

CFS NEWS

court
financial
services

GET AHEAD WITH LOW INTEREST RATES

RECIPE IN THIS EDITION - ROAST CAPSICUM, ZUCCHINI AND TOMATO SOUP

ISSUE 09 - AUTUMN 2009



SAVE IT, DON'T SPEND IT



WELCOME TO
**THE 9th
EDITION**
OF CFS NEWS,
FIVE YEARS ON FROM
OUR FIRST NEWSLETTER.

Over the years, Court Financial Services has been a strong advocate for saving. Despite current encouragement from the government to spend a little to help the economy along, Court Financial Services is continuing to wave our **SAVE DON'T SPEND** flag.

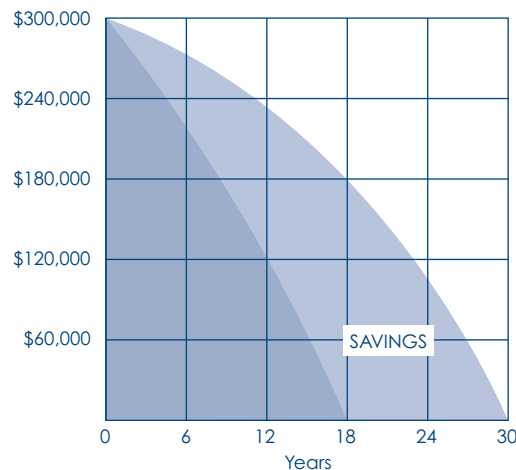
Due to the current economic downturn, many incomes are lower than what they were a year ago and job security is waning, so saving extra cash for bills and necessities is the sensible thing to do. Furthermore, the historically low interest rates that we are currently experiencing provide a fantastic opportunity for using extra cash to get ahead on your mortgage.

Recent reports from the major banks indicate that many Australians are opting to keep their loan repayments at levels close to pre-rate cut amounts. As our example below illustrates, huge savings in interest can be made by doing this.

Example: Before the interest rate cuts in Sept. 08, the loan repayments on a \$300,000 loan (at 8.88%) were \$2388.01 per month. At the new low rate of 5.21%, the repayments are \$1649.19 per month. Homeowner keeps the loan repayments at \$2249.19 per month (which adds \$600 extra to the loan per month and \$138 extra per month for household expenses). The homeowner will save \$144,439 in interest and pay the loan off 13 years sooner.

If you have any questions about making extra repayments on your home loan, please call us on 9429 9775.

Note: This example is a guide only. It assumes interest rates do not change over time. The extent of actual savings that can be made will change according to changes in interest rates over time.



Save 13 years, and \$144,439 in interest

Back in March 2005, CFS News warned that we should prepare ourselves for future rates rises and rise they did. In fact the following seven editions of CFS News reported on further rate rises. The situation turned in September 2008 when the first rate cut in seven years occurred. Since then, there have been five further rate cuts and we now have the lowest official interest rates in 49 years. Although the current economic downturn is placing pressure on businesses and family budgets, the low interest rates are providing some opportunity for home owners to get ahead, as our article on page one demonstrates. On page two we consider the a frequently asked question - is now the time to fix? Also on page two is a brief note on the current financial market from Nigel Stevenson, CFS Senior Financial Planner.

First home buyers are one group to benefit from the downturn, thanks to a boost to the first home buyers grant. The article on page three provides full details. On page four you will find our usual seasonal recipe - this edition a roast capsicum, tomato and zucchini soup to tempt you in the cooler weather ahead. We always enjoy the feedback and calls we receive from clients following the delivery of our newsletter. Once again, please do not hesitate to contact us if you have any questions about your loan, insurances or financial plan. We look forward to speaking with you soon.

Warm regards,

Kris Court
Director

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IS IT A GOOD TIME TO FIX?

RECENT ACTIONS OF THE RESERVE BANK AND MAJOR AUSTRALIAN BANKS HAVE RENEWED DEMAND FOR THE OPTION OF TAKING A FIXED RATE.



- The Reserve Bank's latest 0.25 official rate cut suggests that the last of the big rate cuts may be over.
- The major banks' decision to not pass on the 0.25 cut in full indicates that we may be coming close to the lowest level that variable rates can go.

However economists continue to report that the Reserve Bank may drop official rates again if the economy continues to deteriorate, and the major banks have *not* ruled out their ability to pass on at least some of any future rate cuts.

