



# TotalCHOICE

## home loans

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With a few weeks to go until June 30, it's time to get your finances in order before the end of the tax year.

If you are a property investor, you may be eagerly awaiting tax time for a refund on expenses spent throughout the year. Our page 2 article outlines ways property investors can slash their tax bills with simple strategies like knowing the difference between a repair and a capital improvement.

When selling an investment property, be sure to claim a tax deduction on costs like stamp duty, loan establishment fees, mortgage broker fees and costs

associated with filing mortgage documents.

Turn to page 3 to find out the top six things not to do when selling your property. If you decide this year is not the right time to sell, rest assured that hanging on to your property is a great wealth creation strategy – refer to the article below.

Enjoy this newsletter and feel free to pass it on to family and friends.



**STUDIES SHOW THAT PROPERTIES MAKE MONEY**



**DON'T DO THESE 6 THINGS WHEN SELLING YOUR PROPERTY**



**HOW TO SLASH YOUR TAX BILL**



**NO SMALL CHANGE**

# Studies show that Properties Make Money

If there's any doubt in your mind about the value of property as a creator of wealth, new research from CoreLogic RP Data has found that you can't go past property when looking for a profitable long term investment.

Researchers used an automated valuation process to obtain current property valuation estimates, and from there calculated equity levels for homes around the country.

The results clearly showed that in Australia, the average property is now worth almost double the amount of debt against it. This means property owners in either city or regional areas

with a mortgage have accumulated 48.4% equity in their properties on average, which is the equivalent of \$242,642.

New South Wales and Victoria have the highest average level of home equity at 56.6% and 49.3% respectively. The ACT came next at 42.8%, Queensland at 39.9% and South Australia at 39.4%.

Even the lowest equity level, in Tasmania, was still an impressive 32.7%, worth \$95,427.

The research confirms what many property investors have long believed, that property is a solid basis for any wealth creation strategy.



To find out more about your property's potential, give us a call. We can help you work out how to access and use your property's equity to expand your property portfolio or pursue your financial goals.



Total Choice Home Loans is a Full Member of the MFAA the peak industry association which provides a code of conduct and ongoing professional development for its members. We are committed to keeping up to date with all the latest finance developments and innovations to ensure you get the best product and service everytime you contact us.

# DON'T do these 6 things when Selling your Property



If selling your property was an exam, scoring 100 per cent would bring the reward of less stress and more money. Here's a cheat sheet of mistakes to avoid in order to pass your exam with flying colours!

## 1. DON'T WRONGLY PRICE YOUR PROPERTY

Over-pricing or under-pricing is a common mistake that occurs when property owners fail to do sufficient research about what buyers are looking for and what they are expecting to pay. Look at comparable sales in your area and use this data when you are discussing prices with your real estate agent.

## 2. DON'T LEAVE YOUR HOME UNTIDY

Mess, dirt and clutter turns buyers off because it makes it harder for them to envisage themselves living in the property. Remove junk, personal items and family photos off countertops, shelves and walls.

## 3. DON'T SPEND TOO MUCH ON RENOVATIONS

While a coat of paint or re-carpeting can help improve the value of your property, it's never a good idea to spend considerable money on a major renovation that you may never get a return on. Ways you can improve the presentation of your property without spending a lot of money include de-cluttering, cleaning windows, re-grouting bathroom tiles, adding plants to an outdoor space, fitting a new benchtop or splashback in the kitchen, installing new taps or a decorative light fitting in the bathroom.

## 4. DON'T HIDE PROBLEMS

When you cover up a problem rather than fix it, the risk is that when the buyer finds out, they will quickly become suspicious about other problems the house might have. Your best strategy is to either repair problems properly or declare them outright.

## 5. DON'T SELL YOUR HOME EMPTY

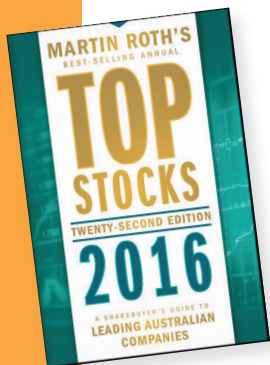
Homes devoid of furniture often look smaller and less appealing. It's hard for potential buyers to imagine themselves living in an empty home or their furniture fitting into the space. Professionally styling your home for sale (also known as property staging) is a great option to consider, with anecdotal evidence suggesting it can help sell your property faster and for a better price.

## 6. DON'T GET EMOTIONALLY INVOLVED

Thinking with your heart, not your head, can often lead to hasty decisions when selling. It is important to detach yourself emotionally and start viewing your home as though you were a potential buyer. Choose an experienced and reputable real estate agent and be prepared to take their advice on board and allow them to lead negotiations with potential buyers.

CONTACT US TO FIND OUT WHAT LENDING OPTIONS EXIST TO HELP GUIDE YOUR WAY THROUGH THE PROCESS OF BUYING AND SELLING.

## Book Review



## Top Stocks 2016 Martin Roth

Top Stocks 2016 is the definitive guide to Australia's best stock exchange picks. Internationally-renown financial journalist Martin Roth once again applies his rigorous analysis and stringent selection criteria to show you which public companies offer the best low-risk, long-term value for your money, regardless of your portfolio size. With clear organisation and easy-to-read formatting, this guide looks beyond share prices and cuts through the hype to assess every company on profitability, debt levels, and dividends. Over 100 tables provide guidance at a glance, so you can quickly assess any possible investment and make the best decision for your finances. Starting with the All Ordinaries index and carving out the fat, this invaluable guide distills a concise selection of premium companies across market sectors.

