. Visit the Department of Human Service for more on what is available and eligibility, including assets and income tests. [www.humanservices.gov.au](http://www.humanservices.gov.au)

**Shoppers:** The trick with any shopping reward is to ensure you're not spending more just to obtain a kick-back. The best freebies come with your regular spending with no strings attached. For example you can earn Qantas Frequent Flyer points, fuel discounts or retail vouchers through Woolworths and their partners with an Everyday Rewards card or rack-up FlyBuys points for various retail, entertainment and travel offers when you shop at Coles Group outlets.

Join the free Myer One program for free and receive two shopping credits for every dollar you spend at Myer. Once you earn 2,000 credits, you receive a \$20 Myer gift card. Points can also be accrued with participating partners, including many Caltex service stations. Swipe your card each time you fill up to earn points faster.

The only catch with these loyalty programs is that retailers learn a lot about you and will often target you with promotions to encourage you to spend more with them.

1 Source: [www.ato.gov.au](http://www.ato.gov.au)



## EASE THE SQUEEZE

*The good news is interest rates are at record lows. The bad news is the average mortgage size in most Australian capitals has hit an all-time high. The challenge for many borrowers who are used to low rates could be keeping up with payments when rates inevitably rise. Those who want to get ahead will be taking steps now to make the most of low rates so they have a buffer down the track. But if you are already feeling weighed down by debt, it may be time to lighten the load.*

### Shop around

Even in a low-rate environment, savings count. Talk to your broker about getting a sharper deal with your existing lender or another. Just make sure you do your sums on any switching fees to ensure the new offer stacks up.

### Borrow as little as possible

Some lenders will accept just a 10 per cent deposit, which can be alluring in today's escalating property market. But what you appear to gain with a lower deposit, you lose on higher repayments on a larger loan and the cost of Lenders Mortgage Insurance (LMI), which is charged to the borrower when a loan exceeds 80 per cent of the property's value. It protects the lender if the borrower defaults on the loan and can run into the thousands, depending on the size of the loan.

Having scrimped and saved for a sizeable deposit, it may also be tempting for first-home-buyers to bundle stamp duty and legal fees into the loan, but the more you can pay upfront, the more you save in the long run.

### Ignore rate drops

It's tempting to splash the extra cash when interest rates drop, but it's wiser to inject the savings back into your mortgage. A rate dip from 6 per cent to 5.5 per cent on a \$300,000 principal and interest loan over 25 years saves you \$90 a month, or more than \$1,000 a year. If you sink that money into your loan by continuing to make payments at the higher rate, you will save more than \$27,000 in interest and shave more than two years off the loan. It also gives you a buffer should interest rates rise and you need to draw down on the over-payments. Just check your loan has a redraw facility.

### Ditch the debt

Despite low interest rates, Australia's household debt compared with our income is historically high. In 2012, the average Australian household owed 1.73 times its gross disposable income for a year. That's not only high by our standards, it's high compared to other developed economies such as Canada, Germany and the UK<sup>1</sup>. Part of the problem is our high cost of housing, but also our capacity to run up other debt, including high-interest credit cards.

One of the most effective ways to ease your financial burden is to pay down your highest interest debts first. If you are paying 19 per cent on your credit card and just 5 per cent on your mortgage, it makes sense to get rid of the plastic debt first. Check your next credit card statement to see how much interest you will pay and how long it will take to pay the card off in full if you just make the minimum payment each month. Once your cards are cleared, you will have more funds to sock into your mortgage and pay it off faster.

### Pay fortnightly

Perhaps the simplest way to save on your mortgage is to make repayments fortnightly instead of monthly. Paying fortnightly allows you to squeeze in the equivalent of an extra monthly repayment per year. Let's say your monthly repayment is \$2,000 or \$24,000 per year. If you paid \$1,000 a fortnight instead, you would actually pay \$26,000 over the year (26 fortnights in a year versus 12 months). That's \$2,000 extra in loan repayments each year, which will help you pay off the principal faster.

