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Dave Foster getting ready for the big unveil



Dave Foster doing what he does best



Club Team



Celebrating with everyone on the Club Bus

## Chopping into Home Loans

What weighs 170 kilograms and can turn a 30 cm log into firewood in less than eight seconds – the man who has helped Club Financial Services launch its new look.

With a chest of 162 centimetres, the World Champion Axeman, David Foster is the giant who launched Club Financial Services with one blow from his mighty axe in front of more than 100 franchisees and staff.

Backed by 183 World Axemen championships nearly 170 Australian titles and more than 2,000 first prizes in competitive wood-chopping, David

Foster is the first person in the world sporting history to have won more than 1,000 championships in any sport.

David was about to compete for the first time since coming out of a two-year retirement, David Foster was more than happy to play a pivotal role in the launch of Club Financial Services.

As he said at the opening, "I like dealing with other champions and CFS is just that – a champion for the home buyer and a champion operation.

"I have based my career on the simple philosophy that dreams do come true

and at Club Financial Services you are helping thousands of Australians to make their dreams come true through the purchase of homes."

A legend in his home State of Tasmania, David Foster is the holder of an Order of Australia Medal and the Anzac Medal for services to the community.

His life story has been told on national television in "This is Your Life" and he is a regular participant on TV programs around the nation and internationally.

# First home owner boost welcomed

Club Financial Services welcomed the Federal Government's first-home owners' boost saying it would provide terrific incentive to home-buyers and a much-needed stimulus to the housing industry.

The Government initiative will double the first-time home owner's grant to \$14,000 for a pre-existing home and triple it to \$21,000 for those who construct a new home.

Andrew Clouston, Managing Director of Club Financial Services said he expected the rise in grants would increase confidence in the housing industry and boost demand for new houses, making new homes more accessible to buyers.

"The increase to home owner's grants will provide relief to those struggling to break into the housing market," he said.

"For example, in some states a person could use the grant, together with relevant state stamp duty government grants and concessions, as their deposit to buy a \$300,000 house and land package.

"While normal and prudent lending criteria apply, this represents a fantastic opportunity for those that meet these criteria to get into their own home with no deposit.

"The grant increases, combined with the recent significant interest rate cut, makes buying a home more attractive and affordable.

"It helps turn the home ownership dream back into reality for many Australians."

## Number crunch

As a rule of thumb, rental returns are measured in percentage terms rather than dollar values. So by Australian standards a six to seven percent return is considered good in anyone's book.

To calculate the annual rental return on your property simply work out its annual rent, divide by the value of the property, and then multiply by 100.


### EXAMPLE

Weekly rental return: \$400

Property value: \$300,000

\$20,800 (annual rent) divided by \$300,000 (property value) = 0.069. Times by 100 – annual return is 6.9 per cent.

## Smart investment property funding; know your goals



With rental returns set to soar and interest rates tipped to fall there's never been a better time for investors to explore the property market.

As property price growth has slowed across most markets over the last 12 months we're now in a truly buyers market and that means there are bargains out there for investors.

But to make the most of your property investment the right finance is essential.

The first consideration for prospective investors is your overall strategy, as this will influence how you fund your property. You'll need to consider whether your primary objective is a cash-positive investment from the start or if your main goal is capital growth in the property value over a set period of time.

If generating cashflow is the most important consideration for the

immediate future, you'll need to think about how much of your own money you can afford to put into your investment.

Quite simply the less you borrow, the lower your monthly loan repayments and the greater impact your rental income will have on servicing your loan commitment and even returning a profit.

While positive cashflow is important to some investors, others may be focused on longer term growth in the property value.

In this instance investors are often willing to cover the difference between their rental income and loan repayments themselves.

The term for this approach is negative gearing and while you'll need to find the funds to make up the shortfall each month you'll also be able to claim back any loss made on your

property against your income tax at the financial year end.

Financing investment property is much the same as funding your own home however investors who are looking to maximise their cashflow often opt for an interest only period – usually for the first five years.

By only repaying the interest on your loan you'll minimise the shortfall between your rental income and your mortgage repayments. Then over a period of time by increasing the rental price incrementally it should eventually reach the same level as your repayments, leaving you with a cash-positive investment.

Over the years property has proven a solid investment for many Australians. To ensure your investment is successful make sure you research the market thoroughly, identify your objectives and organise your funding before you set out.



