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Home Loans - Hassle Free

NEGOTIATOR eNEWS

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"The mediocre teacher tells. The good teacher explains. The superior teacher demonstrates. The great teacher inspires" – William Arthur Ward

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

Interest Rate News

Another month goes by and the Reserve Bank has lifted the official interest rate by 25 basis points - marking the fourth time in a row it has altered rates on Melbourne Cup day. The market had expected this decision as the economy continued upon its road to recovery.

I know it is hard to mentally accept, but this is actually good news for the economy in general. As I said last month rates simply could not remain at the extremely low levels they have been at. Overall if we look back, only around 12 to 18 months, rates were 8 to 9%. Still way above where they are today so in comparison we are still in a very good position. If rates were kept at recent lows for too long we would all pay in the end with rates having to be moved much higher to rein in an economy that would be over stimulated. By raising rates now the RBA hopes to keep rates in check over a much longer period and avoid rates going too high.

It seems the world is slowly coming out of the financial crisis it has been in over the last couple of years and Australia seems to have weathered the storm better than most. Hopefully you have been able to take advantage of the recently low rates to build up your buffer funds in your offset accounts. Remember that any extra savings you have in your offset account will save on interest payments on your home loan.

The question on everyone's lips seems to be 'How high will rates go?'. While I do not have a crystal ball, the general consensus from the majority of economists I hear is that we could see a rise of around 1 to 1.5% in total over the next year or so which would take standard variable rates into the low to mid 7% range. This is still a very good rate in reality. Really however, only time will tell and a lot will depend on how well the world economy is really recovering.

Feature Article

How Much Do You Need To Retire?

The following is an interesting article I read which makes some good points about retirement.

A recent Association of Superannuation Funds of Australia (ASFA) report, estimating the weekly and annual household expenditure for an adequate and a comfortable retirement suggests the following:-

• For a "modest" lifestyle, a single person retiring now would need $363 per week ($18,900 per year), whilst a couple would need $509 per week, or $26,500 per year.

• For a "comfortable" lifestyle, a single retiree would need $702 per week ($36,600 per year), whilst a couple would need $939 per week ($48,900 per year).

Modest or comfortable lifestyles may vary, but the figures give an idea of what you need to spend each year. Financial planners often use the guideline that you’ll need 60–70 per cent of your pre-retirement income, each year, in order to be comfortable in retirement.

A mistake people make is thinking that their cost of living will dramatically reduce when they retire. Some feel that 60-70 per cent of pre-retirement income isn’t enough and you should aim for a retirement income that’s equal to the after-tax income you earned before retirement.
For instance, a couple with salaries of $50,000 and $75,000 will take home about $98,000 after tax, so that’s about the level of income they should aim for. A lump sum of about $2 million would be needed to generate this level of income.

Property is a great vehicle for building your wealth to generate the above funds for retirement.

Ask The Negotiator

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

Helpful Product/Tips

Tips For Future Financial Freedom

- Investment properties are one of the best vehicles for building your wealth over a lifetime. Choose a property that will have the highest potential for capital growth and allow time for compounding to happen. Look for good properties in sought after areas that have a track record of capital growth and where capital growth has been forecasted to continue.

- Set a goal and with thorough research, good planning and tight budgeting, do whatever it takes to achieve it. Know your limits and stick to your guns.

- Look for opportunities that are good value for money. Don't allow yourself to be influenced by those who don't understand, don't believe in your investment strategies or have no interest in property or investing.

- Form good working relationships with people who are specialists in their fields. This includes a mortgage broker/financial adviser (The Negotiator) accountant, settlement agent (ask me for details about this one) and property managers. Get expert advice – surround yourself with a team of trustworthy and knowledgeable people with a long track record in the property investment industry, preferably with academic qualifications and real life results.

- Speak with me to ensure you have sufficient borrowing capacity and deposit to be able to afford the investment that you have in mind.

- Determine how much money you will need to maintain your standard of living when you reach financial independence. Remember to allow for inflation.

- Understand the property cycle and how it affects property values. At the moment, we are coming off the bottom of the property cycle. I'm finding lately that a lot of real estate agents have a short supply of good stock.

- Once a decision is made, act quickly and with confidence as not to miss out on a good buy.

Joke Of The Month

My Wife Is Missing

The man approached the very beautiful woman in the large supermarket and asked, "You know, I've lost my wife here in the supermarket. Can you talk to me for a couple of minutes?"

"Why?"

"Because every time I talk to a beautiful woman my wife appears out of nowhere."

If you found this newsletter helpful, why not forward this email to a friend or colleague.

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