### Make your loan work for you

Consider an all-in-one or offset account to help pay off your loan quicker. An all-in-one loan account effectively turns your mortgage into a savings account, providing you understand and maximise how it works. An all-in-one account generally allows you to pay your salary and any other earnings (such as rental income) into the loan so anything left over automatically reduces the amount owed and therefore the amount of interest you pay. The more money you keep in the account, the lower your interest payments. You can take further advantage of this set up by using a credit card for as many expenses as possible and paying it off in full during the interest-free period. That way you maximise how much you have in the loan account for as long as possible, with interest calculated daily but charged monthly. It's essential, however, you spend within your means and clear your credit card debt each month. If you struggle to budget or manage credit, you may be better off sticking to a more traditional principal and interest loan.

A 100 per cent offset account generally works in a similar way, allowing you to use your savings to reduce the principal on the loan. Any savings are deducted monthly from the amount owed to calculate your interest payment. If, for example, you have a \$120,000 loan and \$10,000 in your offset savings, you would pay interest on \$110,000 instead of the full \$120,000. Both of these types of loans can help build a savings buffer to give you wriggle room if your income drops or you have unexpected expenses. But make sure you read and understand the terms and conditions before signing up to ensure you understand any restrictions or conditions that will apply. The key, though, as always, is to save more than you spend!

### Speak up if times get tough

If you hit hard times, talk to your lender sooner rather than later as it's in both your interests to find a solution. Many lenders will give you breathing space by extending the life of the loan or switching to interest-only payments for a period.

1 [www.abs.gov.au/ausstats/](http://www.abs.gov.au/ausstats/) ABS 4102.0 – Australian Social Trends, 2014



HAVEN LIKES



### Storytime

Take your little one on a marvellous, magical adventure with a book personalised with his or her name. Brilliantly written and beautifully illustrated, every name creates a unique story. The adventure follows a child who loses their name, and has them tracking down the missing letters – along the way meeting lots of weird, wise and wonderful characters who help in the search. For example, if the child's name is Emily, she would meet a forgetful elephant, a vain mermaid, a cold-averse inuit, a misunderstood lion and genial yeti. Each character gives the first letter of their name, and by the end hey presto – her name is found! You can also add a personal dedication which will be printed on the inside cover.

[www.lostmy.name](http://www.lostmy.name)



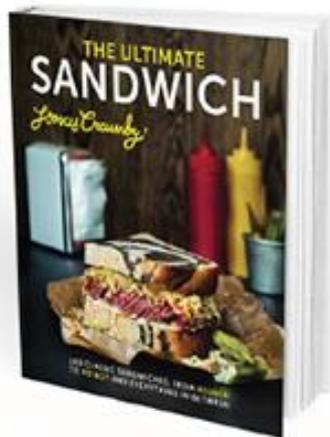
### Throw in the towel

This is perfect for a teenage boy's room! Use dirty laundry as a punching bag: big enough to hold a heavyweight load of washing and tough enough to take a beating. Hang the bag in a wardrobe or corner of the room until you're ready to take the laundry to the cleaners – literally! Made from tough, tightly woven polyester it can withstand a few punches while getting on with its' job.

[www.suck.uk.com](http://www.suck.uk.com)



HAVEN REVIEW



This cookbook affords the humble sandwich the respect it deserves – it is the ultimate ode to a food eaten the world over. Learn how to perfect classics like the club sandwich, reuben and BLT, along with exotic sandwiches such as mufflettas, po'boys and bánh mì. Jonas focuses on both sandwich construction, but also delves into how to bake the bread and cure the meat – taking you on a delicious sandwich culinary journey. The banana bread ice cream sandwich recipe in Haven Food is from this brilliant book.

**Pavilion RRP \$34.99**



HAVEN WIN



### How do you make your festive season as stress free as possible?

We want to know your easy, fuss-free Christmas prep hints and tips and the best will win \$1,000. We'll include a selection of our reader tips in the summer edition of Haven, in time to help out with festive preparations.

**How:** email your story to [havencompetitions@afgonline.com.au](mailto:havencompetitions@afgonline.com.au) placing 'Festive tip' in the subject line.

