

hello

Welcome to the Autumn edition of our **Haven** newsletter.

In this edition we investigate the ins and outs of property investing and give you some tips on how to make your bricks and mortar work for you.

We also take a look at some rules to be aware of if you are thinking about lending a hand to the next generation of would-be homeowners - your kids. With lenders tightening their rules, it is important to encourage your children to start laying the foundations for the future long before they want to start laying the foundations on the block.

Did you know that more pets live in Australia than people? It caught us by surprise too! We find out what it is about our furry and feathered friends that holds so much appeal.

We also delve into the mobile phone phenomenon that is the iPhone to see if we can discover what all the fuss is about. There are some interesting facts and stats around this item of desire, so take the time to run your eye over the article on page four.

And finally, don't forget to enter our \$1,000 cash competition. In keeping with the pet theme of this edition, we're in search of photos of people and their pets that look alike! We'll be printing the winners and runners-up in the winter edition, which could make for some entertaining viewing!

Please enjoy this edition of **Haven** and don't forget that if I can be of any help to you or any of your family or friends in need of finance, please give me a call.



**Scott Bradford**  
QSA Financial Services Pty Ltd  
FBL 4648

PO Box 4939  
GCMC QLD 9726  
Tel: 07 5570 4600 | Mob: 0408 758 103 | Fax: 07 5570 4066  
Email: info@qsa.net.au  
Web: [www.qsa.net.au](http://www.qsa.net.au)

**AFG**  
ACCREDITED MEMBER



MUM&DAD  
BANK

**WHY**  
WE LOVE  
OUR PETS

{ win }  
\$1,000  
{ CASH }

Safe *as houses?*

# SAFE AS HOUSES

*Investing in property should still be safe as houses*



Last year's share market slide, tight rental markets in most capital cities and a whiff of increase in property prices are seeing many mum and dad investors retreat to bricks and mortar.

Generally, property in Australia is still considered to be a sound investment due to steady and consistent increases over time.

But it's not a quick win. Property usually has a seven to ten year cycle, with highs, lows and steady stints in between.

Fortunately, an ongoing housing shortage in Australia and a tax system that allows negative gearing on property (where any investment losses can be claimed as tax deductions) continue to favour housing as a solid, long-term investment.

But credit has tightened in the wake of the Global Financial Crisis so lenders are more cautious about who borrows and for what. Your broker is your best ally in finding the right lender and loan for your circumstances in this new environment. They can also wade through the many investment loan options on offer, leaving you more time to find the ideal property.

Here are some tips to help you find the right rental and reap the most rewards.

## Unit or house?

House prices often increase in bigger strides than units, offering more potential for capital gain over time. But a rental home also comes with added responsibilities, including gardens and lawns (and sometimes a pool) to maintain.

A unit or townhouse may not increase in value as quickly, but they are generally easier to maintain and may even be easier to rent for that very reason, depending on location, condition and size.

## Location, location

Of course, you've heard this before. But location can mean different things when it comes to rental properties. Renters are often looking for maximum convenience so consider properties near schools, major shopping centres and public transport.

Spend plenty of time researching target areas, including recent property price movements and future predictions, rental vacancy rates and any proposed infrastructure improvements.

You should also do some scouting as if you were a renter to get a first-hand look at the local market.

## Remove the emotion

One of the worst mistakes you can make with any investment is to buy with your heart instead of your head. Remember, your rental property is not your 'home sweet home'.

A well-presented property is desirable, but think sensible, not swank. Ideally, you want a neutral interior colour scheme, serviceable and resilient flooring and window coverings, a low-maintenance yard and good storage. And if buying an older style unit, look for one with an internal laundry, a garage or car space and few stairs (unless there's a great view to be had higher up, which can add to the property value).

## Don't forget the extras

An investment property requires regular financial commitment beyond the loan repayments. Make sure you have the capacity to cover land and water rates and any maintenance and repair costs. Tenants are entitled to repairs or replacements as quickly as possible under their rental agreement, so you will need to have the means to pay.

Apartments or units also come with body corporate fees, which can run to thousands in some modern complexes with professional landscaping and shared amenities, such as swimming pools.

## Cover your investment

Make sure you take out landlord's insurance. This will cover you for damage caused by a tenant and unpaid rent if a tenant skips out, in addition to other standard risks, such as a house fire or a storm.

If you invest in a strata title property, make sure the body corporate has sufficient building insurance to cover the cost of rebuilding the complex in today's prices. It's often hard to work out what you need to cover versus what the body corporate covers. A good rule of thumb is everything from the wall paint inward is yours and everything outside of that is covered by the body corporate.