Now in its 22nd edition, this book is Australia's bestselling sharemarket guide because Roth's methods have stood the test of time and weathered several stock market cycles. Why let another year go by without reaping the benefits of proven expert analysis? It's time you claimed your share.



# How to Slash your Tax Bill

**W**ith some research, preparation and expert advice, smart property investors can turn an ordinary tax return into one that will help kick off the new financial year with a smile.

## **Claim every allowable expense**

There are around 20 expenses you can claim as tax deductions, including interest on loans, advertising for tenants, phone calls, cleaning, body corporate fees, legal fees and water charges. Refer to the Australian Taxation Office website for a detailed list.

You can only claim deductions for the period during the year that the property is rented or available for rent. If the total borrowing expenses are \$100 or less, you can claim a full deduction in the income year they are incurred.

It's difficult to remember every expense you incurred over a year if you don't keep accurate records. Detailing your income and expenses as they happen rather than waiting until year end will save considerable time and hassle at tax time.

## **Take advantage of immediate write-offs**

Items bought for your property that cost \$300 or less can be claimed as an immediate tax deduction. This isn't the case if the item is part of a set that costs more than \$300 (e.g., set of four chairs).

## **Understand low value pooling**

Depreciating assets valued at less than \$1,000 can be grouped into a single low value pool and depreciated together. This means you only need to do one annual calculation for the depreciation of all the assets in the pool.

For any other assets, you work out the depreciation using the asset's effective life. For example, an oven worth \$1,500 can be used for 14 years, so you could claim a deduction of \$107 per year for 14 years.

## **Seek expert advice on depreciation**

Residential rental properties built after 17 July 1985 are eligible for depreciation on construction costs, as are some properties built before this date that meet certain



## Did you know?

**As a property investor, you can claim all these home loan borrowing expenses:**

- stamp duty charged on the mortgage
- loan establishment fees
- title search fees charged by your lender
- costs (including solicitors' fees) for preparing and filing mortgage documents
- mortgage broker fees
- fees for a valuation required for loan approval
- lender's mortgage insurance

criteria. As the rules and conditions can be confusing, it's well worth seeking the advice of a quantity surveyor who can draw up a depreciation schedule.

## **Know the difference between repairs and capital improvements**

The expenses of repairs/maintenance can be claimed back straight away, but capital improvements have to be depreciated over a number of years. For example, you can claim an immediate deduction for the cost of replacing part of a fence damaged by a fallen tree, but not if you replace the whole fence because it is old. The new fence would be categorised as an improvement, which you can normally claim at 2.5% a year for 40 years from the date construction was completed.

# No Small Change



Cash is on its way out as Australia continues to embrace the use of electronic payments.

According to the Reserve Bank of Australia, cash dropped from 70% to 47% of transactions from 2007 to 2013. The demand for coins has declined by a quarter in the last three years and almost 70% of credit card transactions are now 'tap and go'.

## Mobile payments

This year's launch of mobile payment services like Android Pay and Samsung Pay is an indication of our increasing appetite for cashless options.

Mobile payment gives you the ability to pay for purchases by tapping your phone over the terminal in the same way you would tap your card at the point of sale. You need a card-linked mobile phone and authentication is achieved using either your fingerprint or a one-time use code.

## Sweden rejects cash

Sweden is another country well on its way to becoming a cashless society. Cash is no longer available at several major banks and it is commonplace to use your phone to make the smallest of purchases. Even people selling newspapers on the street use wireless card readers to accept credit card payments.

## Is it safe?

The safety and security of money is a common concern associated with internet and digital payments. New technologies continue to up the ante against fraud, and consumers should always use safeguards when paying electronically. These include: before entering payment details on a website, ensure there is a padlock symbol in the browser window frame; log out of sites that you have logged in rather than just closing the browser; and ensure you have updated antivirus/antispyware software running before you go online.

## A healthier alternative

Apart from saving time and effort, researchers have found another compelling reason to go cashless – it may benefit your health! A study conducted by the Wright Patterson Medical Centre in America studied 68 bank notes and found that 87% of them were contaminated with bacteria that could cause an infection in anyone with a compromised immune system.



## Profile

Total Choice Home Loans was founded by Jonathan Oxlade (B.Bus Finance) in 2005 who, with many years finance and industry experience is able to assist all types of clients.

Our service offering is one of a relationship looking at your overall financial situation not just a one off transaction. In conjunction with Integro Financial Consulting and referral to a highly qualified Financial Planner, our business offers clients a full range of financial services and assistance, including Property Investment advice, Wealth protection and Asset protection, Superannuation, Retirement planning.

We aim to offer a long term, value for money, quality service, with hassle free finance solutions while being at all times professional and caring in our dealings with clients and business partners.

Jonathan Oxlade and Total Choice Home Loans are licensed by ASIC credit licence 385844.

Total Choice Home Loans is a proud sponsor of World Vision, whose aim is to help change the lives of children, families and communities in desperate need.



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