



The time is right to review



The banking industry's recent out of cycle rate increases along with other changes to the lending landscape have created a new ball game.

The new ball game is highlighted by:

- exit fees on new mortgages having been axed,
- lenders now being prepared to negotiate on bundling various loan products
- lenders waving application fees
- increased enthusiasm for business from banks and non bank lenders because the quieter market has lead to fewer loans

The situation has resulted in many people approaching us to investigate whether we can find better loan packages for them.

We have been successful on a lot of occasions, hence may we urge you to take up our offer of a free loan health check. If you would like to know if you can qualify for a new loan and what would be the best loan option or lender for you – then talk to us.

We can review your portfolio and ascertain the possibility of finding a new deal that includes all the offsets and other add-ons that you'd like, to best suit your financial situation.

Furthermore, if you're considering returning to the market as an owner occupier or investor call our experienced staff on 133 455 for a chat. They'll give you the right advice and guidance that only an independent organisation like Royal Guardian can.

**By Anthony Tomazin,
Managing Director**

Find out if you could benefit from refinancing We'll do the work for you

In the face of recent interest rate increases by the banks there are many who feel strong discontent and are asking us if there are opportunities to move from their banks.

Whether you want to refinance your debts or switch in reaction to your bank's recent rate increase, it's important to step back before making any rash decisions. We can help you to review the options available so you only make a move once you've understood all the implications.

We will review your needs and tell you whether or not you could benefit from refinancing your debt.

Examination of loans

As part of this exercise we'll use advanced computer software to closely examine the scores of loans available from virtually all lenders - including 'The big four' banks (ANZ, CBA, NAB and Westpac), Bankwest, Suncorp, smaller banks and other nonbank lenders - before arriving at the best possible deal.

NCCP (see story page 3) has increased the documentation requirements for loans and introduced mandatory responsible lending provisions and fact finding by brokers and lenders. Only a qualified, professional and up-to-date broker such as Royal Guardian can search for and provide clients with the best options for their individual circumstance.



If on the other hand you go directly to a bank, you will be talking to an employee of that organisation who is there to recommend one of their own products, which may not necessarily be the best deal for you.

What could a review do for you?

A review of all your loans such as credit card debt, personal and car loans etc could end up saving you thousands in interest through a loan consolidation process.

On the other hand, it could help you turn the equity you hold in your home into cash or accessible funds to build your dream home or begin investing in property.

Call us and find out whether refinancing is the best option for you.

Inside

- » Self Managed Superannuation – More people are turning to self managed funds but it's not for all
- » Lending landscape re-sculpted
- » Checklist: things to keep in mind when you're buying



royal guardian 133 455 'home loans that fit'

4 Railway Parade, Burwood, NSW, 2134

www.royalguardian.com.au Email: info@royalguardian.com.au

Royal Guardian Mortgage Corporation is a wholly independent Australian owned non Bank lender providing property loans around Australia.

Self Managed Super Funds

Leverage property purchases through your own super fund

Investments in property, their rents and contributions can now be leveraged to greater advantage through Self Managed Super Funds since recent changes by the Government.

First and foremost what is an SMSF?

A SMSF is a specialised superannuation trust that can be established for up to five people for the sole purpose of providing retirement benefits to its members. In other words it's your own super fund.

Self Managed Super Funds (SMSF) are now allowed to borrow to invest in residential, commercial or industrial property. And anyone with a SMSF that has enough assets to fund a deposit is allowed to take advantage of this investment breakthrough.

Property is historically a more stable investment; not suffering from the volatility of the share market. The changes allow you to apply the rent and contributions to paying off the loan against the property; however you cannot occupy the property if it is a residence.

Who can do this?

Many people have the mistaken belief that SMSFs are just for business owners. That's not so, as under the superannuation 'choice of fund' legislation people can request their employer to pay contributions into their own SMSF. You can establish one either by yourself, with your spouse or up to five members.