## Any interest?

Many property investors take advantage of interest-only loans because interest payments are tax deductible. That means you're taking a punt that the property's value will increase over time, leaving you with a financial gain in the long run.

This is a good strategy for high income earners who are taking advantage of negative gearing. If you choose to positive gear your investment (i.e. generate a profit from the rental income after costs), you might want to consider a principal and interest loan and use the profit to shave off the principal. Just remember, you will pay tax on any income from your investment. Talk to your accountant about your tax situation so your broker can find the right loan.

## Taking ownership

Couples taking advantage of negative gearing should put the investment property mostly or fully in the name of the highest earner to reduce their taxable income. If you need both incomes to be considered in the lending equation, speak with your broker to get the right advice on the best ownership equation for your circumstances.

## Appreciate depreciation

The ATO will give you a discount off your tax bill for wear and tear on property. It's known as depreciation, and can be a very handy windfall for investors, especially if you buy a new property.

The formula is quite complex and depends on the age of your property, building materials and the various fittings. That's where a professional quantity surveyor comes in. For a fee (often around \$600), they'll assess the property and complete a Tax Depreciation Schedule, which your accountant will incorporate in your tax return.

## Manage your investment

Managing a property takes time and energy. If you don't have much to spare of either, you should get a professional property manager to advertise the rental, screen and select tenants, collect and pay the rent, co-ordinate repairs and maintenance, provide condition reports and manage any disputes. Ask other local landlords for referrals for reputable managers.

You should also conduct twice-yearly inspections yourself. Any associated costs, including travel and accommodation, are tax deductible.

If you decide to self-manage, you will need to be well-versed on tenancy laws and prepared to organise repairs, including those that arise after hours.



## how much is that DOGGIE IN THE WINDOW?

*"Animals are such agreeable friends - they ask no questions, they pass no criticisms." ~ George Elliot*

With 63% of Australian households owning an animal, we have one of the highest levels of pet ownership in the world. More pets live in this country than people and we spend more than \$4 billion on them each year. So why is it we are a nation of pet lovers?

A 2007 Deakin University study considered the concept of 'biophilia' – the need for humans to have contact with nature – as one explanation for our penchant for pets. The study re-enforced the benefits of this contact, including stress reduction, mood improvement, more physical activity, constant companionship and increased social connections.

Children are usually interested in animals from the moment they see them. A pet can be a child's playmate and confidante. It can also help the development of their emotional intelligence by teaching them how to care for another living creature. Kids with pets can also learn important life values like sympathy, discipline, patience and responsibility.

Research indicates there are physical benefits too. Children exposed to a cat or dog in the first few years of their life tend to have a lower incidence of asthma-related allergies and more robust immune systems. There's also extra physical activity through playing with the pet and, if it's a dog, from regular walks.

Pets can also play an important role at the other end of the ageing spectrum. An elderly person with a pet is likely to feel less lonely and isolated and more active and needed. This is particularly true for seniors living alone. In a study of elderly people who had recently lost a partner, those with a strong attachment to a pet were less depressed.

Regardless of our reasons for having a pet – be it feathered, furred or scaled – both children and adults can benefit from the responsibility of caring for an unconditional companion.

Like the idea of a pet joining your family but not sure which type to choose? Check out the handy selection tool at [www.petnet.com.au/](http://www.petnet.com.au/) selectapet which makes suggestions based on your situation.

Sources: [www.anthrozoology.org](http://www.anthrozoology.org) and [www.petnet.com.au](http://www.petnet.com.au)



## LIGHTEN UP

Taking inspiration from the orchid, Melbourne designer Alex Earl uses powder-coated steel and polypropylene in the creation of this luminescent light shade. In pendant, floor or table lamp form, it can be custom made to any size.

VISIT [www.alexearl.com.au](http://www.alexearl.com.au)



## MAKING FACES

Tired of nagging your kids about playing with their food? Here is a plate that will encourage them to eat their dinner. No more pushing peas aimlessly around the plate, now they can do it with purpose! How much more fun broccoli will be when it's growing out of someone's ears! The ceramic Food Face turns child plates into child's play, nourishing their artistic side as well as their bodies. Take the 'don't' out of making faces at the table.