It is difficult to pin point the lowest level that variable rates can go, and therefore pick the very best time to take a fixed rate. Once you take a fixed rate, you risk missing out on the opportunity to benefit from further rate cuts. However given that there are some very low fixed rates available, some borrowers are now choosing to take on this risk in return for the fixed certainty of a loan repayment amount they feel comfortable with.

When considering a fixed rate, you should also take in to account the features of the fixed rate loan. Some fixed loans have less flexibility (such as limited ability to make extra repayments and or no redraw facility), and therefore may not be suitable for you.

IF YOU WOULD LIKE MORE INFORMATION ON FIXED RATES AND WHETHER OR NOT THE DECISION TO FIX IS RIGHT FOR YOU, **PLEASE CALL US.**

WHAT IF I AM ON A FIXED RATE THAT IS NOW HIGHER THAN THE VARIABLE RATE?

Before the global financial crisis commenced, no one expected variable rates to drop as quickly and significantly as they have, so many borrowers took advantage of fixed rate options that were attractive at the time. Some of these fixed rates are now higher than the current variable rate. What steps can be taken?

- **It depends on the terms and conditions of your loan.**
- **In most cases, fees need to be paid if the fixed term is broken.** Depending on the amount of fees, borrowers may be financially better off seeing out the fixed term.
- **In some cases, the savings that could be made on the lower variable rate may be greater over the long term even after taking into account break fee costs.** If this is the case, re-financing to a variable rate could be an option.

If you would like to discuss whether breaking your current fixed term is financially beneficial, please call us on 9429 9775.

2009 BROUGHT A LOT OF HOPE THAT THE FINANCIAL MARKETS WILL IMPROVE, HOWEVER TOUGH TIMES CONTINUE.

I am regularly asked for my opinion on when a recovery in the share market will occur. More recently, investors are keen to know whether the positive results delivered by global share markets in the past few weeks are a sign that a recovery has commenced. There are still many challenges ahead for the economy so recent share market gains may be short lived. Unfortunately, no one can be certain and I understand how frustrating this can be. I am keeping abreast of daily market movements and regularly review strategies in place for clients. I maintain that in times like these, it is important to be patient and stay focused on your long term plan. Although it is difficult to

pin point the time when all catalysts for a full recovery will reappear, I am confident that in time a recovery will occur. For answers to other FAQ's, visit our website at www.courffs.com.au. and please do not hesitate to contact me if you would like to talk about your specific circumstances or financial plan.

Comment by
NIGEL STEVENSON
CFS Senior
Financial Advisor
nigel@courffs.com.au



FIRST HOME BUYERS GRANT

THE COMBINATION OF LOW INTEREST RATES, COOLING PROPERTY PRICES AND THE FIRST HOME BUYER BOOST SCHEME, IS PROVIDING A GREAT HELP TO FIRST HOME BUYERS ENTERING THE PROPERTY MARKET.

March 2009 ABS figures indicated that first home buyers accounted for 28% of new mortgages nationally. These are the highest figures for first home buyers since records started in 1991. Given that the total amount first home buyers could receive from the Boost is up to \$29,000, these high figures are not surprising.

The Australian Government's First Home Scheme (the Boost), supplements each of the individual State Government's funded First Home Buyer schemes. In Victoria the Boost provides:

FOR FIRST HOME BUYERS PURCHASING EXISTING HOMES

AN EXTRA \$7,000

This can take the total amount of the First Home Buyers Grant up to \$14,000.

PLUS

First home buyers whose homes are less than \$500,000 in value may also be eligible for the First Home Bonus of \$3000 from the Victorian State Government which, combined with the Boost, could take the total amount of the Grant up to \$17,000.

FOR FIRST HOME BUYERS BUILDING NEW HOMES OR PURCHASING NEWLY CONSTRUCTED HOMES.

AN EXTRA \$14,000

This can take the total amount of the First Home Buyers Grant up to \$21,000.

PLUS

First home buyers whose homes are less than \$500,000 in value may also be eligible for the First Home Bonus of \$5000 from the Victorian State Government which, combined with the Boost, could take the total amount of the Grant up to \$26,000.

An extra \$3000 may also be available to first home buyers who purchase a property in regional Victoria (eligible areas are listed on the State Revenue Office website at www.sro.vic.gov.au).

For detailed information about first home buyers grants available in each state, visit the website www.firsthome.gov.au

First home buyers will be eligible for the Boost on contracts entered into between October 14 2008 to June 30 2009 (inclusive).

