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Navigating the monopoly of interest rate rises

How to maximise
your energy levels

The internet has changed
parenting forever

WIN
a SONY home
entertainment system

AFC
AUSTRALIAN FINANCE GROUP

Coping with interest rate rises

choice

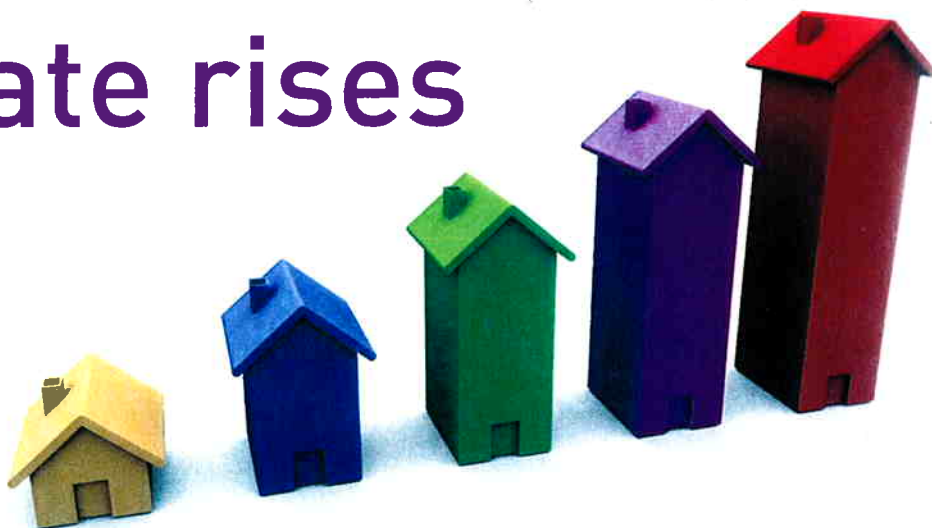
CHOICE is a non-profit organisation that has been researching and campaigning on behalf of Australian consumers since 1959. CHOICE rigorously tests products as well as providing independent advice on services. www.choice.com.au

When the Reserve Bank of Australia (RBA) raises rates, banks and other lenders follow suit and raise home loan interest rates. If you're on a variable rate and pay only the minimum instalment, your mortgage repayments will go up when interest rates rise.

The RBA has increased interest rates by 0.25% yet again. This follows two increases in August and November 2007 and three increases in 2006. As a result, standard variable home loan rates are now approaching 9%. The table below demonstrates the impact on repayments from movements in variable interest rates.

Variable or fixed rate?

When interest rates go up, it might already be too late to beat the rate rise by switching to a fixed rate as banks often increase their fixed rates when they're expecting a rate rise.



However, if you need to budget and really can't afford much higher rates, a fixed rate gives you security.

But fixed rate mortgages often restrict the repayments you can make and penalise extra repayments, so if you can afford to pay more than the minimum, a better option might be a split loan.

Splitting your loan between fixed and variable rates can offer an element of

security while still giving you flexibility. Alternatively, some lenders now allow you to make extra repayments to a fixed loan, up to a limit of say \$10,000 per year, without having to pay a break fee.

Make extra repayments if you can

Increasing how much you pay, particularly in the early years, can have massive long-term benefits saving you thousands of dollars in interest.

Example: Georgina has a \$400,000 variable loan with an interest rate of 8.5%. The loan has twenty five years left to run at her present repayment level (the minimum fortnightly repayment). Adding \$100 per fortnight to the minimum fortnightly repayment would cut 4.5 years and over \$119,000 in interest from Georgina's loan.

Easy ways to make extra repayments

Pay fortnightly – By paying half the monthly amount every two weeks you'll

Loan Amount (\$)	Interest Rate						
	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%	9.50%
100,000	675	707	739	772	805	839	874
150,000	1,013	1,060	1,108	1,158	1,208	1,259	1,311
200,000	1,350	1,414	1,478	1,544	1,610	1,678	1,747
250,000	1,688	1,767	1,847	1,930	2,013	2,098	2,184
300,000	2,026	2,210	2,217	2,315	2,416	2,518	2,621
350,000	2,363	2,474	2,586	2,701	2,818	2,937	3,058
400,000	2,701	2,827	2,956	3,087	3,221	3,357	3,495

Minimum monthly repayments over 25 years (\$). Note: This table doesn't include fees. Your repayments may be higher depending on the fees you pay.

