



Hello

January - February Newsletter  
2015

The New Year is a great time to dust away the cobwebs and start out fresh. Ask yourself if there are positive changes you can make in 2015: ways to work smarter not harder, new challenges to master, promises to keep about looking after your health and happiness?

As your mortgage broker we would be delighted to help you with any goals you may wish to achieve this coming year, whether investing in property, buying your first home or reviewing your mortgage, insurance or borrowing requirements.

How about starting out with the four tips to success in 2015 as we've outlined in the first article. In the second article we look at how to finance a renovation and in article 3 we show you that becoming wealthy is not just about how much money you start with, it's about the right mental attitude.

Lastly, find out how to get serious enough about your financial goals to achieve a long term change.

Enjoy this newsletter and feel free to pass it on to family and friends.

Kind Regards,

**Govind Sami**  
Director - Pacific Home Loans



**Pacific Home Loans**  
Level 1, Suite 22 82 Bathurst Street  
Liverpool NSW 2170

**Email:** [govind@phls.com.au](mailto:govind@phls.com.au)  
**Website:** <http://www.phls.com.au>  
**Tel:** 02 9822 5333  
**Fax:** 02 9824 1922

## ➔ IN THIS ISSUE:

1. 4 Tips to Success in 2015
2. Finance your Renovation
3. Think like the Rich
4. Financial resolutions that last

## 📄 LINKS AND OTHER OPTIONS:

- 📧 Forward to a friend
- ✉ Send me an email
- 🌐 Visit our website
- 📞 View contact details
- 📘 Find on Facebook



### 4 Tips to Success in 2015

What better time than the start of a new year to review your finances and look at ways to do things better in 2015. Here are our top tips for success.

#### 1. Find out how much equity you have

Most home owners are pleasantly surprised by what can be achieved by tapping into their equity. Depending on how much of your home loan has been paid off and the capital growth of the property, you could be sitting on untapped wealth that could be used to invest in a second, third, fourth ... property!

#### 2. Review your insurance

It's not worth getting caught without insurance when you need it. We can talk you through the benefits of Building and Contents insurance, Life insurance, Mortgage insurance and Income Protection insurance – as well as check you're insured at an appropriate level and are familiar with the fine print of your policy.

#### 3. Know your borrowing capacity

If you know in advance how much you are allowed to borrow, you are in the best financial position to seize any available opportunities. Your credit score is an important determinant of your borrowing power, so it's a good idea to keep an eye on it and take action to give yourself the best possible rating.

#### 4. Plan for retirement

Have a good look at how your superannuation / saving accounts / investments are performing: will they provide adequate funds for retirement? The earlier you start planning, the better off you will be when the time comes.

Need help to action any of the above? Call us today.



## Finance your Renovation

To conclude our three-part series on successful renovations, we have left the best till last – how to get the cash to make it happen!

There are plenty of different ways you can fund your renovation and we can talk you through these options to find the one best suited to your budget and project size.

Here are some of the options we may discuss with you.

### Home equity

If there is an available amount of equity in your home, you can use this to access credit up to an approved limit.

What is equity? It's the difference between the value of your home and the money you owe. For example, if your home is worth \$700,000 and your home loan is \$500,000, then you have \$200,000 equity in your home.

You can generally borrow up to 80% of your home's value (known as 80% of your Loan-to-Value Ratio). For a home worth \$700,000 this would mean you could borrow \$560,000, so if you already have a home loan of \$500,000, this leaves \$60,000 available to borrow for renovations. You can borrow a higher amount if you take out lenders mortgage insurance, but it is important to speak to your mortgage broker about the risks involved.

### Construction loan

This type of loan is not based on the property's current value, but on a predicted value at completion.

Let's say your new home is valued at \$900,000 and the lender is willing to lend 80%, this would equate to total borrowings of \$720,000. After taking away your existing home loan of \$500,000, this would leave \$220,000 available to borrow as a construction loan.

Unlike a regular loan that forwards all the money you borrowed on the loan settlement day, construction loans break the total amount down into components. Funds are drawn down progressively as you pay for each stage of the build, and when the builder invoices for a final time the lender pays it using the remainder of funds in your construction loan.

A benefit of this type of loan is that interest is only payable on the money drawn down.

### Redraw / Top up

If your current home loan has a redraw facility and you've paid off more than your minimum repayments, you may be able to simply withdraw the extra money you've paid into your home loan to pay for your project costs.

Top up allows you to borrow funds on your existing home loan without taking out a separate loan.



### **Think like the Rich**

For two months you have worked hard at paying off your debt. You stuck with your budget – each week putting the extra savings onto your debt repayment. Then one day you are at the shops and see something you really want – new shoes, the latest iPhone, a dress for your daughter – and your determination to pay off your debt goes out the window.

