



As part of our 2017 Christmas Pack, here is Ben's presentation at the 2014 Melbourne Home Buyer Show. You can also watch his presentation here: <https://www.youtube.com/watch?v=jIS3KJL9HbA>

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7 Ways To Get Your Kids On The Property Ladder Sooner



Important Information

This presentation has been prepared without taking account of the objectives, financial situation or needs of any particular individual attendee. This information is 'educational in nature' and if any of this information is perceived as advice, then this advice is general advice only.

We encourage those looking to make any future investment to consider the appropriateness of any investment to your needs and before taking any action, to ensure you build adequate knowledge and seek professional advice or guidance from qualified and if applicable, licensed professionals.

Note: Examples used in this presentation are for illustrative purposes only.

What We Will Discuss Today...

- ✓ Overview of Cost to Acquire Property
- ✓ 7 Ways to Make It Happen
- ✓ Q&A Session



E.g. Cost to Acquire Property



<i>Property Value (VIC)</i>	\$450,000
<i>Property Duties & Title Fees*</i>	\$ 21,215
<i>Legal Fees*</i>	\$ 750
<i>Lender Application Fee*</i>	\$ 600
<i>Total Required</i>	<u>\$472,565</u>

** Estimate of Fees only*

Other Possible Fees include:

- ***Lenders Mortgage Insurance (LMI)***
- ***Independent Legal and Financial Advice***
- ***Guarantors Advice***
- ***Property Insurances***

TIP - Rule of Thumb: about 5% or 7%-9% with LMI

E.g. Cost to Acquire Property

Costs: \$20,000 (5%)

Value: \$400,000

LVR: 95%

Value:	\$400,000
Costs:	\$20,000
Total	\$420,000
Loan:	\$380,000
Cash Required:	\$40,000
LMI (Est)	\$13,000

7 Ways To Get Your Kids On The Property Ladder Sooner

Why?



K.I.P.P.E.R.S

-  Kids
-  In
-  Parents
-  Pockets
-  Eroding
-  Retirement
-  Savings

1. Teach Money Management



- 🔄 Bills (**essential** vs. lifestyle)
- 🔄 Spending (**essential** vs. lifestyle)
- 🔄 Provisioning (Future Needs)
- 🔄 Work Out **Monthly SURPLUS** - PAY Yourself First (Savings)
- 🔄 Surplus is good guide in terms of repayments you can **AFFORD**
- 🔄 **Avoid other debts**, such as personal/car loans, credit cards
- 🔄 Lenders reward those who have saved – (Genuine Savings)