The internet...friend or foe?



Dr Michael Carr-Gregg is one of Australia's highest profile psychologists and an international authority on teenage behaviour. Michael Carr-Gregg provides an essential guide to the online world of today's real wired children, from toddlers to teenagers. www.michaelcarr-gregg.com.au

Few parents would let their children wander the streets at all hours or meet with strangers, but kids do that and more on the internet without even leaving their bedroom. The internet has changed parenting forever.

Although the internet can be a wonderful resource, it does have a darker side.

We have read and heard about several disturbing instances in the last few years where children have been abused, damaged and even encouraged to take their own lives through interactions on the internet. While many parents spend time and money investing in teaching children about water and road safety, few prepare children for surfing the net.

The federal government's PAFO scheme (Protecting Australian Families Online) allows families to download free online filters¹ for Australian families. These filters are designed to protect young people from inappropriate sites, web-

based images and email and chat-room predators. The E filter scheme is being backed up by an \$18.3 million national public awareness campaign to educate parents about online dangers.

▀ The internet has changed parenting forever ▀

While undoubtedly a useful tool to protect younger children, research by New Zealand's cyber-safety organisation, NetSafe, suggests that children as young as 12 are capable of circumventing the filter.

make the equivalent of an extra month's repayment each year (as each year has 26 fortnights).


Pretend fix – Use our calculator to find out what your minimum repayments would be if your rate was 0.5% higher and then, if you can afford it, change your repayments to this higher amount.

Features to consider

It's important not to judge a home loan solely on the interest rate and up-front fees. Be aware of other fees including ongoing monthly fees, exit fees, and 'deferred establishment fees' which are often charged if you leave a variable loan in the first five years. Check out the costs and benefits of extra features, such as an offset account, which may save you money, or a redraw account, which allows you to withdraw some repayments you've made (fees and conditions apply).

Other loan features to pay attention to include lenders waiving fees and charges for other accounts held with them, such as monthly transaction account keeping fees.

Make sure extra repayments are not penalised. Some loans, such as fixed loans and some no-frills variable loans, may limit the amount by which you can reduce your loan.

 For more information about how interest rates will affect your situation or help in determining whether fixed or variable is the best option for you, your mortgage broker recommends you call them.

The lesson to be learnt from this is that all parents need to ensure that they:

- keep computers in a public place (strictly not bedrooms),
- do a bit of shoulder surfing,
- watch for subtle emotional changes such as addiction or bullying signs (common symptoms include excessive tiredness, anxiety when off the computer and compulsive checking of web-services, and
- create an online safety contract².

Tips for coping with interest rate rises

Our quick savings tips will help you cope with interest rate increases:

Smart shopping

Knowing how to beat the supermarket sales tactics and when to buy generic can save you hundreds each year. Use these CHOICE shopping tips:

✓ **1.** Buy petrol on a Tuesday. According to the ACCC, petrol is usually cheapest on Tuesdays in Adelaide, Brisbane, Melbourne and Sydney. In Perth it's cheapest on Mondays.

✓ **2.** Make a shopping list before you go to the supermarket. It's the key to avoiding impulse buying. Meal planning also helps you focus on the things you really need.

✓ **3.** Look up and down and avoid in-store displays. More expensive items tend to be right in the line of sight while cheaper or supermarket-own brands tend to be located on the higher or lower shelves. Don't assume in-store displays, particularly at the end of the aisles and at the checkout, are a special offer - compare their price with the same items that aren't being promoted.

✓ **4.** Buy your shampoo from the supermarket. The three brands most preferred by our trialists were supermarket 'cheapies', which stacked up better than some of the pricier, more prestigious salon brands.

They are:

- FRUITRIENCE Raspberry and Pink Grapefruit Enriched
- DOVE Revitalising
- GARNIER Fructis Fortifying

✓ **5.** There are plenty of good laundry detergents that cost 35 cents or less per wash. We consistently found Duo Matic Concentrate as the best value for money for front loaders.