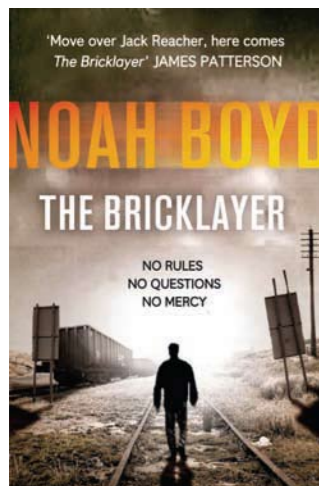
VISIT [www.latestbuy.com.au](http://www.latestbuy.com.au)



## SWEET CHOPS

Born out of a love of cupcakes and a passion for pooches, this range of gourmet dog treats is the ultimate indulgence for your four legged friend. With names like Terrier Tarts, Lollipups and Melting Mutt Moments, you'll find them as difficult to resist as Fido will! Made with canine-friendly ingredients such as fruit and peanut butter, they are all handmade and contain no added salt or sugar and are free of artificial colours, flavours and preservatives. Each recipe is tested by Sweet Chops in-house taste tester Noogie, to ensure it meets his high standards.

VISIT [www.sweetchops.com.au](http://www.sweetchops.com.au)



## The Bricklayer

Author Noah Boyd is a former FBI agent who brings his personal experience to this dazzling thriller. Central character Steve Vail is enticed back to the bureau for one job only. He isn't an easy person to have on staff, he despises authority and doesn't do rules. But the FBI need him, because someone is killing their agents and it looks like it's one of their own. Fast paced and intense with drama, Steve Vail looks set to be American literature's new hero.

HarperCollins RRP \$32.99



## you are the APPLE of my eye

The Apple iPhone has rocked the world mobile market, leaving its competition scampering to catch up. But why is it that the iPhone is so hot right now?

Introduced in 2007, the iPhone has become one of the most talked about consumer products ever released. That same year, Time magazine named it the invention of the Year. The hype surrounding its release was immense and it hasn't gone away. The iPhone is many things: a mobile phone, email facility, web browser, iPod, camera and organiser all in one. And perhaps unsurprisingly it has become something more than that: a super cool status symbol. By the last quarter of 2009, almost 34 million iPhones had been sold worldwide, making Apple's estimated US\$150 million development investment a very wise decision indeed. No one can deny that we live in an era of the media gadget, and thanks to clever marketing and a unique point of difference, Apple currently find themselves the king of the gadget kingdom.

From the palm of your hand you can phone a friend, check your Facebook, watch a YouTube clip, browse the Internet, take a photo, find out where you're at and where you're going, be reminded of a friend's birthday, use email, listen to 1,000s of songs and make a video. But with many other mobile handsets on the market offering similar features, there is something else that sets the iPhone apart from its competitors.

Welcome to the iTunes App Store - an Apple service that lets users download applications (apps) from the iTunes store. These apps are third-party software programs developed specifically for the iPhone by independent developers. And it's a virtual gold mine! Many of these developers are becoming multimillionaires in a very short time. Every week people from around the world are making 1,000s of new apps and either selling them or listing them for free on the App Store. Costs vary, but they are generally around the \$2 mark, which makes them both affordable and saleable. In January of this year the three billionth app was downloaded from the App Store. There are about 135,000 apps available, with 70% of the selling price going to the seller and 30% retained by Apple. Apps can be educational, practical or purely for entertainment purposes. The iPhone arrives already stocked with a full page of apps (the icons in the picture to the right are the apps), and the App Store is where you search for and download more of them directly onto the phone. Apps available (and those still to be thought of!) are limited only by the imagination.

## SOME APPS TOO GOOD TO RESIST

### BUMP

Had one too many drinks at the pub? Finding it next to impossible to key in the phone number of the girl you've been chatting up for the past hour? The Bump app allows you to bump each others iPhones together and an immediate phone number exchange takes place.

### PHONE AID

An app that gives you instant information on what to do in the case of a first aid emergency. The scenarios include both audio and picture instructions. Need to know how to resuscitate someone that's stopped breathing? Open this app and follow the instructions in real-time from the audio and visuals.

### BILLS - ON YOUR TABLE

Have trouble keeping on top of your bill-paying schedule? This app lets you input billing information for a number of product categories, and then alerts you when they are due to be paid.

### BROADERSHEET

An intelligent news service (based on customisation) that learns what you like and hate. Over time, it aims to only give you news articles that you want to read.

### TOUCH DJ

Channel your inner DJ. A two-deck interface and the ability to mix two MP3 tracks simultaneously means you'll soon be spinning tunes with the best of them!