## Help your children break into the property market

The property market is a tough nut to crack for today's first homebuyers, but with a little family backing home ownership may be more affordable than many people realise.

Soaring rents and the rising cost of living have made it tough for would-be buyers to save a deposit for a home loan.

While plenty of young people can afford to service a mortgage, they sometimes struggle to stump up the deposit that most banks require. However with your support you might be able to help your kids realise homeownership sooner – all without dipping into your own savings or liquidating your assets.

By going guarantor you can help your kids make their start in the property market by unlocking the equity in your own home and using it as collateral. The process is surprisingly easy as well – your broker can quickly make the arrangements as long as there's sufficient equity in your home.

Being a guarantor does come with certain responsibilities however, so it's important to go in with your eyes open.

If you choose to go guarantor for your children the lender will hold you responsible for repayments should they go unpaid. It is therefore essential that you look closely at their ability to meet their financial commitments and be confident that they fully understand where their responsibilities lie.

In addition, it is worthwhile noting that you may only have to act as guarantor for the first few years. As your children pay down their loan, or the value of their property increases, you'll be able to withdraw your support – leaving them standing on their own two feet.

A good start in life can make all the difference further down the line and the earlier your children break into the property market the sooner they can look forward to owning their own home. With the right approach and understanding you can help their homeownership dreams become a reality.

### Remember to ask your broker these questions...

- > Under what circumstances would you have to assume responsibility for loan repayments?
- > How much of the loan will you be responsible for?
- > How long will you have to act as the guarantor for the loan?
- > Does the loan have an acceleration clause and would you be responsible for the total amount if the lender required the loan to be repaid in full immediately?

## Set yourself up for retirement

Are you prepared for retirement? It may seem a long way off but it's essential to have a financial strategy in place. Here are our top five tips to help give your nest egg a golden glow.

1. Start now – Most people leave it too late to start a regular savings plan so jump in and start one today. Try and put a little extra away each month in a high interest savings account.
2. Add to your super – Having an extra 10 to 15 per cent of your wage put directly into your super can make a massive difference to your retirement savings – it's also tax-effective.
3. Repay your mortgage – The faster you repay your home loan the more cash flow you'll have to save or invest.
4. Invest in property – Investment property held for the long term is an excellent source of cash flow as well as an appreciating asset.
5. Hunt down lost super – If you've worked more than one job you might have some super funds you're not sure about. Start your super hunt at:  
[www.findmysuper.com.au](http://www.findmysuper.com.au)

# New Web site Launched

# Club

Financial Services

www.clubfs.com.au

**your future  
your freedom  
your club**

**1300clubfs**  
loans@clubfs.com.au

Visit our website to find  
a broker near you  
www.clubfs.com.au



IMPORTANT: The material contained in this Newsletter is merely general commentary and should not be regarded as constituting financial advice nor relied upon in making any financial decision. The circumstances of each particular person vary and you should always seek advice tailored to your particular needs before you make any decision.



Club Financial Services is excited to announce the launch of a new and improved website, with more up to the minute info and faster and easier ways to find what you're looking for.

> Check out our 'Latest news' section on the left hand panel, where we'll keep you posted on up to the minute news at Club, in the financial market and just in general

> Take advantage of our online financial calculators. There are 15 calculators there to help you with everything financial from managing your household budget, to working out how much you can borrow, to seeing how changing your repayments can effect the total amount of your loan.

> Access and manage your Club Financial Services loan accounts (for people with Club Financial Service loan products) through our easy client login section

**Our new web page can be found at [www.clubfs.com.au](http://www.clubfs.com.au)**

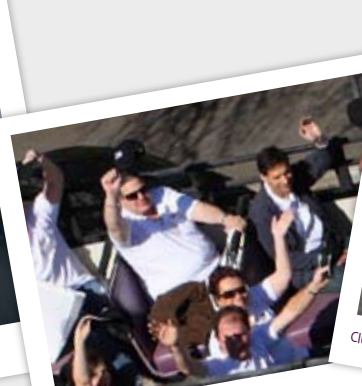
## Club Financial Services is launched



Dave Foster chopping the rope to unveil the new look



Dave Foster and the Club Bus Team



Club Bus



Club Bus

Here are a few more images from our recent National launch.