✓ **6.** Try 'no-name' and supermarket-own brands for staples like sugar, salt and flour - they tend to be hard to pick from branded equivalents. Our taste testers also found little difference between generics and expensive brands for English breakfast tea bags, spaghetti and baked beans.

✓ **7.** Use tap water instead of expensive bottled water. Our taste panel couldn't distinguish between either of the two leading brands of bottled water (MOUNT FRANKLIN and FRANTELE) and Sydney tap water. It may be different in other places.

✓ **8.** Buy treats and snacks in the supermarket instead of going to the convenience store.

✓ **9.** Get at least three quotes before renewing your annual insurance cover. For comprehensive car insurance we found, just by shopping around, average annual savings from \$250 for claim-free adult drivers to \$1650 for a young driver.

✓ **10.** BYO lunch. If you bring your own lunch to work three to four times a week, you could save over \$500 per year.

choice www.choice.com.au

Also:

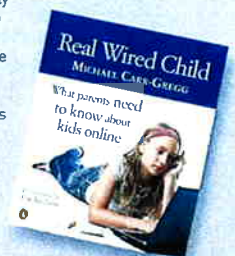
- try to get your children to use their own windows accounts, and in the 'control panel' ensure they are set with limited privileges, and
- check for the presence of the filter's toolbar icons regularly.

The final message is that although filters can come in handy - especially for younger children - parents must not rely on them, especially for today's technosavvy teenagers. The best filters

will be the ones between kids' ears alongside vigilance and supervision.

¹ <http://www.netalert.gov.au/forms/process-download.php>

² See Dr Michael Carr-Gregg's new Book "Real Wired Child - What parents need to know about kids online". A desperately needed guide for parents who want to know what their children are doing online, and what they can do to ensure their children's wellbeing when they venture into cyberspace. "Real Wired Child" gives practical advice to parents on how they might manage their children's online communications, social networking, web surfing, downloading and gaming.





How to maximise your energy levels



Dr Adam Fraser is one of Australia's foremost experts in the area of amplifying workplace performance. He has spent the last 13 years focusing on improving people's physical and mental performance. In this time he has worked with individuals from all walks of life, ranging from athletes at the Australian Institute of Sport to company executives.

Let's face it: the world is getting faster and faster and shows no sign of slowing down! The fall out from this is that many people are worn out, tired and live in a constant state of jet lag. As a result, our personal energy levels are emerging as the new currency. Everyone wants it, but the question is how do we get it? Here are three simple tips to maximise your energy levels that won't turn your lifestyle upside down.

1. Manage your glucose levels

One of the things that impacts on our energy levels is the amount of glucose that we have in our blood. The reason for this is that our brains exist on glucose and nothing else. Our brain makes up about 2% of our body weight but it consumes more than 20% of the glucose that we ingest.

The problem with this is that our glucose levels fluctuate during the day - in particular we see a slight drop at 11am and a huge drop at 3pm. How often do you get tired at 3pm? When our glucose levels are low we feel tired, can't focus and generally our productivity plummets. When our glucose levels are high we are erratic, impulsive and often make mistakes. Obviously we are aiming for stable and

steady glucose levels. Two things will help you to achieve this:

- Eating every 4 hours.
- Having low GI foods.

A classic trait of time-poor people is that they are too busy to eat. When we skip meals our glucose levels begin to fall, therefore making it crucial to have regular meals during the day to stabilise our energy. Research tells us that eating approximately every four hours is an effective way to stabilise our glucose levels. This means that if you have breakfast at 7am, the next time you eat is 11am, then again at 3pm and finally at 7pm. What you notice is that this encourages you to have two lunches. Two lunches! Are you insane? Yes, two lunches! The return on this investment will be huge, and you will get back the time you spent eating in productivity ten fold over. Schools are now starting to get on to this band wagon and they are starting to bring lunch forward to 11am. What they are finding is that students' ability to focus and learn is far greater, and this is being reflected in improved test scores.

The next thing to look at is what you consume at these times. Often when

we hit the 3pm slump we think "I need a sugar hit". We then consume a can of coke and enough lollies to sink the Titanic. When all this sugar hits your blood stream your glucose levels rocket and your energy levels go through the roof. However it doesn't last because insulin is secreted into your blood taking all the glucose out of your blood causing your glucose levels to crash.