**Include:** your name, address, email, phone number and the name of your mortgage broker.

**Dates:** opens on August 21 and closes on October 19.

**Winner:** will be decided on October 20 and notified by telephone after this time.

**Terms and conditions:** email [havencompetitions@afgonline.com.au](mailto:havencompetitions@afgonline.com.au) to request terms and conditions.



HAVEN FACTS

### Are your tenants secure?

*From July 1 landlords in WA have been required to step up home security measures for tenants. If you own a rental property, are you doing enough to deter thieves? It's worth checking with your relevant state authority for specific rules in your market. Here's a brief round-up of what's required where.*

**Western Australia:** The first state to spell out in detail minimum security requirements for rentals, mostly around deadlocks, key lockable security screen doors and outside lighting. For more information on all of the changes visit [www.commerce.wa.gov.au](http://www.commerce.wa.gov.au)

**New South Wales:** Rules are less prescriptive than most other states, but landlords must still provide locks or security devices to ensure premises are reasonably secure. Visit [www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)

**Queensland:** Locks and security devices must be in good working order and all keys made available to tenants. Visit [www.rta.qld.gov.au/](http://www.rta.qld.gov.au/)

**South Australia:** Rules are not very specific other than to say landlords must provide and maintain locks to ensure the property is reasonably secure. Visit [www.sa.gov.au/](http://www.sa.gov.au/)

**Victoria:** Owners must take all reasonable steps to ensure a property is safe and secure, while a tenant must get the landlord's consent to change a lock. Visit [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)

**Tasmania:** Owners must provide and maintain adequate locks and security devices to secure the property. Visit [www.consumer.tas.gov.au/renting](http://www.consumer.tas.gov.au/renting)

**Northern Territory:** Locks and other security devices must be maintained to ensure the premises are secure. Tenants must get landlord permission to switch a lock and hand over copies of all keys. Visit [www.consumeraffairs.nt.gov.au/](http://www.consumeraffairs.nt.gov.au/)

**Australian Capital Territory:** Tenants who feel their rental property's security is at risk can apply to the Civil and Administrative Tribunal for a reduction in rent. Visit [www.ors.act.gov.au/](http://www.ors.act.gov.au/)

## Haven Answers



Thank you to everyone that entered our winter edition childhood nostalgia competition. We were inundated with so many incredible photos from our reader's archives, all of them a reminder of a bygone era and how fast times change. It was easily our most difficult competition to award and our winner had some stiff competition, but we kept returning to this amazing set of shots.

**Congratulations Jenni**, thank you for sharing your memories, \$1,000 is on its way to you.

**These photos show me hanging out with my family on our farm in Canna, in the mid-west of WA. My grandpa and nana would make the five-hour drive from Perth to visit us. Our backyard was 12,000 acres with sheep, chooks, dogs and dugites. I would wander out of the house and walk for miles, causing much fretting as they went in search of me!**



# LATE BLOOMERS

*By the time we save for our first home, upgrade to a bigger or better one, earn enough money to pay the mortgage and bills and live life in between, it's not surprising many of us don't contemplate investing in property until we are middle-aged or beyond.*

But like so many things in life, it's not too late to become a property investor, especially if you have a stable financial base with equity in your own home and plan on working for at least another 10 years (the average property cycle). In fact, many later investors find they have more funds, time and focus to make wiser choices and reap the rewards.

## **BE CLEAR ON YOUR GOALS**

Spend some time working out what you want from your investment, and ultimately your lifestyle in the medium and long-term. Are you looking for income generation in the shorter term or capital growth over time?

Many investors, regardless of age, make the mistake of diving in without a strategy. The challenge for those starting to invest later in life is that there are fewer employment years to support cash flow so understanding your end game and developing a plan becomes more important in order not to waste money, time or opportunities.

It's also critical to remember your circumstances and the lifestyle you want down the track are unique. Your plan needs to suit your goals, not someone else's.