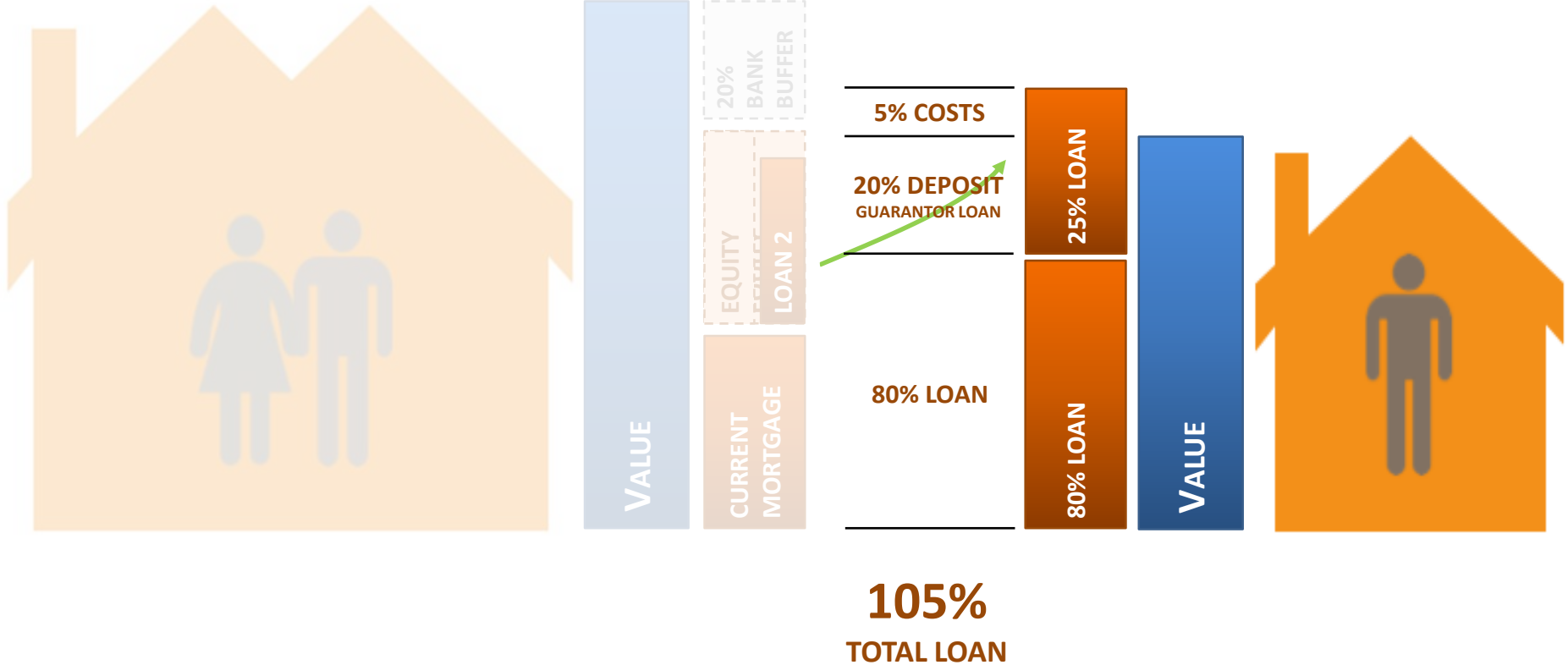
- 👉 Parents provide a one off “NON-REPAYABLE” Gift to their kids to help with the deposit requirements *(small or large – I’m sure the kids will be happy to receive)*

Note: Parent must supply Statutory Declaration stating non – repayable, then lenders won’t include in loan application servicing assessment

3. Parental Guarantee – What is it?

- 🔄 Parents provide property security to the Lender, as a means to help their children with their deposit requirements**
- 🔄 Can be their own home OR an investment property**

3. Parental Guarantee – How it Works?



3. Parental Guarantee – Benefits?

- 🔄 **Parents help their kids with having to save up a partial for full deposit on their property purchase**
- 🔄 **They also help their kids avoid paying Lenders Mortgage Insurance (LMI)**
- 🔄 **Get into the property market sooner!**

E.g. Guarantee Savings

LVR: 105%
(Guaranteed Loan)

Value:	\$400,000
Costs:	\$20,000
Total	\$420,000
Loan:	\$420,000
Cash Required:	\$0
LMI	\$0