■ the world is getting faster and faster and shows no sign of slowing down ■

During the day, your meals should be low Glycemic Index (GI). What is GI? It is the rate at which food going into your mouth becomes glucose in your blood. The slower the better. Examples of low GI meals are:

- Fruit smoothies.
- Chicken salad sandwich.
- Muesli and yoghurt.
- Beef salad.

2. Switch off regularly during the day

When we work hard during the day we get stressed and our body releases stress hormones like adrenaline and

control. Prolonged exposure to these chemicals has a negative effect on our energy levels; they wear us out and leave us feeling tired and lethargic. There is a sure fire way to kill your energy levels. So how can we control it? One mistake people make in stress management is that they put off relaxing to a time when they can take a lot of time out. For example most people work themselves to death thinking: "It's ok. I have a holiday in four weeks, I will relax then." What happens when they go on the holiday? They spend the first five days of the holiday sick in bed. We don't need to put off relaxation with the belief that we need large amounts of time to relax. Small moments of relaxation are just as effective as large breaks.

So how do we do this? During the day allow for small moments of relaxation. We can relax in an instant. One of the easiest ways to do this is by slowing down our breathing. When we slow down our breathing our physiology shifts to a more relaxed state. Take opportunities in your day to sit still for five minutes, slow down your breathing and relax. It will put your brain and body in a better state.

3. Negative emotion

Negative emotions like fear, frustration, resentment, worry and sadness kill your energy levels. If you want proof, just think of the last time you went through a relationship break up. How much energy did you have at that time? One of the most important things you can do for your energy levels is to reduce the amount of your day that you spend in negative emotion. How do we do this?

One of the easiest ways to avoid negative emotion is to maintain a sense of perspective about what is important. So often during the day little things get us off course and we slip into negative emotion. Someone drives too slowly in traffic and we drop our bundle, start to get angry, yell and scream and spend the next 30 minutes thinking "how could they do this to me". This lack of emotional intelligence leads to a large amount of stress hormones coursing through our veins, sucking the energy out of our bodies. Do you really want to be that flippant with your energy levels? Start to be ruthless with your energy levels and don't waste them on small insignificant events that happen in our day. So build a bridge, get over it and get back into positive emotion.

Is prepaying your interest beneficial to you?

You may not be aware that as an investor you have the option to prepay your interest and be rewarded with a rate discount by your lender.

For investors choosing to pay the next financial year's interest in advance, some banks offer between a 10-20 basis point discount. In 2007 one of the major banks offered a 30 basis point discount on their standard fixed rate investment loan.

Prepaying next year's interest could be appealing to the property investor as the deduction can be claimed in the current financial year rather than wait 12 months for the tax benefit.

It was particularly appealing last year because of the tax cuts introduced on 1 July 2007.

There is a second round of tax cuts being introduced on 1 July 2008. It may make sense for some investors to bring forward their deductions to a year when they are to be taxed at a higher rate. Your accountant will be able to help with the new tax guidelines, or alternatively visit www.ato.gov.au (rates, calculators and tools).