Despite the name, a Self Managed Super Fund (SMSF) doesn't mean you have to manage a fund all by yourself – it's possible to set one up and have it administered by a

financial adviser or accountant.

Be wary

A SMSF gives you greater freedom to invest the way you want to, but as they say, with greater freedom comes greater responsibility.

You essentially become the trustee of the fund and the buck stops with you if something goes wrong. That means you could face penalties or prosecution if things are not conducted correctly – even with an administrator assisting you.

SMSFs are not suited to everyone.

Having your own SMSF is an exciting prospect but when it comes to deciding on your investment strategy it can present many challenges - ones that test your ability to split emotions from investing. Each person's risk appetite is different.

Take the time to make sure an SMSF is right for you. But as there are now more than 800,000 SMSFs in Australia, it's definitely worth asking if it would be suitable for you.

For it to operate it needs to have

- A trust deed that establishes what the fund can or can't do
- A trustee. All members have to be trustees or members of a company acting as the trustee.
- A written investment strategy that sets out how the SMSF will invest and address risk, return, diversification, liquidity, cash flow etc.

If you're not up with all of the above, you can gain professional advice on how to set it up and operate.



The pros and cons...

Your own SMSF allows you to take control. But is it right for you?

The pros

Choice and control: You can invest the money as you want – investments, term deposit or even in a property

Lower costs: If more than \$300K is invested, generally your costs will be less than an annual management fee from a general fund

Leverage and gearing: You can use funds to buy assets such as property or shares

Tax: Contributions are tax deductible; you can buy other assets and pay maximum 15% tax and capital gains tax is 10%. If the fund is in pension phase then no tax is payable

The cons

Regulations: as trustee you have to meet all requirements and laws – penalties are harsh, expensive and can include jail

Savvy: You need to be aware of smart investment strategies to ensure the fund is outperforming returns from a general fund – and assistance will cost extra

Paperwork: Record keeping is essential, as is timely reporting to the ATO.

Risk: A SMSF is likely to be less diversified than a regular fund and gearing adds more risk.

Locked down: The equity in property investments - made through the SMSF - is not accessible until retirement.

Occupancy: A SMSF owned residential property cannot be occupied. It must be let at an arm's length third party.



What's involved in setting up an SMSF?

It's reasonably simple to set up – either by way of an advisor or you can do it yourself:

1. Need to establish a company and buy an SMSF trust deed.
2. Apply for a Tax File Number, an Australian Business Number and establish a bank account in the fund's name.
3. Roll over your existing super accounts into your new fund and change your payroll details for contributions to go into the new fund.
4. Appoint an accountant and an auditor to prepare your SMSF accounts, tax return and audit.
5. Register your SMSF with the ATO.
6. Manage its investments, keep proper records of transactions.

In the beginning you should be guided with professional advice.

What costs are incurred?

SMSFs can be very cost effective but it really depends on the type of investments held and how frequently you change them.

However, there are a number of fixed costs that don't increase according to the size of the fund. For example the cost of auditing and preparing the SMSFs tax return will probably be the same whether you have \$250,000 or \$2.5million.

The key here is to compare the costs of different strategies – whether an SMSF, an industry superannuation fund or a retail superannuation fund.

If you have the experience and confidence to manage a SMSF it offers a rewarding challenge, but for those starting out we would recommend having help.

Lending landscape re-sculpted

The past 12 months has seen many tumultuous natural disasters that have reshaped natural landscapes, but none have been as widespread in their effects as the changes unleashed on the lending landscape.

The GFC sent worldwide shock waves that markets across the globe are still dealing with.

While the Australian marketplace largely escaped the worst of the battle, locally our interest rates have fallen, bank exit fees have been abolished and responsible lending laws have been introduced.

The most obvious change has been the tightening of lending approvals through the National Consumer Credit Protection (NCCP) introduced in 2010 to regulate the offering of finance.

The regulations require lenders and those responsible for providing finance to take a greater level of responsibility in ensuring borrowers have the capacity to meet their commitments. Accordingly, a greater level of documentation is now required.