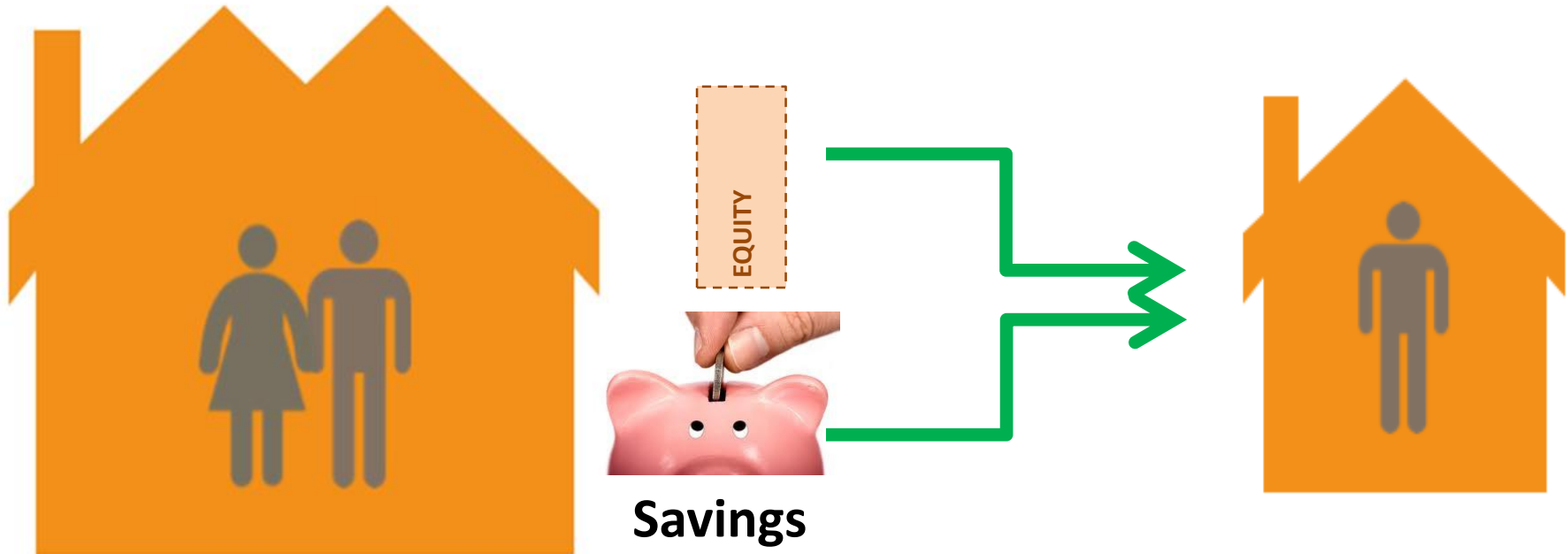
3. Parental Guarantee – Risks?

🔄 Summarising the Legal jargon and very simplistic terms:

- The **Guarantor** would need to **make good (Pay Back)** any shortfall/outstanding debt in the event the borrower/s cannot after the property is sold
- This could potentially include legal costs of the lender