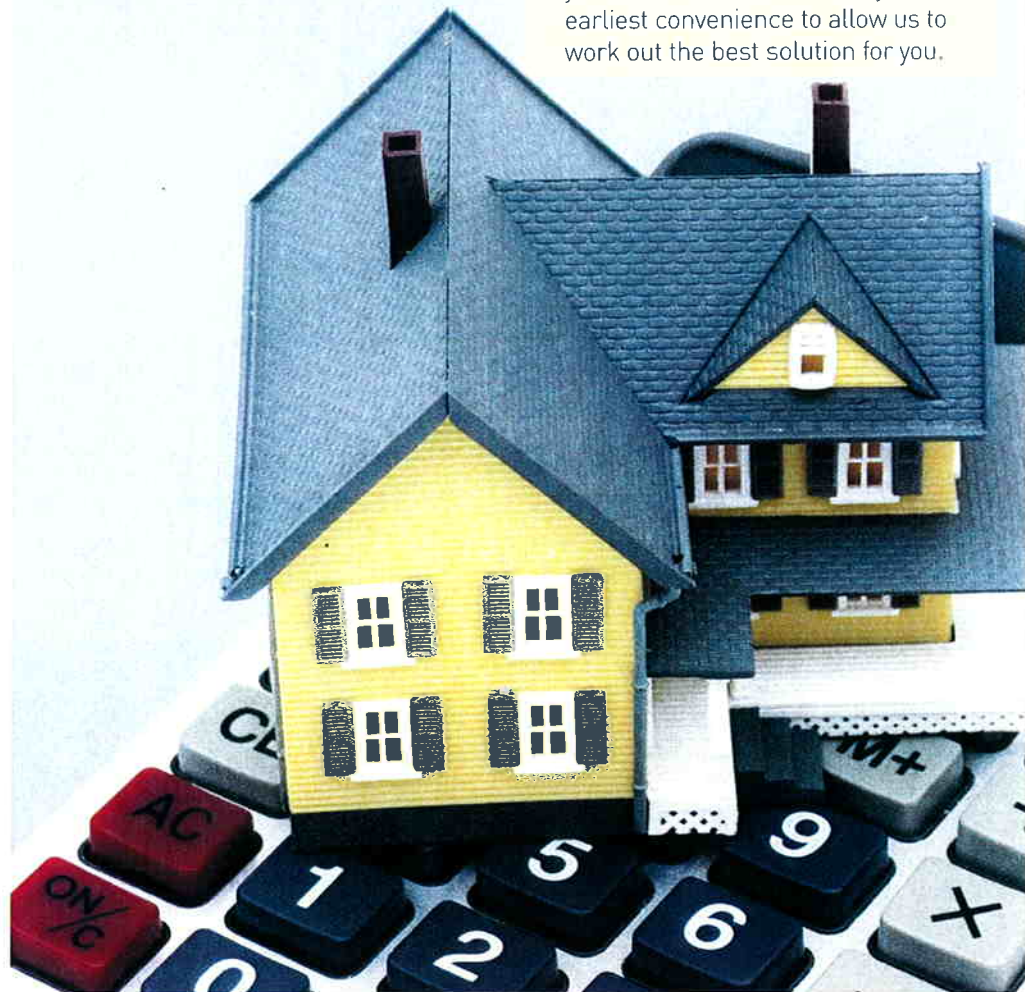
The discounted rates can be attractive but the ability to pre-pay interest is only suited to individuals with the cashflow to take advantage of the offer, not just this year but each year of the fixed rate period.

■ the deduction can be claimed in the current financial year ■

If you take out an interest-in-advance loan only to find that you haven't got the funds to pay upfront in subsequent years, then you may be forced to refinance; however this may incur switching fees and break costs.

Ideally investors should start thinking about restructuring their affairs after Easter, rather than leaving it until June. This will allow time to explore your best possible scenario with your broker and ample time to have your application processed.

☎ We may see some offers again this year from the banks. If you are interested in investigating your options and want to be kept informed, you should call the office at your earliest convenience to allow us to work out the best solution for you.



The 3 R's

to reduce your paper consumption



duplex printing, check the printer's properties by clicking "Properties" in the Print dialog box. Otherwise contact your IT department and ask them to set it up for you.

- Print two or more pages per side on each A4 page - This option is also available in the printer "Properties".
- Print using single line spacing format [Format / Paragraph]
- Edit documents on screen.

REUSE:

- Reuse partially used paper for notes and scrap paper. Put a line through the printed side so others know it can be re-used.
- Print on the blank side of used paper for draft documents. You may think it will not look as smart but consider whether it is really going to matter (based on who will be viewing the document) as most paper that is printed in the office doesn't leave the office. Most people probably think that their single effort won't help. Have a look at the following statistics and then be one who actually makes a long term contribution to our environment!

Did you know?

One tonne of recycled paper or cardboard saves:

- Approximately 13 trees.

- 2.5 barrels of oil.
- 4100 KWH of electricity.
- 4 cubic metres of landfill.
- 31,780 litres of water.

70% of office waste is office paper (Planet Ark).

Paper can usually be recycled eight times!

Sourced from University of Western Sydney website www.uws.edu.au

- Set up a special tray on your printer for recycled paper only.

- Write in pencil on manila folders or use removable labels so you can reuse them.