## **YIELD OR CAPITAL GROWTH?**

While both rental returns (yield) and a property's potential to increase in value (capital growth) are important, property investment strategies can sometimes lean towards one or the other. Properties with high rental returns are often close to a sustainable supply of itinerant workers or students, such as hospitals or universities. Generally the entry price is lower because there are a lot of similar properties nearby, which creates a more saturated market and, in turn, limits the potential for rapid capital growth. But the lower price point and ongoing supply of employees or students means strong rents.

Investors pursuing capital growth can tend to look for a worst-house-best-street scenario and are prepared to cash in down the track when prices in that area ultimately increase or the investor adds value themselves with a renovation.

Many investors aim to strike a balance between both yield and capital growth by looking for properties that meet basic location fundamentals: close to reliable public transport, proximity to a CBD or other employment hub, and good infrastructure.

## **DO YOUR NUMBERS**

The best starting point is a complete financial audit. Review how much you owe on your home and how much it's worth to work out your equity position, then look at your earnings, how many years you expect to continue working and a rough estimate of your annual living costs. At this stage you may benefit from the advice of a financial planner or mortgage broker who can present a number of options based on your situation. Whether you seek advice or manage solo, your numbers are essential to make the right decisions for your circumstances.

## **CONSIDER A BUYER'S AGENT**

Buyer's agents are licensed professionals that specialise in searching for, evaluating and negotiating on property on your behalf. They are not real estate agents.

A buyer's agent can take the leg work and emotion out of your investment search, while working to your brief. Most charge either a flat fee or a percentage of the property purchase price, but some may charge a mix of both.

A buyer's agent can be helpful if you are time poor or unsure where to invest. Many investors use a buyer's agent for their first one or two properties and then feel confident to go it alone.

## **PORTFOLIO REACH**

If you plan to acquire a portfolio of properties, you will probably need to think beyond your neighbourhood. While many investors like being familiar with where they invest, it may be difficult to create diversity if you just stay local – and diversity, as with any investment portfolio, is important if markets shift.

If you do look further afield, do plenty of research and take the time to visit the property yourself, or the development if buying off the plan.



HAVEN FOOD



### Banana bread ice cream sandwich

Makes 8 ice cream sandwiches

#### Rum and coconut ice cream

2 eggs  
200g sugar  
2 tbsp dark rum  
400ml whipping or double cream  
300ml coconut milk

#### Banana bread/cake

85g butter, at room temperature  
250g sugar  
1 egg  
150ml buttermilk  
2 tbsp olive oil  
2 very ripe bananas  
250g plain flour  
 $\frac{3}{4}$  tsp bicarbonate of soda  
 $\frac{1}{2}$  tsp baking powder  
 $\frac{1}{2}$  tsp salt

**Ice cream:** using electric mixer, whisk eggs until fluffy then mix in sugar, a little at a time. Add the rum, cream and coconut milk. Follow instructions for your model ice cream machine to churn the ice cream. When it's the consistency of soft scoop, line a baking tin with baking paper and pour in the ice cream. The tin should be deep enough for the ice cream to be 4cm thick. Set in freezer.

**Cake:** preheat oven to 180C. Use mixer to beat the butter and sugar until fluffy (3 minutes), add the egg and whisk for another 3 minutes. Add buttermilk and oil, increase speed and whisk until the batter is completely white (5 minutes). Mix together the flour, bicarbonate, baking powder and salt. Lower mixer speed, add the bananas and the flour mix. Line the base of a deep oven tray (not loaf tin) with baking paper, pour in the batter and bake until a skewer comes out dry (about 30 minutes). Leave to cool.

**Make:** cut a portion-sized piece of the banana bread, next cut it in half horizontally and grill it so the top gets crispy (you can also crisp in a dry fry pan). Turn ice cream upside down, remove paper and cut into squares to match the banana bread pieces, then sandwich and dig in.

#### WHAT YOU NEED TO KNOW

Any advice contained in this newsletter is of a general nature only and does not take into account the objectives, financial situation or needs of any particular person. Therefore, before making any decision, you should consider the appropriateness of the advice with regard to those matters. Information in this edition is correct as of the date of publication and is subject to change.

#### Need to talk finances?

Whatever your circumstances, we will find the deal that's right for you, not the lender. Send through a quick enquiry and we will be in touch.