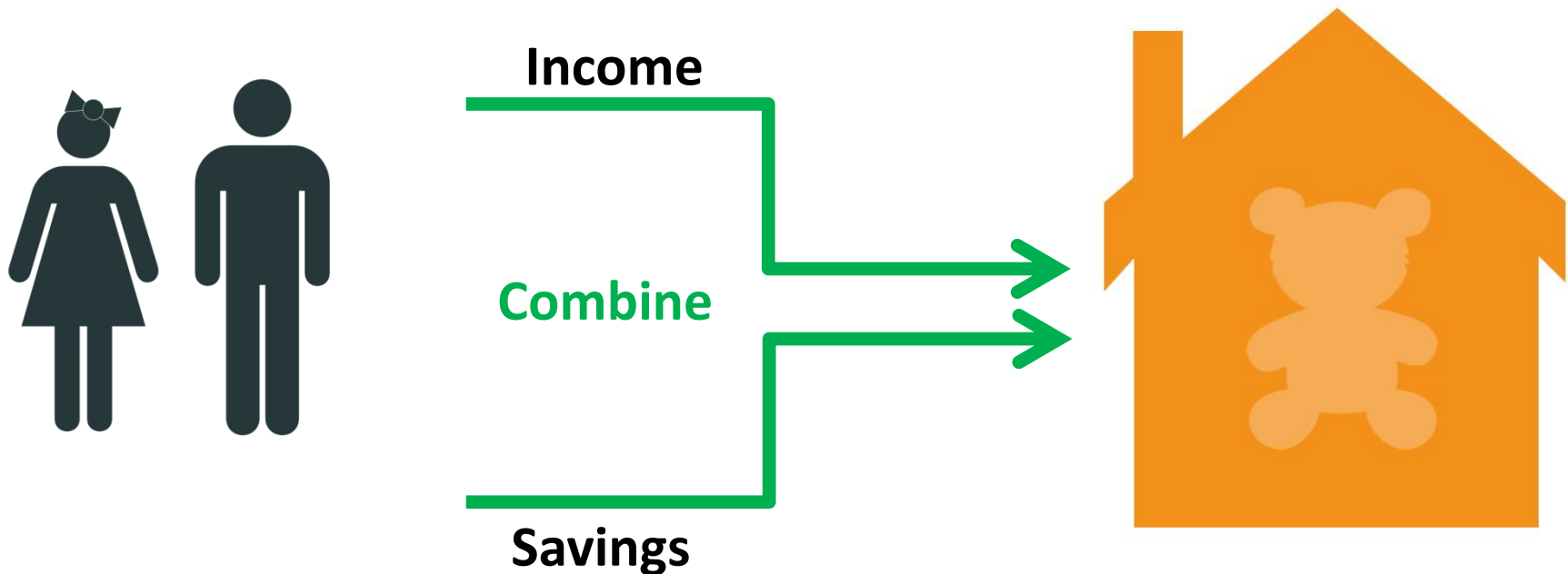
4. 'Family' Loan

🔄 Parents provide 'family' Loan – Paid back over time



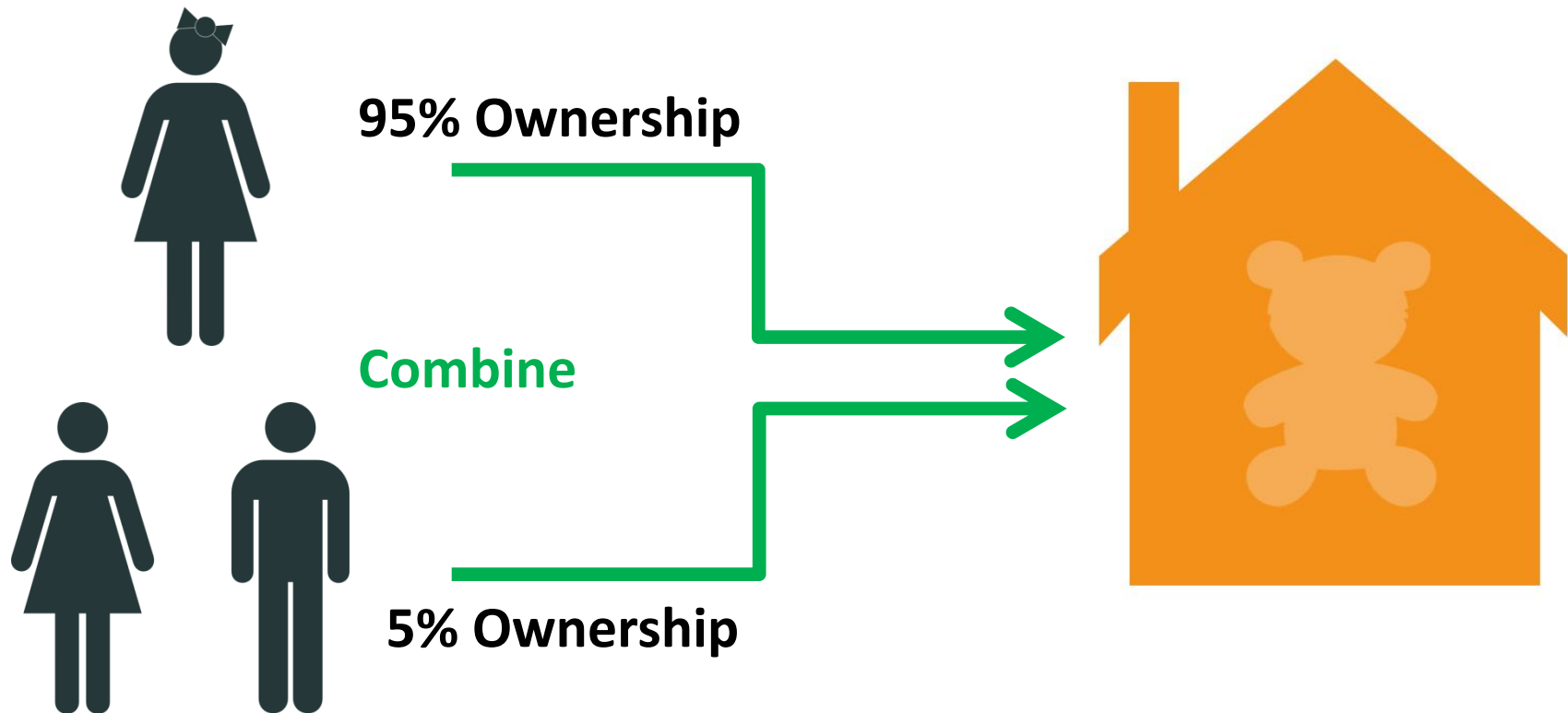
Note: Lenders will have to add this 'Family' loan to lending/servicing assessment