RECYCLE:

- Place a paper recycling box next to every desk, printer, copier and fax machine so there are no excuses not to separate paper from general waste.
- Cardboard can also be recycled in office recycling bins. Just be sure to flatten boxes first.
- Purchase recycled and environmentally friendly office products.
- When you put materials into your recycling bin, don't put them in a plastic bag. Staff at recycling centres will not open plastic bags for safety reasons. They will end up in landfill. Simply put your recyclable items straight into the bin.

REDUCE:

- Distribute documents via email or the internet/intranet. Consider adding "Please consider the environment before printing this email" onto the end of your emails.
- Archive electronically.
- Print double sided - To find out whether your printer supports

Autumn Gardening Tasks

online

Autumn is a great time for those who love wielding the clippers - all that summer growth will now need a trim back to keep the garden tidy. But many pitfalls will strike well in the current humidity, so think about re-planting some of your cuttings into pots.

As it starts to cool down during autumn, an overall fertilising program for your garden will see some nice new green growth as you set the plants up well

for winter. Blood and bone or a quality all-round balanced fertiliser will do, but if you have a good compost heap then there's always a better time to spread the results of that mound. You'll soon need the space in your heap because the deciduous leaf-fall will fill it up again.

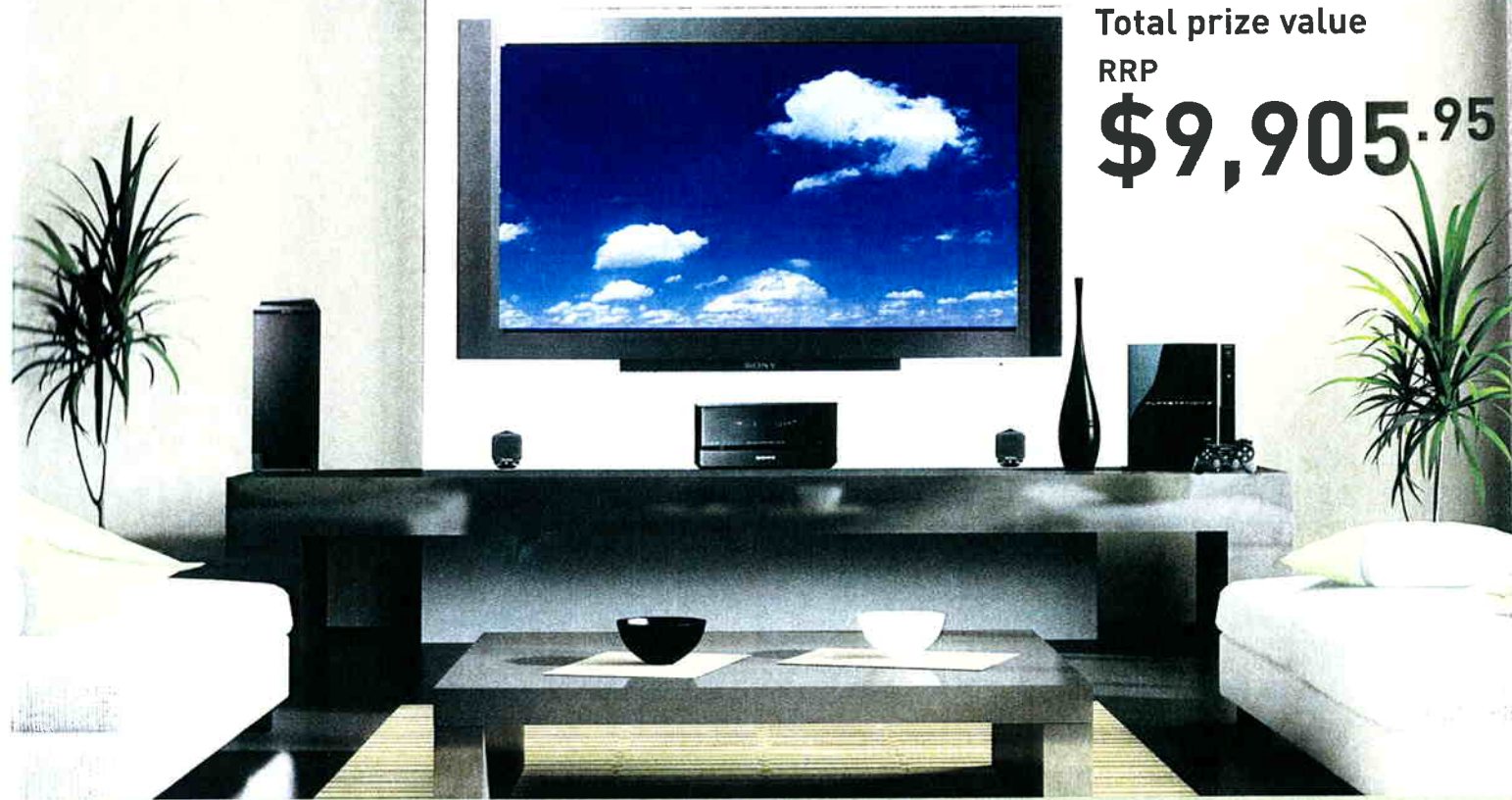
It's also a busy time for planting in readiness for next spring - veggies and bulbs in particular. However it's also a busy time for slugs and snails - a

