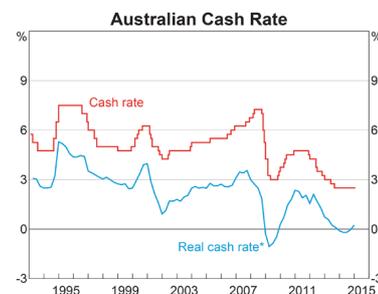




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HIGHLIGHTS

Testimonials
Home Interest Rates Are Down But Meeting The Criteria is Still A Tough Process
Family Trusts
Commercial / Life Insurance
Purchasing a Property Off The Plan
Tax Rates 2014-2015
Helping the Community
Professional Services



Finance for homes now one of the lowest in 60 years

TESTIMONIALS

Arun Marappan, Nando's Franchisee

What was important to you in choosing a broker to assist you with finance for your recent Franchise Purchase?

I recently purchased a Nando's Franchise and it was vital to me that I engaged a Finance Broker who was conversant with commercial lenders in the franchise lending arena. Also, it was important to me to ensure that the right package was obtained based on my financial position and requirement, and present it in the best possible way to banks, so they can make a decision in my favour.

How did you find out about Paul Flakus?

I was referred to Paul by a business broker from Franchise Brokers, Bernie Carroll.

How would you describe the experience of dealing with Paul and getting finance organised?

Very professional, well informed, no hassle, always there. Paul understood the franchise system and was extremely involved in the entire finance process. His constant engagement with the lender ensured that my financial requirements were obtained.

If you had to choose 3 reasons why you would recommend Paul to others - what would they be?

- He was there at the start and helped me till the very end of the long process
- Available to talk at anytime
- Keeps you informed all the way through the process, whether difficult or not

If you are looking for a finance broker with extensive and proven experience in the franchise industry who can help you make sense of the unique features and intricacies in the field, contact Paul today on (03) 9598 9222.

HOME LOAN INTEREST RATES ARE DOWN BUT MEETING THE CRITERIA IS STILL A TOUGH PROCESS

With all residential lenders (big banks, 2nd tier lenders, and mutuals), the current low interest rates for home loans have become very enticing for first home owners, investors and customers wishing to refinance for a "better deal".

Over the past few years, the market has seen the growth of new banks, non-banks, mortgage managers and finance brokers who have all taken the hassle out of the home loan lending process. Lenders have also fashioned various loans with all the creative "bells and whistles" to better compete and fulfill market requirements. In essence, the most valuable loan feature has not really changed, and that is the flexibility to pay more off your loan.

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FAMILY TRUSTS

Discover the peace of mind that a trust can offer

Many people decide to establish a Family Trust primarily because they want to minimise their tax. While this is a sound motive, there is another major reason for establishing a Family Trust, and that is for the **PEACE OF MIND** that a trust can provide.

Family Trusts are attractive vehicles to hold assets, but they are also popular because of their flexibility. Trusts allow assets to be housed and passed from one family member to another, including transfers from one generation to another. This is done simply by appointing new trustees or trustee directors instead of trading assets between individuals, which can be a costly and time consuming exercise.

Family Trusts are different from Unit Trusts where individuals receive mathematically proportioned amounts of the returns. The Family Trust, also sometimes known as Discretionary Trusts, can be adapted and moulded to accommodate the specific needs of different family members.

The trustee who is appointed by the entity to make decisions on behalf of the trust, can elect to distribute capital gains and pay franked dividends.

As protection, holding assets in a trust rather than in the name of a family member prevents the risk of losing any of the assets should the individual fall into unexpected financial difficulties. The Family Trust excels both in the context of distribution, and its ability to equitably control how much each individual family member receives. The trustee decides how and what is distributed to whom.

Structure

The Family or Discretionary Trust is established as follows :-

Settlor - This is usually an associate or a friend outside the family. The "Settlor" usually engages an "Appointer".

Appointer - This is usually the matriarch or patriarch of the family, entrusted with the power to appoint a "trustee". Appointers can also appoint themselves as the "Trustee".

The Trustee - He/She is in charge of making decisions on behalf of the Trust. Usually, the accountant advises that the single purpose "trustee company" has been established, which ensures the trustee's assets remain separate from the trust's assets.

Directors - Directors who are appointed to the trustee company will have the power to influence the decisions made in relation to the trust.

Control - With the Trust, the trustee company is 100% owned by the family. Therefore, it should be easy for the family to make decisions.

Distribution - There is a requirement to distribute annual income among eligible beneficiaries every year. It is recommended that prior to 30th June of each year, a financial health check is conducted to ascertain the best way to distribute the income earned during the period. Family trusts currently have an 80 year shelf life. However, there is ongoing lobbying to have this structure last into perpetuity, similar to that of a company structure.

If you are interested to explore how a Family or Discretionary Trust can help you or your family, please contact your Accountant or call Paul on 03 9598 9222 to discuss how they can be tailored to your individual circumstances.



COMMERCIAL / LIFE INSURANCE

Now a vital component for a successful loan

In an increasingly difficult money market, it is getting more and more challenging for business owners to successfully secure a business loan. One of the best proven ways to secure a successful business loan is to ensure that you have business insurance.

Logically, a lender is more likely to approve your loan if you have security for the amount loaned, or in the case of insurance, sufficient cover to ensure that the business is secure if something untoward happens to you.

Call Paul on (03) 9598 9222 or 0417 567 747 to discuss your options. He has access to many different and specialised insurance providers and can find a solution for your situation quickly and effectively.

PURCHASING A PROPERTY OFF THE PLAN

10 Key Things to Remember Before You Sign the Contract

Although purchasing a property off the plan (OTP) can be a sound way to invest, there are 10 key things that can greatly optimize the profitability of your investment.

