

# Mortgage Mercury

## The Borrower's Barometer



### Trim the fat from your finances



**Economists are predicting it will be a turbulent year ahead and a steady learning curve for many people in how to manage finances into the future.**

Let's look at how to survive by trimming the fat from our financial obligations so that together we can all come out on top at the end of the financial storm.

**Pay off your high interest debts...**if you have debts that are getting charged daily with high interest - prioritise them as your number one concern. High interest charges will take you a few steps backward each day until they are paid off, so try and tackle things like *store cards*, high interest *credit cards*, short term loans and other debts that utilise high interest charges before doing anything else.

**Mortgage payments & home loans...**pay over the required amount towards your mortgage each month? You want to try and create a buffer for your largest asset that is most likely to be affected. Imagine if you lost your job - you will need this buffer to draw down on your mortgage should you need extra cash flow or you are unable to meet repayments for a few months while finding work.

**Consolidate those credit cards...**if you have a number of different credit cards, odds are they are all at different interest rates. As times get tougher, the credit card companies will increase their interest rates to handle the pressure they themselves are getting from the global credit issue. Get all of your cards and consolidate them onto one easy to manage debt with a locked interest rate.

**Fixed rate vs variable interest mortgages...**interest rates are continually dropping as a result of the Reserve Bank of Australia trying to lower the impact of the pending recession. Stick with, or get yourself a variable rate mortgage to take advantage of lowering interest rates. Remember that they can potentially go back up again in the near future, so weigh the odds up and like all advice given.



**Clear your house of unwanted items...**that's right, get rid of everything in your house that you no longer need. Try and sell all items and get cash in exchange for them. You can 'eBay' things, hold a garage sale and sell things via the Trading Post. Make those useless items in your house into cash - remember that one person's junk is another person's treasure!

**Look for things to cut back on...**find the added extras in your life that you currently pay for. Find out what are important and what you can live without. For example; lowering your mobile phone plan, cancelling your gym membership, stop drinking bought coffee's at work, cancel your wireless internet plan, lower your broadband plan and eat out only once a month.

**Re-think your savings plan...**as much as we encourage and promote saving money for emergency funds and rainy day accounts - it is sometimes better to use that money to create the buffers required for potential looming recessions by paying extra on your mortgage or removing those high interest debts.

**Employment during a recession...**during a recession or pending financial meltdown, companies look at cutting back costs to help reduce the running costs of a business. This means that a lot of the time companies are quick to lay people off in an attempt to recover salaries as a way of paying off debt and reducing overheads. Here are three important tips regarding employment in such a time:

#### 1. Protect and own your job

This means that you should work hard, add value and show your employer that you are an asset to the company you work for. Put in the extra hours, the extra step and show that you are truly adding a monetary value to the business. Looking for a job when unemployment rates are at 5-10% can be very hard, so keeping your original job is even more important.

#### 2. Be prepared for getting laid off

If the worst happens and you lose your job, be prepared. Have your CV updated and ready to go with a list of contacts you could potentially network with to try and get another job.

#### 3. Earn money wherever possible

Try starting a side business, an internet business, an eBay business - any extra cash that comes in goes straight to your bottom line and create immediate help.

Source: savingsguide.com.au

### Rainwater collection



**More households need to purchase a rainwater tank if the community is to make a real difference to conserve rapidly depleting water supplies.**

#### Why use rainwater?

- Using rainwater can reduce your water bills as rainwater is free. Tank rebate schemes are also available in many states.
- Collecting rainwater allows you to be prepared for times of low rainfall, so you can still maintain your garden, especially if there are water restrictions in your area.
- It reduces the load on stormwater systems because roof runoff is not flushed into the drains.
- Using rainwater reduces the need to build more water storage dams, which may be have to be situated in environmentally sensitive areas.

#### Benefits

- Saves large amounts of water which can be used in the garden or in the home.
- Requires a relatively simple system which is easy to use.
- During the wet season, when the garden doesn't need any extra watering, rainwater can be connected to the house and used for toilet flushing as well as the laundry.
- Rainwater is also suitable for pools and for washing cars.
- In some rural areas, it is possible to use rainwater for all domestic uses, and not draw upon the mains supply.