good early start will ensure the seedlings from Bushy you want a chemical-free approach then a seasonal slug baiting will be a sure benefit. We don't mind them being they die so happy.

Autumn for most, however, means the awesome colour displays of the deciduous trees and shrubs. It's a magical and beautiful season, a time to relax and enjoy.

Win a SONY home entertainment package

Total prize value
RRP
\$9,905.95



THE PRIZE INCLUDES:



52IN XBR SERIES FULL HD BRAVIA LCD TV

This series is widely acknowledged as being the pinnacle of Sony's TV engineering. The XBR Series is built around cutting edge technology, such as a full HD 1080 resolution, a 10 bit panel and incorporating Motionflow 100Hz. Prize includes a 3 year extended warranty.



48GB PLAYSTATION 3 CONSOLE

The PLAYSTATION®3 computer entertainment system unleashes a brilliant high definition entertainment experience. Whether it's gaming, Blu-ray Disc™ movies, music or online entertainment services - This is living, with PLAYSTATION®3.

ULTRA COMPACT DAV HOME THEATRE DAVIS10

Witness true theatre-quality sound from the comfort of your home without the need for obtrusive speakers. The DAV-IS10 5.1 micro satellite home theatre system delivers big sound while complementing your home décor. Prize includes a 3 year extended warranty.



PLUS a \$300 gift Voucher to spend on DVD's!

Please post back to the office address on the back of this page

Client Referral Competition

Name: _____
Address: _____
Phone: _____
Referred by: _____

This competition commences on March 1st 2008 and closes at 5:00pm EST on July 31st 2008.
*Authorised under NSW: Permit LTPS/08/00682, ACT: TP08/00210
VIC: Permit No: 08/205, SA: Permit No T08/412*

Please contact the office if you would like a copy of the terms and conditions of this competition.

- Please send future copies of the mini-magazine to the above address until further notice.
 - Please contact me to discuss my situation.
 - Please contact me for a no obligation consultation.
- (Tick one of the above boxes to enter the competition)

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Dear Reader

Welcome to our Autumn Issue of the AFG mini magazine. Well hasn't it been an interesting 12 months in the property and finance industry? Even though the decline of the subprime market in the US has influenced interest rate rises in Australia (putting even more pressure on our precious hard earned cash) there has been an upward movement in the property market in most areas of Australia. According to the Real Estate Institute of Australia, even NSW has seen a slight increase in housing prices.

As you may know, when property sales are low, rents increase. Who benefits in this environment? Landlords! So if you aren't a landlord yet, perhaps it's time to consider becoming one!

There are many reasons to contact our office at the moment and we welcome your call.

- We are happy to discuss your personal situation and finances in an uncertain interest rate market. What are your options? How can we help you?
- Most property has seen some capital growth in the last 12 months, so let's discuss your options in regards to taking advantage of your extra equity and the continuing rental increases by helping you buy your next investment property.

If you have made a resolution this year to improve your financial position, then we are here to help. Please call for a no obligation, free mortgage health check and we would be delighted to work with you. You will also receive an entry in our new competition to win \$9,905.95 worth of SONY home entertainment, just for making the effort to see us or by referring your friends.

The winners of the Tropical North Queensland prize were J&B Barylka (SA). Congratulations!

Looking forward to hearing from you soon,

Geoff Collins