You decide to splurge just this once but over the coming months you find there are too many other things you can't resist spending money on. It's not long before you are even deeper in debt and once again looking for a way out.

After much soul-searching you realise that unless you change the way you think about money you will never get ahead of the debt cycle let alone start building your wealth.

Becoming wealthy is not just about how much money you start with, it is about the right mental attitude. Thinking long term, taking responsibility for your circumstances and having a positive outlook are just some of the mind strategies to master in order to achieve financial success.

#### **Think long term**

Be willing to put off gratification now in order to have more in the future – short term pain for long term gain. If you spend your money now, you can't spend it later.

#### **Take responsibility for your circumstance**

Don't try and justify your situation or worst still, blame others. Create your own circumstances by choosing actions that support your goals – when you choose the behavior you choose the circumstances.

#### **Wear a positive attitude**

Instead of thinking that you can't, it's too hard; tell yourself that if others can do it, so can you.

#### **Make it happen**

Have a plan for the future, *make* things happen rather than *let* things happen. Know where you are going and how you are going to get there.

#### **Persist until you succeed**

Don't quit at the first sign of defeat, keep trying until you get it right. People more often make money through hard work and persistence than luck.



## Financial resolutions that last

Losing weight, quitting smoking, saving money and getting out of debt are among the most popular New Year's resolutions.

Unfortunately resolutions like these tend not to last long, particularly if there is no vision for how to make them work. Here's how you can get serious enough about your financial goals to achieve long term change.

### Make a plan

Good intentions won't last long if they lack specifics. It's easy to say "I want to get my debt under control", but harder to sit down and work out a financial plan to achieve this. Whether it is one goal or a series, putting a plan in writing helps to track progress over time and gives you a foundation off which to make sound financial decisions.

### Start small

Instead of going cold turkey, try making changes one step at a time. A small change a week can add up to big savings in the end whereas a sudden dramatic change is harder to stick to and more likely to backfire down the road.

### Track spending

Over the course of a few weeks, track every cent you spend as this will give you a clearer idea of where your money is going. There are online budgeting programs that help simplify the process of tracking spending.

### Set aside time

Schedule a time each week to work on your finances. Without a scheduled time slot, it's easy to let all your hard work in compiling a financial plan slip and before you know it, paperwork has piled up, bills have gone unpaid and you are back where you started.

### Work together

For a financial plan to work, everyone in the household must have a hand in making it a success. Ensure you and your partner can agree on and commit to your financial goals so there is no risk of one person secretly spending or overspending.

### Anticipate obstacles

You never know what life can throw at you so be prepared for emergencies and unforeseen expenses. Set aside an emergency fund of at least 3 to 6 months basic living expenses to act as a stopgap if things go wrong.

### Commit

Tell yourself that procrastination was last year's bad habit, and this year you are making a commitment to move ahead with your financial goals. Remember it's never too late to make a change for the better - today is the starting point for the rest of your life.



The Mortgage & Finance Association of Australia ("MFAA") is the peak industry body for the mortgage industry. Members are bound by a code of ethics to ensure the highest levels of service, integrity and professionalism.

Should you need to contact our office feel free to do so, Govind Sami - 02 9822 5333 Mobile - 0419 242 305 Email : [govind@phls.com.au](mailto:govind@phls.com.au)

With over a decade of mortgage brokering experience and with over 35 lenders, we will find you the most suitable and cost effective loans. We strive to become the personal banker for life for all our customers by making the application process as hassle free as possible. We are also about facilitating your financial goals and plans for the future. We provide an efficient and honest service to all our customers. We have a reputation for tailoring loans to all types of borrowers including newly arrived migrants, customers with no genuine savings, self-certification product for self-employed customers etc. Depending on your particular situation we can usually arrange ongoing interest rate discounts between 0.5% and 0.7% off the standard variable rate. Pacific Home loans is a Full Member of the Mortgage & Finance Association of Australia (MFAA) and a Member of Credit Ombudsman Service Limited (COSL). Our main strength and the reason for our continued success is loyalty to you, the client and the capacity to handle all your needs.

Should you need to contact our office feel free to do so, Govind Sami - 02 9822 5333  
Mobile - 0419 242  
305 Email : govind@phls.com.au



**Interested in securing your financial future? Please click here.**

Disclaimer: This newsletter is intended to provide general news and information only. Readers should rely on their own enquiries before making any decisions regarding their own interests. Please do not rely on any part of this newsletter as a substitute for specific legal or financial advice. All material is copyright 2015.

[Click here if you would like to unsubscribe from future newsletters.](#)