#### Issues

- Contamination from pollutants found in roof and pipe materials.
- Contamination from bird droppings, local pollution, and organic material collected on the roof.
- Breeding of mosquitoes in the water supply.

These quality issues can be overcome if you use approved products and techniques. Your local water authority should be able to recommend high quality products and approve your system.

Source: savewater.com.au

**Remember, if you have any friends or family who need help with their finance, call us!**

*Details over page*

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### Top stress busting tips



#### 20 stress tips that will help you to change and improve the balance in your life

- 1 A stress diary can be invaluable in understanding your major sources of stress and how often you're experiencing them.
- 2 Note the positives as well as the negatives, and regularly review what you've learnt about your lifestyle.
- 3 Try to alter the balance of activities from stress 'producing' to stress 'reducing'.
- 4 Recognise and acknowledge what you cannot change. Fighting against it will achieve nothing, and will simply increase your stress.
- 5 How you manage your time is a key factor in how stressful your life will be.

- 6 Establish your priorities and focus on the essentials. Eliminate time-wasting activities.
- 7 Take regular breaks away from tasks or situations that are sources of stress and frustration.
- 8 If you find it difficult to say 'no', assertiveness and time management training can be extremely beneficial.
- 9 A well balanced diet is crucial in reducing stress. Certain foods and drinks act as powerful stimulants and can be direct causes of stress.
- 10 Keep the consumption of 'convenience' foods to the minimum, as many contain large amounts of sugar, salt, fat and preservatives.
- 11 Consuming excessive alcohol will neither solve your problems nor improve your health.
- 12 Drink at least two litres of water per day, and limit your caffeine intake, as this kick starts the stress reaction.
- 13 Exercise provides an outlet for negative emotions such as frustration and anger.

It's thought that stress poses significantly less danger to the health of people who are physically fit.

- 14 Choose a form of exercise that you enjoy, rather than one that you think 'will be good for you'. You'll enjoy it more and this will make it easier to stick to.
- 15 Include a daily period of relaxation in your life.
- 16 Tension and relaxation are two sides of the same coin - you can't experience both at the same time. You need to learn to turn on the bodily effects of relaxation so that you can turn off the symptoms of tension.
- 17 Humour gives us a different perspective on our problems. If you can make light of a situation it becomes less threatening.
- 18 Changing your perspective, positive thinking and self-talk can all help you deal with stress.
- 19 Slow deep breathing will help to ease the tension in your mind and body.
- 20 A wide range of 'alternative' therapies are available for the treatment of stress. Different people will find some more effective than others.

Source: ehow.com

### Choosing the right air conditioner

There are three common types of air conditioning systems - split systems, fixed units and ducted air conditioning systems.

There are some questions to ask before selecting an air conditioner to ensure that you have the right system for you and your needs. Consider where the system will be placed, and what exactly you want the system for. Do you have the correct wiring for the system and do you need to make any changes to your home to accommodate the system? If you think that changes may have to be made, speak to an electrician. There are also costs to think about such as the cost of the air conditioner itself, the cost of installation, and the cost of maintenance.

**Split system units...**consist of two sections, one inside the home and one out, with the sections being connected by refrigerant piping. They are available as reverse cycle or cooling only and range in power from 2 kW to 8 kW. *Portable* split systems are also available and these are usually smaller units that have the indoor and outdoor sections connected by a hose through and open window. *Multi split* systems can air condition multiple rooms (up to seven) using only the one outdoor unit. These systems are best used when there is limited outdoor space or where there is not enough ceiling space to install ducted air conditioning.



**Fixed units...**are small box units that are traditionally mounted within external windows or walls. These are generally only good for single rooms so multiple units may

be needed if you need to air condition more than one area of your home. Smaller units can be plugged into a standard power point but larger units may need to be wired into the electrical system.

**Ducted units...**can be installed in virtually any home, existing or new, provided that there is sufficient ceiling space. There are two components to the ducted system, with the compressor unit located outside the house and the indoor unit located within the ceiling space. The cooled or heated air is distributed through vents located throughout the house.

To improve efficiency, ducted systems can be zoned so that different areas of the house are heated or cooled at different times. For example, the house can be divided into a day zone (living areas) and a night zone (bedrooms).

Source: homeimprovementpages.com.au



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