### SLEEP CYCLE ALARM CLOCK

This app uses the iPhone's accelerometer to detect your sleep cycles by analysing your movement through the night. Apparently there is a period when it is natural for the body to wake, and there are periods when if woken, important parts of your sleep cycle are missed. You set the alarm time you want to wake up, and it uses the collected information to calculate the ideal time to wake you (in the 30 minutes up to the alarm time) based on your body movements.

### SHAZAM

You hear a song playing on the radio and don't know the name and artist? Hold your iPhone up, turn on the Shazam app and it will tell you.

### RUNPEE MOBILE

You're at the cinema and desperately need to visit the loo, but you don't want to miss the best part of the movie. The RunPee app has a timer that lets you know when it's safe to take a break, and gives you a summary of what you missed when you get back. All new release movies are listed.

### IMPRESS

A painting app that helps you turn any photo into a painting. Unleash the artist within!

### VIDEO COCKTAILS

Like having a cocktailologist give you a step-by-step tutorial at home. Use the ingredients list to shop for the ingredients, then watch a streaming demonstration video or read the preparation instructions step-by-step. Also allows you to select how many people will be partaking and adjusts the portions of ingredients to suit.

### FLIGHTTRACK PRO

An app that allows you to track airline flights worldwide in real time and real location. Interested in seeing exactly where Aunt Ethel is as she flies across the globe to visit you? This app will show you.

So get those fingertips warmed up, how did you ever live without a device that figures out when to wake you up? Now if only someone would invent an app that tells next door's dog to stop barking...



## WIN \$1,000 CASH

Is it an accident that Paris Hilton's pet dogs are petite, pale haired and well groomed? It is frequently said that people tend to choose a dog that bears some resemblance to them. Here at Haven we'd like to see if we can add some support to the theory!

**How to enter:** if you have a pet that looks like you, email us a photo of the two of you together for the chance to win \$1,000.

The photo of the winner (and some honourable mentions) will be printed in the next edition of Haven, so a condition of entry is that you are happy to have your photo featured. Please note that the image must be a minimum size of 500kb and no larger than 4MB.

**Email the photo to:** havencompetitions@afgonline.com.au including your name, address, email address and daytime telephone number.

**Dates:** competition opens on March 1, 2010 and closes on May 3, 2010.

**The winner will be drawn on:** May 4, 2010 and notified by telephone.

**Terms & conditions:** email havencompetitions@afgonline.com.au to request competition terms and conditions.



## Websites we love

[www.whathifi.com](http://www.whathifi.com)

In the market for a new plasma? Check out the site that lays claim to being the world's leading independent guide to home entertainment products. They test every product on the market to help you select the best option to fit your lifestyle and budget.

[www.etsy.com](http://www.etsy.com)

Etsy is a personality-plus online market place for buying and selling handmade products. With more than 450,000 items listed (which originate from every corner of the globe), the Etsy mission is to enable people to make a living making things. It's your 24/7 one stop shop if you're in gift buying mode, but be careful - if you like to shop it can become addictive! If you dare, sign up to their newsletter for daily temptations straight into your inbox.

[www.148apps.com](http://www.148apps.com)

Launched shortly after the iTunes App Store launched, this site provides the best in iPhone apps through reviews and latest news sections. Let 148Apps.com sort through the best of the best for you.

[www.poolga.com](http://www.poolga.com)

Free iPhone wallpapers created by a selection of designers and illustrators from around the world.

## Is that so?

- 1 The average person walks the equivalent of twice around the world in a lifetime.
- 2 The length from your wrist to your elbow is the same as the length of your foot.
- 3 Your heart beats 101,000 times a day. During your lifetime it will beat about three billion times and pump about 400 million litres of blood.
- 4 Your mouth produces a litre of saliva each day.
- 5 On average, you breathe 23,000 breaths each day.
- 6 You'll drink about 75,000 litres of water in your lifetime.
- 7 On average, you blink 15,000 times a day. Women blink twice as much as men.
- 8 Fingernails grow nearly four times faster than toenails.
- 9 Your middle fingernail grows the fastest.
- 10 About 13% of people are left-handed.

From [www.didyouknow.org](http://www.didyouknow.org)

## HAVEN ANSWERS

In the last edition of *Haven*, we ran a competition asking what you could do with \$1,000. We promised to list some of the responses in this edition. Here are just a few of the many we received. Thank you to everyone that entered.

