



NEGOTIATOR eNEWS

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“The best way to predict the future is to create it” – Unknown

Welcome to the May issue of Negotiator eNews – the free newsletter with Tips, Strategies, Articles and News related to Wealth Creation.

Interest Rate News

Another month of relief, with the Reserve Bank deciding to leave rates on hold.

While there has still been some pressure on rates as inflation has continued to grow at higher than expected rates, the reserve believes the past rate increases are starting to have the desired effect and slow consumer spending, so they are taking a view of ‘Wait and See’. Hopefully we have seen the last of rises for some time but as always there are no guarantees and it is still possible we will see another rise yet.

It will be some time however, before rates start to drop and the general consensus is that it will be 12 to 18 months before this could possibly happen.

Feature Article

Buying a Property

At the moment it is a buyer’s market out there. It is easier to negotiate and purchase a good buy. Here are some guidelines when looking for a property for yourself or as an investment.

--- Get Your Finances In Order

The first rule is to have a clear credit rating by having no defaults or late payments on any bills or financial commitments. You should know exactly what your credit report says about your financial history. The report plays an important role in the mortgage approval process and in determining the interest rate and other loan terms that a lender offers you. You can request a copy of your credit file for free. If you require more information on this, email the Negotiator at gregg@negotiator.com.au

--- Do Your Research

Research the areas so you get to know the prices around that area until you know what a good buy is. Put yourself on real estate agents’ databases so they inform you before properties are advertised.

--- Find Out How Much You Can Afford To Spend

I can work out how much you can comfortably afford so you can search for properties in the correct price range. Different banks have different lending stipulations so the borrowing capacity will vary with each lender.

--- Finding A Lender

I'll find you a bank with good borrowing capacity, flexible lending products with a competitive interest rate.

--- The Buying Process

You've found the property – negotiated a good deal and the final offer is accepted so you then pay a deposit which can vary.

Rule of thumb - Usually it's good to have 4 weeks subject to finance and then another 4 weeks to settlement after that. This gives you plenty of time with the processing of the application for finance in case there are any unforeseen circumstances that arise.

Selecting a good settlement agent is vitally important and should be a key person on your investment team. If you require a good settlement agent, give the Negotiator a call on **0411 233 293**.

--- Final Inspection

Inspect the property before you settle – check all power points and light switches, all electrical appliances, plumbing fixtures and fittings that they are in working order.

Ask The Negotiator

Email gregg@negotiator.com.au if you have any topics you would like to see in future newsletters.

Helpful Product/Tips

2008 Tax Planning

With the end of the financial year fast approaching, the following brief strategies might be useful for you to do something about reducing the amount of tax that you pay:

- Carry out all maintenance on your properties to improve their appearance and value. By doing so, you may be able to ask for a higher rent or have the property revalued so that you can use this increased equity towards buying another property and claim the expenses as a tax deduction.
- If you are a PAYG earner with investment properties, make sure you do your tax variation with your accountant before the end of the financial year.
- Pay for the insurance, body corporate fees, council rates and other costs before the end of June to bring forward tax deductions into this financial year.
- Ensure that you have a Quantity Surveyor's report identifying legitimate depreciation claims for every investment property. You can contact the Negotiator on **0411 233 293** for the Depreciation Specialist I use.
- Ensure you have kept all receipts as well as a travel logbook.

- If you have made Capital Gains during the year and you have shares or other assets that have lost money, you might like to consider selling those shares before the end of June to crystallize the loss.
- When making donations to a favourite charity, make it in the name of the highest income earner.
- Review your personal spending during the last year to see if anything can be claimed as a tax deduction.
- Review the structures that you might need in the coming year such as trusts or self managed superannuation funds and set them up now in readiness.

Income and Capital Growth

The major rules when it comes to investing in properties are a good rental return and buying properties in good locations for future capital growth.

Long Term vs Short Term

What time frame should you have in mind when buying an investment property? Generally, you should consider real estate to be a long term investment, where growth is more stable. Because of the miracles of compound capital growth, the biggest increases in property values happen over time. If a property is worth \$400,000 today and it is growing 8% per annum, in 10 years time the property would have more than doubled in value (around \$860,000). But if you waited just another 10 years the property would be worth over \$1million more (around \$1,860,000). Compound growth is a wonderful thing.

Joke Of The Month

The Pheasant And The Bull

A pheasant was standing in a field chatting to a bull. "I would love to be able to get to the top of yonder tree", sighed the pheasant, "but I haven't got the energy."

"Well, why don't you nibble on some of my droppings?" replied the bull. "They're packed with nutrients."

The pheasant pecked at a lump of dung and found that it actually gave him enough strength to reach the first branch of the tree.

The next day, after eating some more dung, he reached the second branch. And so on.

Finally, after a fourth night, there he was proudly perched at the top of the tree. Whereupon he was spotted by a farmer who dashed into the farmhouse, emerged with a shotgun, and shot the pheasant right out of the tree.

Moral of the Story: Bullshit might get you to the top, but it won't keep you there.

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