🌀 Siblings join forces and buy a property together



Benefit from combined savings and income to maybe buy in a better location or more significant property?

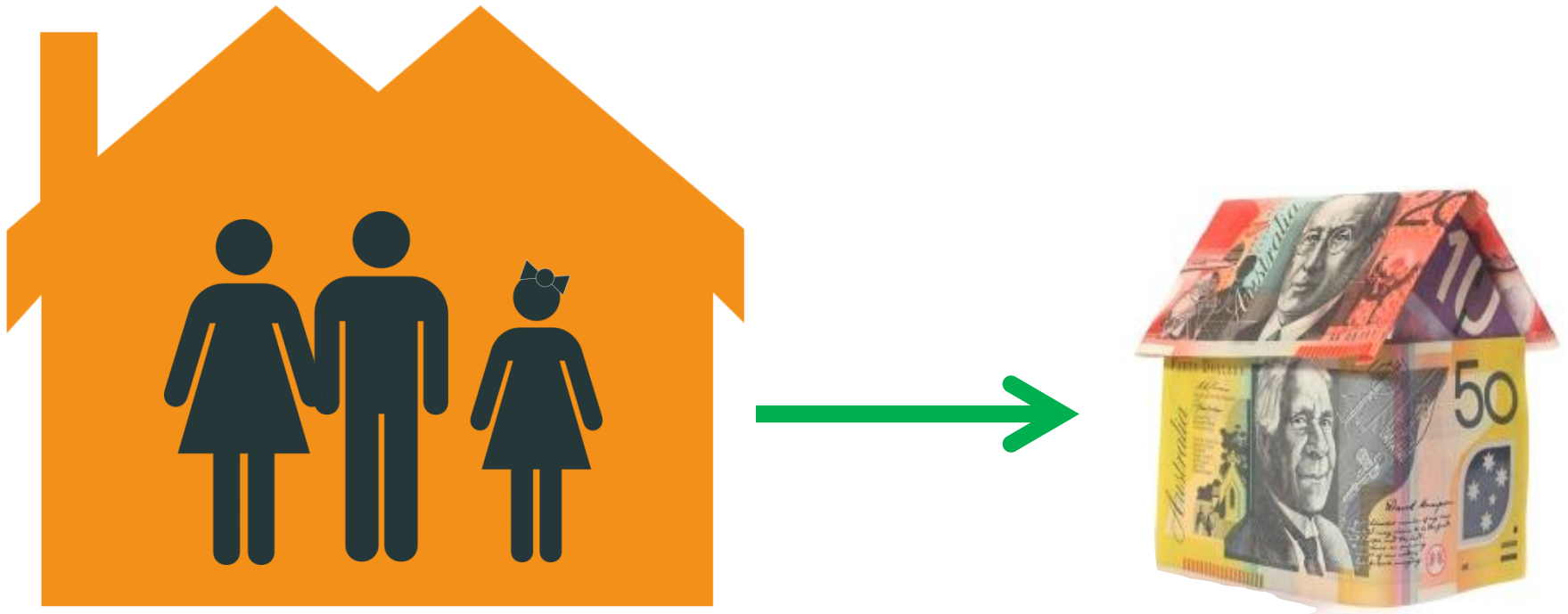
🌀 Parents take small percentage Ownership



**Benefit: Parents income can be used in servicing
(borrowing assessment)**

7. Invest As First Step

Kippers!



Benefit: Stay at home and build wealth via an investment property!

FREE Information Guide



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Yellow Form
with your
Email Address**

Questions?

OUR CONTACT DETAILS



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THANK YOU