Key No 1 : Finding Value

Be smart and get an independent valuation of the property before buying. Check data from companies like Australian Property Monitors, RP Data and SQM Research.

Key No 2 : What to Look For

Study key factors that determine the value of property such as location, bedroom size, balconies, parking, natural light, storage and use of spaces. Know how the vicinity will be developed in the near future.

Key No 3 : Research

Research before you buy. Be prepared for opportunities and threats that are outside your control.

Key No 4 : Seek Advice

Seek legal advice on the contract. There may be details in the contract that can work against you in the event circumstances change or if there are delays.

Key No 5 : Settlement Risk

There is usually a gap between the buying and the settlement of an OTP property. During this time circumstances may change that may adversely impact the settlement conditions such as valuation. Investors need to be aware of this and prepare to meet any resource shortfall should it occur.

Key No 6 : Approval of finance

Never buy a property impulsively unless you have organized the necessary finance. Never over leverage and learn how different loans work and what's the best one for you.

Key No 7 : Settling Up

Always negotiate a reasonable timeframe for settlement before you commit to the purchase. Penalty payments apply if you are unable to settle within the time set.

Key No 8 : Credit History

Limiting the number of times you apply for finance helps your credit history. Keeping a positive cash flow and paying your bills on time helps too.

Key No 9 : Space and Inclusions

Scrutinize the marketing collateral and ensure that you cover all the details. Pay attention to the scale and integrity of the spaces represented.

Key No 10 : Savings

Buying OTP benefits investors by way of a large stamp-duty saving. Remember to check 'indicative' depreciation schedule to get further deductions for building and fixtures.

Before you purchase an Off The Plan (OTP) property, contact Paul today on (03) 9598 9222 to find out more about its pros and cons.

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Recently, all major lenders have reduced their standard variable home loan rates in line with the recent Reserve Bank cut by 0.25%, the lowest cash rate in past 60 years.

Some residential lenders have increased their discounts ranging from 0.5-1% based on the amount borrowed to entice new clients. While these are enticing, you need to ensure that you meet the credit criteria and fully understand the pros and cons of each package.

Lenders have also gradually increased their Serviceability or Stress Test Rate. As a general rule, lenders add 2-2.5% to the standard variable rate as a "stress test" rate. This ensures that any borrower would have the capacity to meet increased loan repayments

should the interest rate rise in the future.

Lenders also have a basic "Living Expense" formula in their criteria. For example, a husband and wife with 2 dependents require about \$36,000 per annum to cover their living expenses (excluding other financial commitments).

Many borrowers become disheartened when they discover that they cannot afford to borrow the amount they require. Therefore, it is vital that potential borrowers review their net monthly income and prepare a detailed budget that allows for a loan repayment at a "buffer" repayment to ensure that they have the capacity to meet loan payments in case of an interest rate increase.

Fixed Rate versus Variable Rate

Whilst there is more emphasis on the variable rates set by lenders and media, one must also consider fixed interest rates. Borrowers should seriously consider splitting their loan into fixed and variable to provide some "insurance" for potential future interest rate fluctuations.

Whether you are buying an investment property or home, it is important to analyze your financing options. Seek expert advice about your borrowing capacity, serviceability and loan options before you commit.

Flakus & Associates has access to different lenders and are committed to helping you secure the best possible option. Contact us today.

TAX RATES 2014 - 2015

Taxable income	Tax on this income
\$0 - \$18,200	Nil
\$18,201 - \$37,000	19c for each \$1 above \$18,200
\$37,001 - \$80,000	\$3,572 plus 32.5c for each \$1 above \$37,000
\$80,001 - \$180,000	\$17,547 plus 37c for each \$1 above \$80,000
Over \$180,000	\$54,547 plus 47c for each \$1 above \$180,000

Income includes :

Salary & wages, commissions, bonuses, tips & gratuities, Jury attendance fees, Centrelink payments, payouts from sickness & accident insurance policies, investment income from

Superannuation Contribution Limits

Age	Concessional	Non-Concessional
Under 49	\$30,000	\$180,000 or \$540,000 over 3 years
49 - 65 yrs	\$35,000	\$180,000 or \$540,000 over 3 years
65+ yrs	\$35,000	\$180,000**

** Subject to work test of minimum 40 hours in 30 days

PROFESSIONAL SERVICES

Services Required	Paul Recommends	Contact Details
Tax and Accounting	Craig J. Allen, Craig Allen & Associates	Tel : 93 9589 4599
Quantity Surveyors	Bradley Beer, Director BMT Tax Depreciation	Tel : 03 9654 2233 Mob : 0413 271 777
Accounting Services	Philip Tyquin, Hermann & Associates	Tel : 03 9589 3521
Law and Legal Services	Amanda Black, Quayles Law Agents	Tel : 9670 9000
Insurance Services	Dennis Drew, T.P. Gleeson Insurance Brokers	Tel : 03 9882 6600 Mob : 0414 460 709
Design and marketing communications services	David Cheah, Strategist Abacus Mind	Mob : 0403 97 99 86
Property Conveyancing services	Colleen Buck Cheltenham Conveyancing Services	Tel : 03 9585 6222 Mob : 0416 246 617
Luxury Gift Hampers & Specialty Cakes	Glorieux Cadeau www.glorieuxcadeau.com.au	Mob : 0416 816 500
Financial Planning, Superannuation and Risk Products	Ian Henry, Ian Henry Financial Services	Tel : 03 9521 0303 Mob : 0408 571 757

HELPING THE COMMUNITY



Paul Flakus also sponsors students at Sandringham Secondary College to enhance educational opportunities and their life experiences.

Quotes & Wise Sayings

Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver.

Ayn Rand

It is more rewarding to watch money change the world than watch it accumulate.

Gloria Steinem



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