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## money

# HOW TO BUY A HOUSE THIS YEAR

✱  
FOR  
REAL

★ HOW TO REALLY SAVE FOR A DEPOSIT

★ SORT OUT YOUR MONEY SITCH

★ HOW I GOT HERE:

PR QUEEN MONTARNA McDONALD

# OWN YOUR OWN HOME

It's as easy as one, two, success! It just takes some planning, saving and knowing these nifty tips...

## 1 GET BUDGETING



### COMMENCE PROJECT: SAVING FOR A DEPOSIT

Every dollar counts, so start collecting.



### DECISION-MAKING TIME

Think about what type of home you want and the areas you'd like to live in.



### SET AN AMOUNT

Figure out how much you can afford to spend. Your bank or a mortgage broker can help with this.

## 2 RESEARCH & PLAN



### GET CRACKIN'

Research home loan packages or talk to a mortgage broker who'll do it for you.



### GET APPROVED

Get pre-approval for a loan so you can pounce when you find a home you love.



### THE FUN PART

Start inspecting homes within your budget and chosen areas.

## 3 COVER YOURSELF



### BE VIGILANT

Once you've found your dream home, have a conveyancer check over the contract and identify any red flags.



### NO PESTS, NO PROBLEMS

Get a building and pest inspection so you don't get caught with a dodgy property.



### SIGNED, SEALED, DELIVERED

Make an offer. Oh hey there, new home.

# 8 GENIUS WAYS TO SAVE FOR A DEPOSIT

*Money-saving tips that don't mean sacrificing your morning coffee*

## 1. BE WARDROBE SAVVY

Think about how many of those one-off outfits you buy for parties, the races and big nights out, then never wear again. Now think about how much money you'd save if you rented those outfits instead, for a fraction of the cost price. Meet GlamCorner, Your Closet and Her Wardrobe. They are brilliant, easy-to-use clothing hire companies that help you look expensive without *being* expensive. Plus, you'll never accidentally double up on an outfit!

## 2. NEVER SPEND A \$5 NOTE EVER AGAIN

Stop taking those pink notes out of your wallet immediately. Why? Marie Campagna Franklin, a college professor and finance blogger from the US, decided that every time she received a



## 3

### TRAVEL SAVVY

**NICOLE HEALES, FINANCIAL ADVISOR AT NICOLE HEALES FINANCIAL, SAYS YOU SHOULD ALWAYS BOOK YOUR FLIGHTS FIRST AND YOUR ACCOMMODATION LAST. 'FLIGHTS GET EXPENSIVE CLOSER TO YOUR TRAVEL DATE BUT YOU CAN ALWAYS FIND LAST-MINUTE HOTEL DEALS.'**



# 4

**Switch banks** Still with the bank your 'rents picked out for you when you were 11? You could be getting flogged with a buffet of savings-draining fees. Look for a bank with no overdraw fees, no minimum deposit amounts and no account-keeping fees. Try [Finder.com.au](http://Finder.com.au) or [Mozo.com.au](http://Mozo.com.au).



MY BALCONY, MY RULES.

five dollar note, she'd put it aside. In 13 years, Franklin amassed about \$52,000. Really, how hard is it to not spend a fiver?

## 5. GET COOKIN'

Two words, friends: bulk cooking. Sexy? Not really. Money saving? Yep. Say you're cooking spag bol for dinner, double or triple the recipe and freeze the portions you don't eat. Next time you're stuck with no dinner, contemplating a \$37.50 Deliveroo order, you'll have something delicious to fall back on.

## 6. ADD TO CART SMART

Cyber Monday. End of financial year. Boxing Day. Mid-season. Black Friday. Australia Day. Et cetera. They're the times of year when most retailers offer wallet-friendly sales and deals online and in store. Add the dates into your phone calendar, wait for

them to roll around and score your clothes, makeup and more for a fraction of the price.

## 7. INVISIBLE SAVINGS

Open a separate savings account and set up an automatic transfer of \$100 from your main account every month. You'll barely notice it's missing and at the end of the year you'll be \$1200 richer.

## 8. PAY LESS WHEN YOU EAT OUT

Is there any point to life if you can't share wine with your girls over dinner? Seriously, though, you can still indulge with your mates *and* save with some tweaks. 'Go out for breakfast or lunch (and aim to go out for only one meal a week) as they're cheaper options,' says Heales. Not ready to ditch dinners? 'Choose BYO restaurants to avoid spending \$50 to \$60 on a bottle of wine you could pick up for \$15.' ➡





QUEEN OF THE HOME.

# ALL OF YOUR OPTIONS

Regretting not counting your pennies way sooner in life? Don't worry, there's more than one way to buy a home...

## SAVE FOR A DEPOSIT

Saving is becoming harder and harder thanks to increased living costs, but it's not impossible. 'I suggest temporarily living [with the 'rents] for a set period of time to accommodate a saving period,' says Marion Mays, founder of Thalia Stanley Group, a wealth advocacy and investment mentoring firm (Thaliastanley.com.au). If this isn't an option, Mays suggests taking on a part-time job to boost your cashflow, making your own lunches, car-pooling to work and selling any unwanted clothing or furniture.

**TOP TIP:** 'The new federal initiative of the First Home Super Saver Scheme will be introduced in July 2018, which means that you can now access up to \$15,000 of your voluntary superannuation contributions made in a financial year (capped at \$30,000 total), which can be withdrawn to buy your first home,' says Mays.

## BUY WITH A FRIEND OR SIBLING

Finances falling short of your dream property? Double your

cashflow by joining forces with a sibling or a trusted friend.

Nikki, 28, took the plunge with her little sister Isabelle, 22. 'We realised we'd be better off pooling our money and buying together,' she says. 'The best thing is that I finally own a house and share the mortgage with someone I trust.'