Court Financial Services have organised loans for many first home buyers who have taken advantage of the Boost. Please contact us if you would like further information about first home buyer loans and the Boost.

ion for First Home

ation will not be accepted unless fully completed and all required supporting evidence is lodged. Lodgement Guide for explanations of the terms must be lodged within 12 months of completion of transaction. Offence to make a false or misleading statement imposed. Answer all questions and tick [✓] the appropriate

SECTION 1 Eligibility criteria

- Eligibility is determined at the date of application
- All applicants and their spouse/partner must be resident in residential property

Eligibility checklist

- Is this the first time each applicant and/or their spouse/partner has applied for the First Home Owner Grant Act 2000 in any State or Territory of Australia?
2. Is each applicant and their spouse/partner either jointly, separately or with some other person, a resident in residential property in Australia?
- NOTE: Applicants are not eligible for a grant if they are not resident in residential property in Australia.

FOR MORE INFORMATION ABOUT ELIGIBILITY CRITERIA FOR THE BOOST, CALL CFS ON **9429 9775**



ROAST CAPSICUM, ZUCCHINI & TOMATO SOUP

INGREDIENTS:

2 medium size zucchini
2 medium size red capsicums
1 tin whole tomato
4 cups vegetable or chicken stock
1/2 small onion
1/2 clove crushed garlic
Cracked pepper, fresh basil, olive oil and
parmesan cheese (to serve).

Step 1: Roast the capsicum

- Preheat oven to 200°C. Line a baking tray with non-stick baking paper.
- Cut the stalk-end off the capsicums, cut in half and remove the seeds.
- Place the capsicum halves on the baking tray, cut-side down.
- Roast the capsicum in the preheated oven for 40-50 minutes or until the skin blisters and begins to char.
- Remove the capsicum from the oven and allow to cool on the tray for about 10 minutes. Once cool, peel off the skin and set capsicum aside.

Step 2: Sauté the onion and zucchini

- Finely dice the onion and slice the zucchini in to 1cm pieces.
- Heat a little olive oil in a large saucepan (as an option, add 1/2 clove of crushed garlic)

- Sauté the zucchini and onion for 5-8 minutes, or until tender and golden on both sides.

Step 3: Make the soup

- Add the stock, tomatoes and capsicum to the onion & zucchini.
- Bring to the boil for one minute and then allow to simmer for 5 - 8 minutes, stirring occasionally.
- Set aside to cool.
- Once cool, use a blender to process until smooth.
- Reheat the soup.

Step 4: Serve

- Ladle the soup in to serving bowls and garnish with fresh basil, cracked pepper.

CFS TOP SONGS ABOUT MONEY

Ever stopped to consider how many songs have been written about money? The CFS team recently took time out to come up with our top 3 songs about money. We have included some lyrics to get you humming.

Money Money Money . ABBA 1976

I work all night, I work all day,
to pay the bills I have to pay
Ain't it sad
And still there never seems to be a single
penny left for me
That's too bad
In my dreams I have a plan
If I got me a wealthy man
I wouldn't have to work at all,
I'd fool around and have a ball.....
Money Money Money
It's a rich mans world

Money for Nothin. Dire Straits 1985

Now look at them yo-yos that's
the way you do it
You play the guitar on the mtv
That ain't workin' that's the way you do it
Money for nothin' and chicks for free

Money. The Flying Lizards 1984

The best things in life are free
But you can give them to the birds and bees
I want money
Your love gives me such a thrill
But your love won't pay my bills
I want money
Give me your money
Just give me money

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financial
services

132 Walnut Street, Richmond VIC 3121

P: 03 9429 9775

F: 03 9429 9778

www.courffs.com.au

kris@courffs.com.au

nigel@courffs.com.au

leigh@courffs.com.au

daniel@courffs.com.au

ANY QUESTIONS? CALL US, WE ARE HERE TO HELP.



Kris Court



Nigel Stevenson



Leigh Deledio



Daniel Seuren



Suzie Court

Note: The information in this newsletter is intended to be for general purposes only. It has not taken in to account the individual circumstances, investment objectives or risk profiles of any particular investor or home loan customer. Before making an investment decision, you should seek assistance from Court Financial Services Financial Advisors and consider whether the information is appropriate for your personal situation.

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ABN: 74 099 029 526 AFSL: 247105

Courtesy note: If you do not wish to receive future editions of CFS News or other information from Court Financial Services in the future, please let us know by emailing suzie@courffs.com.au.