



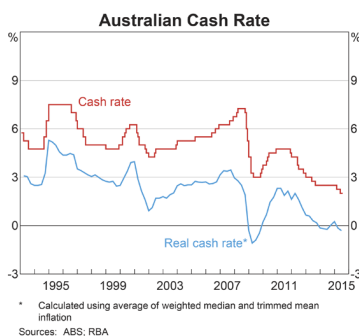
Paul Flakus

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HIGHLIGHTS

Testimonial - Ann White
Borrowing in Self-Managed Super Fund
Higher Interest Rate for Property Investors
Business Loan Insurance
Is Age an Impediment to Obtaining a Home Loan?
Tax Rates 2014-2015
Helping the Community
Professional Services



Finance for homes now one of the lowest in 60 years

TESTIMONIAL

Ann White, Director, Landmark Software P/L

We chose to go with Flakus and Associates because Paul understood our situation better than the banks. With the lending environment of commercial banks, especially given our long standing business, it became difficult for the commercial banks to fully understand our future business requirements.

Therefore, it was important to work with someone who we trust to represent us honestly and who understands both our needs and the other funding parties and their requirements, and who can navigate through the process on our behalf. Paul and his team fit the bill exactly.

I've known Paul for many years as a member of my Rotary club – working with him in business was a natural extension of working with him on community activities.

Paul shepherded us through the maze of finance operations and funding requirements. He was able to explain why and how to proceed through each step. He was always right on top of the process and made us feel confident we could achieve our finance goals, even as others were telling us we would not succeed.

At the end of the day, he ensured we got the funding we were looking for.

3 things that stood out to us about Paul is his integrity, perseverance, and competency. He is well versed in commercial finance options and he has a solid reputation with the lenders he interacts with. That's the difference Paul brings to the table.

BORROWING IN SELF-MANAGED SUPER FUND

This form of asset/wealth creation has been affected by the recent events surrounding borrowing in the investment property market.

We have seen a number of lenders in the marketplace reduce their lending levels and begin to place tighter credit assessment/serviceability on the remaining asset position of the fund.

In addition, some lenders have reviewed their minimum asset position of the super fund post property purchase.

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Higher Interest Rates For Property Investors

As recently advertised and widely communicated, borrowers in the investment property market have recently been faced with an increase in interest rates ranging from 0.25% to 0.49%.

This has resulted from concerns advised by APRA whereby the banks' lending to property investors has far outreached the 10% threshold growth.

APRA, the lenders governing body, has demanded that the banks slow the investment loan growth to less than 10% a year.

The recent interest rate rises for property investors may now pose a question mark around the revenue return.

Also, we have seen that the major banks have adjusted their "packaged" discounts for borrowers. Previously, they were very competitive in giving interest rate discounts of up to 1.10% for borrowers

of owner occupied and investors. This has now been scaled back. An investor would not be offered the "very competitive and aggressive" interest rate discount that an owner occupier borrower would be offered. Apart from interest rate discounts, the banks have dramatically finetuned their credit criteria for investor lending with some banks scaling back to 80% with even tighter serviceability tests.

Finally, as the banks constantly look at their often riskier property investment lending loans, they are now compelled to attract a higher capital buffer.

Therefore, with the forthcoming new capital criteria requirements for the banks (as of 1st July 2016), it can be presumed that property investor loans will carry even higher interest rates (as was the case some 30 years ago).

Contact Paul today to find out more about how this could impact your returns as an investor.

BUSINESS LOAN 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.

Below is a concise summary of business loans and which suits your purpose.

INSURANCE	WHO IT'S FOR	DESCRIPTION
Term Life	People with debts, financially dependent family or a business	Pays lump sum if you die or diagnosed with terminal disease.
Income protection	Employees, self employed, contractors	Pays replacement income up to 75% of regular salary if you suffer illness or injury within insurer's definitions. Not applicable if you quit or are fired or made redundant.
Trauma	People who require life insurance	Pays lump sum if you are diagnosed with a condition such as cancer, stroke or heart attack.
Total & permanent disability	Employees, self employed, contractors	Pays lump sum (usually) if you incapacitated and unlikely to be able to work ever again.
Business continuity	Self employed, business owners	Pays monthly benefit if unable to work. Payments aimed to keep business going ie rent, loan repayments.

If you are looking to diversify your investment portfolio, contact Paul today

Is Age An Impediment to Obtaining A Home Loan?

With the recent ongoing appetite for purchasing property, older potential borrowers will be facing new hurdles.

Some older age group borrowers re-enter the property market after they have been through a divorce, having had a failed business venture, lost employment or other unforeseen circumstance. Therefore, their ability to borrow money in a new financial climate may be questioned. Whilst 'age' should not be regarded as an OBSTACLE, some lenders do consider age to be an impediment to paying out the loan on or before retirement.

The main questions that need to be explored by older and mature aged borrowers seeking a loan include :-

1. What equity is being injected into the purchase?
2. What is the Borrower's clear exit strategy on or before retirement. Can the borrower pay out the loan from usual income streams?
3. What is the borrowers superannuation holding at the time of retirement? The point to note is that funds in super should not be the main contributor for to clear a home loan. Funds in super are meant to maintain an ongoing retirement lifestyle, not for paying out a home loan.
4. Are there any additional funds to be received during the term of the loan? It might be an inheritance, an overseas super nest egg, or a property that could be sold.

If you feel age is an impediment to obtaining a loan for you, contact Paul today.

Borrowing in Self Managed Super Fund continued from Page 1

Some funders in the Self Managed Super Fund arena only accept commercial property as opposed to others who accept residential and commercial properties. All of the lenders have an exclusion list and it is highly recommended that any borrower in the SMSF understands what these exclusion securities are prior to entering into a purchase.

Here are some characteristics of SMSF for consideration :-

- Property must not be acquired from a related party of a member (unless that is commercial property)
- Property must not be lived in by a fund member or any members' related party
- Property must not be rented by a fund member or any fund members' related parties. (There is 1 exception to this, whereby with a commercial premises, the related business owner can sell to or rent from the commercial property owned by the SMSF)
- The property must be held in a Bare Trust. The Trustee of the "Bare Trust" must be different from the SMSF Trustee
- Borrowing must be Non recourse
- Borrowings cannot be used for property improvements
- No re-draws are available
- You are not able to utilize the Equity in the property for other acquisitions
- Once a loan is repaid, the property is to be transferred into the Superfund. Or, if sold, the net proceeds are to be placed into the superfund

If you are considering your options to borrow using your SMSF, contact Paul and his team today to find out what the pros and cons are.

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
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 won't create success, the freedom to make it will.

Nelson Mandela

I'd like to live as a poor man with lots of money.

Pablo Picasso



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