However, two buyers means two sets of opinions, so before you even start your property search, clarify your expectations with each other. 'I went to a few open homes and would show Isabelle my short list, but there was always something she didn't like,' Nikki says. To avoid any disputes later on about who owns what, be sure to draw up a legal agreement. 'We decided from the start it would be a 60-40 split with the deposit and I would live at the property.'

**TOP TIP:** 'Make sure you're aware of the other person's financial habits and ensure you've got a similar mindset,' says Nikki.

## GET A DOER-UPPER

Just 'cos you're good at putting together IKEA furniture doesn't mean the reno life is for you, but if you've got a vision, determination and a tight budget, read on...

'Renovating allows you to be creative and explore new ideas and techniques,' says *The Block* alum Elyse Knowles. 'And you can bring an old home back to life.' It could also allow you to purchase a cheaper home in a neighbourhood you previously couldn't afford. But on the flip side, be prepared to get dirty! 'The toughest part [about doing a reno] would be living through the chaos while renovating. It's



not a quick process and if you want to save while doing the project, you have to live there!

**DO THOROUGH RESEARCH AND SEEK OUT ADVICE FROM EXPERTS. IF THE NUMBERS DO NOT STACK UP, THEN IT'S NOT AN INVESTMENT; INVESTMENTS ARE BOUGHT BASED ON NUMBERS AND LOGIC, NOT EMOTIONS.**

**TOP TIP:** Make budgets a priority, says Knowles. 'You have to figure out from the start how much you would like to spend and have a contingency plan if something goes wrong.' On average add 10 per cent of your budgeted amount.

## ASK FAMILY FOR A LOAN

'In order to purchase a home or investment property, you will need at least a 10 per cent deposit, plus funds to cover government charges, such as stamp duty, and all associated costs, including solicitor's fees, pest and building reports,' says Mays. These costs can add up – stamp duty on a \$650,000 apartment in Victoria

can cost over \$35,000 (get an estimate from Stampduty.calculatorsaustralia.com.au). The reality is, you may need some help covering these costs.

'When asking your parents or grandparents for help, it is important to demonstrate that their needs have been taken into the equation,' says Mays. 'Think about how the loan of funds will affect their livelihood – when they will get the money back, whether they'll be responsible for debts, or if they have an interest in the home you're buying. Perhaps there is a plan to build a granny flat.'

**TOP TIP:** 'Have all of the facts in writing and engage an expert to explain how a "parental pledge" works. This shows that you are committed, have done the groundwork, and that you have saved and worked out if you can afford the repayments,' says Mays.

## CHOOSE AN INVESTMENT PROPERTY

'There are a few basics property investors should aim for. Firstly, get your finance pre-approval upfront so you know exactly how much you can borrow,' says Mays. 'Secondly, do thorough research and seek out advice from experts. If the numbers do not stack up, it's not an investment; investments are bought based on numbers and logic, not emotions.' She suggests having a safety plan fund of 10%.

**TOP TIP:** Yes, we know this is an investment property, but if it's an option, live in the property for the first year. You may qualify for stamp duty savings, the first home owners grant, or lower interest rates and capital gains tax. ➡



# 6 QUESTIONS YOU NEED TO ASK YOURSELF BEFORE MAKING AN OFFER

Got a deposit and ready to give buying a home a crack? Here's what to know before the hammer goes down



## ASK:

### Will I be able to afford the mortgage?

Complete a budget so you're clear on how much cash you can direct towards paying off a loan each month. 'Leave a buffer to cover interest rate rises, especially with rates as low as they currently are. It's better to borrow less and make additional repayments than to be completely stretched,' says Sarah Riegelhuth, finance expert and CEO of Wealth Enhancers. Plus, consider any future time out you may need (maternity leave, for example).

## ASK:

### Are there any hidden costs?

Stamp duty, as we discussed earlier, is a big consideration, as is insurance. 'Mortgage insurance (payable if you don't have a 20 per cent deposit) covers the bank – not you! – in the case of you defaulting on your repayments,' explains Riegelhuth. 'You'll likely also have some legal fees to cover and loan establishment fees.'

## ASK:

### What should I have prepared to make an offer?

'It's critical to have your finance pre-approved so that you know how much you can actually afford to pay for a property,' says Riegelhuth. 'Talk to a financial adviser, mortgage broker, or your bank to establish pre-approval and set your spending limit.'

## ASK:

### Are there any contract red flags?

Number one? Always check the settlement date is clearly disclosed in the contract to avoid any hidden timing issues. 'Check where the sewer lines or easements run in relation to the land as their positioning could restrict development of the land,' says David Winning, Your Move Conveyancing director. Confused by contract lingo? Hire a professional.

## ASK:

### How can I find out if a property is hiding something dodgy?

Don't just glance around the home; inspect it carefully and also get acquainted with the building inspection report and pest report to be sure there are no hidden issues that'll cost you in future, such as a hidden leak. 'Checks with the local council should also be [done] to investigate whether there are any development proposals for neighbouring properties,' explains Winning.

## ASK:

### How can I figure out the best interest rate?

Enlist a mortgage broker to do the hard work for you. 'They will research the entire market taking into consideration your needs and circumstances,' says Riegelhuth. Or you can search online at [Finder.com.au](http://Finder.com.au) or [Canstar.com.au](http://Canstar.com.au).

WORDS BY EDWINA CARR BARRACLOUGH; SHARI NEMENTZIK; MORGAN REARDON; PHOTOGRAPHY BY CHRIS JANSEN/BAUER. GETTY IMAGES



YOU HAVE TO PUT THE HARD YARDS IN BEFORE YOU CAN PUT YOUR FEET UP!