### THE WINNER

**Congratulations Susan, who has won a \$1,000 eASYSaver account from AMP Banking for her winning answer.**

Give half to my baby girl and half to sponsor a baby from Haiti to teach my daughter the lessons of charity and money management.

### HONOURABLE MENTIONS FOR MAKING US LAUGH

- If I won \$1,000 I would spend most of it on drinking, womanising and gambling... the remainder I would probably waste.  
**Craig**
- If I had \$1,000, I'd put it all on red... or was that black? Hmmmm, I'd better just play it safe and buy AMP Shares!  
**Nick**



# THE MUM & DAD BANK

### Hand up or hand out?

Somebody once said you can't put an old head on young shoulders. And, as many parents know, this often rings true when it comes to money matters.

But in this new era of tightened lending, parents are being called on for their age and wisdom – and possibly their credit rating and bank balance – to help the next generation get on their feet financially.

Here are some ways you can give the young people in your life a leg up.

### Savings grace

A year is a long time in the finance markets. Not that long ago lenders had very loose purse strings and were eager to lend first home buyers 100 per cent of the costs for their property. Not so, any more.

In an era of new-found restraint, most banks and credit unions now require a deposit of at least five per cent.

No problem, we hear first home buyers saying. We'll grab our First Home Owners Grant (FHOG), top it up with some borrowings from mum and dad and voila, we have a deposit.

Think again. Most lenders now require proof of a savings track record before they will consider market entrants for a loan. While this may seem a tad harsh to young punters, it's a case of being cruel to be kind. In a bid to steer right away from the US credit debacle, Australian lenders have taken the view that borrowers who have had to knuckle down and save for a home deposit will work harder to budget and make their loan repayments than those who have skipped on in without a cent down. In other words, savers are seen as a better loan risk.

Most banks now require a minimum three months' proof of savings. If you're a parent wanting to help your kids get a toe-hold in the property market, help them set up a budget and save. You should also urge them to talk to a broker now about what sort of deposit they think they can save, what hurdles they need to clear for approval and how much they can afford to borrow.



### The Mum and Dad bank

If you're fortunate enough to be able to give or lend your child some or all of the deposit for their first home, the new proof of savings rule still applies. Talk to your broker about the various loan options and rules. You can still be a deposit shortcut but your child will need to show evidence of on-going ability to make payments.

If you're asset rich but cash poor, you might consider dipping into the equity of your own home or investment property to fund your kids' deposit. This is a big decision that requires immense trust on your part because you're risking part of your asset. Often, the loan is repaid to parents a few years down the track when the first home has increased in value and a loan taken on this equity. Make sure you get legal and tax advice before you commit and talk to your broker to find the best loan for the situation.

### Lend a hand with LMI

Once a first home buyer has scraped together a deposit, demonstrated their genuine savings and been given the green light for a loan, there is still the hurdle of lenders mortgage insurance (LMI).

LMI is paid for by the borrower, but is protection for the lender should the loan default and its value is greater than that of the property. Generally, lenders require LMI to be taken out if the loan exceeds more than 80 per cent of the property value. Unless first buyers are super savers or have had a windfall (which must still comply with the new savings rules) a 20 per cent deposit is often out of reach.

But LMI is not cheap and is often charged as a one-off premium. For example, \$280,000 borrowed against a \$300,000 property is likely to command an LMI charge of more than \$4,000.

If in financial shape themselves, parents might offer to cover this cost as a gift or a loan to ease the squeeze on their kids.



## Chocolate bread & butter pudding

- 3 tablespoons sultanas
- 100grams dark eating chocolate (such as 70% Lindt) – broken into chunks
- ¼ cup liquor (such as brandy, Cointreau or Grand Mariner)
- 2 cups pouring cream
- 1 teaspoon vanilla essence
- 4 eggs
- 1 cup white sugar
- 1 loaf/box of panettone (Italian Christmas bread) or if not available, brioche
- Butter

### METHOD

Soak the sultanas in the liquor for at least one hour.

Heat the milk, cream, liquor (from the sultanas) and vanilla essence in a saucepan until boiling point, then remove from heat.

Beat eggs and sugar until light and fluffy, pour the milk mixture into the egg/sugar mixture, stirring as you pour.

Slice the panettone/brioche and butter each piece generously on both sides. Layer them into a baking dish with the sultanas and chocolate pieces scattered between the slices.

Pour over the milk mixture.

Bake at 180°C for 30 minutes (or until set).

*Individual small ramekins can also be used if you want extra special presentation for a dinner party.*