The success of a loan application is now greatly dependent on the quality of the information and documents that prove a borrower's capacity to meet loan repayments.

As a result it is now more important than ever to apply for finance through a finance broking service like Royal Guardian rather than a bank. We're aware of all the details required.

If an application goes to a bank and is rejected because of lack of detail, the failed application is recorded on your credit file.

Although for some institutions the NCCP laws have tightened the requirements for lending documentation, it has us grinning from ear to ear, as most of the requirements align with what we've been doing for some years.

If you're interested in obtaining a loan for financing a home or for any other purpose call us and find out how we can help your application.

Property Essentials: Tips for purchasing a property

Most home buyers have some idea of the 'big picture' of what they need to do to buy a property, but many aren't aware of the smaller details that you need to cover when buying.

- When you find a suitable property and put in an offer make sure you advise the Real Estate Agent the purchase is 'subject to finance'
- Inform the agent that you have spoken with us and that your finance has been pre-approved/ pre-arranged.
- An additional condition of purchase should be 'subject to a building inspection and a white ant report being satisfactory to the purchaser'. This enables you to arrange reports on the property and if there are any defects then it is the vendor's responsibility to fix them before settlement. The clauses must be included at the time of making the initial offer as you can't add them in later. The cost of the reports are your responsibility.



- You need to nominate a settlement agent/ conveyancer to handle the legal work.
- If you are purchasing subject to the sale of another property you must let the agent know and have the clause, 'subject to the prior or simultaneous sale and successful settlement of property situated at...' put into the offer. It's probable that a 48 hour clause will be invoked which means that if another buyer comes along and makes an offer subject to finance or cash, you have 48 hours to find the finance. If you fail to find the finance the second offer can be accepted.

Need a financial plan? We can help...



Planning for a secure financial future isn't easy, but these days everyone needs to plan for tomorrow.

At every income level there are steps that you can take to make more efficient use of your financial resources and secure a financial plan. If you need help organising your finance, then AMP's financial experts can help you map out a financial plan that makes sense for you.

Ranae Kassir, a Financial Planner from Accelerated Financial Services has been working in the financial services industry for the last six years.



Ranae Kassir
Financial Planner

Ranae's goal is to provide you with personalised financial solutions that are specifically tailored to your individual needs and dreams - to build you and your family a brighter financial future.

Her holistic planning services include: Investment, Superannuation, Pre-retirement and Retirement Planning and she specialises in Personal Insurance, Business Insurance and Business Succession Planning.

If you would like to discuss a personal financial plan, call 02 9715 4732 or 0451 515 179.

Migration questions or issues?



Corazon Jasa,
Migration Agent

CJ Millennium Migration Agency (MARN 1067563) offers assistance with Migration to Australia.

Corazon Jasa is the Principal Migration Agent with more than 20 years' experience. She is a former officer

of the Department of Immigration and Citizenship (DIAC), and has experience in visa categories ranging from Student, Visitor, Business, Partner, Compliance and Review applications.

CJ Millennium Migration Agency abides by the Office of the Migration Agents Registration Authority (MARA) Code of Conduct which sets out professional and ethical standards for migration agents.

Fees are very reasonable and consultations can be arranged over the phone, by email or our office outside business hours (and weekends), to suit your needs.

Please do not hesitate to contact Corazon if you wish to find out more or to arrange a consultation.

Phone: 0414 987 351 or 02-9715 4731

Contact Details

Client Services

Vilko - Post Settlements Manager

P: 1300 888 077

F: 02 9715 4884

E: clientservices@royalguardian.com.au

Media Support Services 1300 557 660

Variations

P: 1300 888 077

F: 02 9715 4882

E: credit@royalguardian.com.au

Sales P: 133 455 F: 02 9715 4700

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• Andre: 02 9715 4759

• Nima : 02 9715 4725

• Jacques: 02 9715 4750

• Christian: 02 9715 4726