

Astute Home Lending Pty Ltd

# Astute Review



## To Fix or not to Fix your home loan? That is the question.

Hello

Well here we are in September already. To everyone's relief the Reserve Bank decided to leave interest rates on hold for another month. **Now** is the time to consider whether or not to fix your home loan. Our fixed rates have recently been **dramatically reduced** and we have some very competitive fixed rates on offer so it may be worth your time to give our customer service team a call today. Please call our customer service team for further details.



## Telephone Numbers & Office Hours.

With day light saving starting on 2nd October, our office operates 8.30am—5.00pm (QLD) .

Customer service can be contacted on Phone: **1800 101 368**, Fax: **1800 101 838**,  
e-mail [customerservice@astutehomelending.com.au](mailto:customerservice@astutehomelending.com.au).

Should you need to contact us outside these hours, please send your e-mail and our customer service team will contact you the following business day.

## Online Banking



Did you know you can access online banking via the Astute website?

Just go to our website [www.astutehomelending.com.au](http://www.astutehomelending.com.au) and click on the tab on the left hand side 'Online Banking'

From here you can access Account balances, transaction history, transfer funds and BPAY and other services.

If you do not have a Personal Access Code for online banking, please contact customer service to arrange for your

## Do you have an e-mail address??

If you have an email address and would like to receive your newsletter and offers via email instead of Australia Post mail please contact our Customer Service team.

You can email your contact details to [customerservice@astutehomelending.com.au](mailto:customerservice@astutehomelending.com.au)

# Selecting the right loan facility

Borrowers in Australia are fortunate in one respect that there is a huge range of loan products offered by lenders. Unfortunately, because there is such a large range it can be very confusing. Loan products range from basic (minimal features) to fully featured. The basic loans have the best interest rates and are headline news.

In our experience only a small percentage of borrowers select a basic product as they require additional features with their loan such as making more regular payments, higher regular payments, or lump-sum payments without penalty. At the other end of the spectrum is the fully featured loan product. This is generally an all-in-one banking facility which combines loan and savings to minimise debt outstanding, includes the ability to have sub-accounts, and credit/debit card access with a cheque book. The higher cost to the lender of providing the type of account is generally reflected in a higher interest rate than for the basic products.

The question for borrowers is whether by utilising every dollar of savings with their fully featured line of credit type facility, will they actually pay less interest over time than on the basic facility?

If the answer is possibly yes, then the additional features of full flexibility and convenience come at no cost.



**At Astute we have always said to our clients;**

**If you are happy with Astute, tell your friends.**

**If you are not happy with Astute, Tell us!**

**We would now like to take that one step further by saying If you are happy with Astute and you have a friend who might also benefit from our service, tell us!**

**If that person takes out a loan with us, we will send you a Coles Gift Card absolutely free!**

## Leveraging or Gearing

Leveraging or Gearing is a term often used in the Financial world but what does it mean and how do you, or can you benefit from it? People often fear borrowing money as it creates a commitment that they feel uncomfortable with. This often stems from our parents' philosophy i.e. "If you can't afford to pay cash for it you can't have it".

Unfortunately the "philosophy" can be flawed. Their outlook on debt is still true today if you take on bad debt but can be very counterproductive when it comes to "good debt".

**Firstly** the difference between good and bad debt;

Bad debt - is money borrowed for consumables that tend to depreciate such as cars, white goods, televisions etc.

Good debt - is money borrowed for appreciating, income earning assets such as property, shares etc.

As an example let's look at Lewis and David who come into \$100,000 and both decide to invest it for 10 years for their future. However, they have very different Philosophies about risk and borrowing money. (We will assume for the exercise that interest rates remain the same for 10 years and the inflation rate remains steady at 3%. We will also ignore the compounding effect).

Lewis decides safety first and places his money in a term deposit in the Bank at 6% interest for 10 years. After the full term Lewis has earned \$60,000 in interest less tax of \$18,000 (based on 30% tax rate), leaving a profit \$42,000. However we need to take into consideration the effects of inflation which mean that his initial \$100,000 has reduced in value by \$30,000. Total profit on his initial investment over 10 years is \$12,000.

David decides to leverage his investment and purchases an investment property for \$500,000 using his \$100,000 as the deposit and borrowing \$400,000 interest only. After rent and tax benefits the cost to him is \$125 per week. Over 10 years his out of pocket expenses are \$65,000 but the property, based on inflation has increased to \$650,000. He sells it, recoups his initial \$100,000, pays tax of \$22,500 on the capital gain deducts his input (\$65,000) and records a profit of \$62,500.

The simple example is designed to show how "good debt" can multiply your returns and how debt should play an important part of any Investment strategy.

## Queensland Building Boost Grant

# Queensland building boost to encourage property investors

If you are an Australian looking to enhance your property portfolio then you may want to consider the new Building Boost Grant offered by the Queensland Government.

The Queensland Government Building Boost Grant is available to buy or build a new home in Queensland from **1 August 2011 to 31 January 2012**.

The Queensland Building Boost Grant is a grant for a person or corporation buying or building a new home in Queensland for a value less than \$600,000 (house and land). The grant is designed to assist recovery in the housing construction sector, Queensland's third-largest job generating industry.

**The Queensland Building Boost is a \$10,000 grant. You can use the Building Boost Grant to:**

\* \$10,000 to help you buy or build a new investment property

\* \$10,000 and you can rent the property out

\* \$10,000 for every new house, unit or townhouse purchase

**The Boost can also be obtained for more than one eligible investment property you buy.**

**But hurry, to be eligible for the Boost you must:**

\* meet the eligibility criteria, and

\* apply or give notice of intention to apply no later than **31 May 2012**



### Great words from Winston Churchill

“I am easily satisfied with the very best.”

“Continuous effort - not strength or intelligence - is the key to unlocking our potential”

“We are masters of the unsaid words, but slaves of those we let slip out”

“There is no such thing as a good tax.”

“Success is going from failure to failure without losing enthusiasm.”

“Courage is what it takes to stand up and speak; courage is also what it takes to sit down and listen.”

“There are a terrible lot of lies going about the world, and the worst of it is that half of them are true.”

“Never give in, never give in, never; never; never; never - in nothing, great or small, large or petty - never give in except to convictions of honour and good sense”

“You have enemies? Good. That means you’ve stood up for something, sometime in your life.”

“The farther backward you can look, the farther forward you are likely to see.”

“Please be good enough to put your conclusions and recommendations on one sheet of paper in the very beginning of your report, so I can even consider reading it”

“I like a man who grins when he fights.”

“Attitude is a little thing that makes a big difference.”

**Web Site Address: [www.astutehomelending.com.au](http://www.astutehomelending.com.au)**

**Customer Service Number: 1800 101 368**

**MAILING ADDRESS: PO BOX 959, SORING HILL, QLD., 4004**