



# NEWSLETTER

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NOVEMBER 2017

## How working with a Bookkeeper will change your business

Yes, a bookkeeper will require payment for their services, however, they can overall save you money, but sometimes, more importantly, they save you time, energy and potentially many sleepless nights.



Here's how working with a bookkeeper will change your business for the better.

- They help manage your cash flow
- Organise your finances, ensuring your data is up-to-date, allowing for a more streamlined process for banks and finance providers, as well as your Accountant
- They give you back essential time that you can be using to grow your business
- Provide you with accurate data
- Assist you with the legal requirements for recording financials
- Help in keeping your end of year accounting bills down by maintaining your accounts throughout the year with a hands-on approach
- Provide you with insights into the patterns, opportunities and concerns of your finances
- Ensure bills are paid on time to avoid late fees, along with ensuring compliance obligations are met
- Give you peace of mind, knowing you have an expert on hand, who knows your numbers inside and out, to help guide you in the day-to-day running of your finances.

Accountplan provides businesses with an end to end Know Your Numbers package, that can be tailored to your needs. Contact us today (3883 8999) to see how Warren can begin to better your business numbers.

## 10 Questions to ask a Mortgage Broker

Using a mortgage broker to help you choose a home loan can save you considerable time and could result in huge savings. However, before you decide on a broker, you need to make sure they're going to meet your needs.

Here are 10 questions to ask and how our Finance & Mortgage Broker, Mick Doyle, answered them.

### How long have you been a mortgage broker?

It may help you feel more comfortable with your decision if you know the person you intend to choose as your broker is experienced and has a solid track record. This question will let you know how long they've been a broker and what sort of lending they're involved in. Also ask them to provide client testimonials, if possible.

*Mick: I have been in finance broking for eight months, however, this follows over 30 years in the banking industry. The last 20 of these in Business Banking management roles.*

### Are you a licensed broker and a member of a professional mortgage industry body?

It's important to check a broker's qualifications and credentials. Major lenders require that brokers complete at least a Certificate IV in Financial Services and either hold an Australian credit licence or be authorised under a licensed home loans aggregator or lender. They should also be a member of the Mortgage and Finance Association of Australia (MFAA) or the Finance Brokers Association of Australia (FBAA).

*Mick: I am a Licenced Credit Representative of FAST – Australia's largest aggregator. I hold a Diploma of Finance and Mortgage Broking and am a member of MFAA.*



### Do you have access to a range of different mortgage lenders?

The mortgage broker you choose should be able to offer you loans from a large number of Australian lenders. Ask how many they have access to and if they can provide you with a full list. That way you can have confidence in their contacts and know that they have a wide selection to choose from.

Mick: I presently have access to a panel of 15 lenders:

- |                   |             |
|-------------------|-------------|
| - ANZ             | - Medfin    |
| - Arch Finance    | - NAB       |
| - Capital Finance | - Pepper    |
| - CBA             | - St George |
| - FASTLend        | - Suncorp   |
| - Liberty Finance | - ThinkTank |
| - Macquarie       | - Westpac   |
| - ME Bank         |             |

## How do you determine the best lender?

Your broker's primary job is to source the best home loan for your specific needs. Securing a low interest rate is key, but a broker should also assess your requirements and then present a number of product options. They should be able to demonstrate how they research and rate their selections, and which loan best fits your circumstances.

*Mick: Not all lenders service every segment of the market – some are quite specialised. Furthermore, different lenders have varying risk appetites – eg: some currently have low appetite for residential investment. After undergoing a fact finding exercise with the borrower I try to narrow down to a panel of 3-5 lenders that best suit the client's needs.*

The criteria used in this process can include (but not limited to):

- how does the lenders' risk appetite and policies match the needs of the borrower?
- does the borrower require full branch network access post settlement?
- does the lender have expertise in the borrower's industry?
- will the lender be able to complete the transaction in the time frame available?
- and of course, the pricing of the offers tabled

## What fees and commissions are you entitled to?

This question may seem blunt, but keep in mind that brokers generate income from every transaction they complete. It's good to understand how they are paid, and how that may affect you.

The broker must disclose all payments and commissions they receive.

*Mick: For most transactions, we are paid exclusively by the lender themselves (ie: no cost to the borrower). An upfront payment (or commission) is the most common and is based on a percentage of the amount borrowed. Sometimes we are also paid a monthly "trail" payment based on a percentage of the remaining loan balance.*

*In some cases where the transaction is very complex or takes a lot of work to complete, we will charge the borrower a "Credit Assistance Fee" which will be outlined upfront.*

## How much can I borrow?

As part of the process, a broker should provide an idea of how much you can borrow based on your deposit, income, assets and liabilities. This will help you understand what type of property you can afford to buy.

*Mick: I work with you one on one to full understand and assess your specific situation and what is possible and a best fit for you. What lenders look for in a borrower also holds some weight here.*

## Do you help with first home owners grants?

First-time home buyers may be entitled to government grants and other incentives. Your broker should know what's available in your state or territory and assist with any paperwork.

*Mick: Yes, we can help you with this as the process can differ slightly from lender to lender.*

## What's the best loan structure for me?

A good broker should advise you on which loan structure makes the most sense for you. Ask whether a variable interest rate loan is best, or whether you should have a loan with split portions providing both variable and fixed rates.



Does it include an interest offset account, a redraw facility, and should you pay principal and interest, or interest only?

*Mick: This advice is provided only after the full fact find is undertaken. Each applicant's needs and circumstances are different – hence loan recommendations will differ accordingly.*

Some of the things we consider when making structural recommendations are:

- timing, frequency and amount of incomes used to repay the loan
- maximising tax benefits if appropriate
- taking into account short-term changes in income (like taking time off to have a baby)
- the shelf life of the asset funded (eg: you would not fund a car purchase over 30yrs)
- interest rate risk management

## What are the next steps?

Ask about the process of getting your loan application underway, including any information and documentation you need to provide them as the intermediary between you and the lender. Your broker should be able to give you a checklist.

*Mick: We provide you with one-on-one support, along with documents to assist including a checklist that covers the following:*

- step by step guide of the proposed process
- information required by the lenders
- likely conditions of approval
- other specialists that you may need to engage (eg: lawyer, accountant and insurers)

## How long will it take?

This will determine how quickly you can start shopping around. Ask the broker to estimate when you should get pre-approval from the lender and also how long the full approval and settlement process should take from start to finish. To get the ball rolling on your home loan, talk to a mortgage broker today.

*Mick: The time frame will differ depending on a number of factors involved in the transaction. We will usually be able to give you an indication upon receipt of the information from you.*

If you'd like to speak to Mick about how he can help you get the finance you need, you can contact him on 07 3883 8999.

Accountplan Finance Solutions Pty Ltd (ACN614700775) and Mick Doyle are credit representatives 495434 & 495495 of BLSSA Pty Ltd, ACN117651760 (Australian Credit Licence 391237)

## Debt: Signs you're in too deep and what to do about it

Are your purchases costing you more than you expected? Managing debt and finances to meet your day-to-day requirements as well as your long-term goals can be a complex task.

Not all debt is bad, but understanding your level of debt, as well as the type of debt incurred, will help you manage it better.

Borrowing money is easy – it's making the repayments that can be difficult. Debt problems don't strike without warning.

Here are some of the most common signs that you may be in too deep.

- Do you worry about checking the mailbox for fear of finding another bill?
- Are you still paying off credit card bills from last Christmas?
- Have you gone through two or more mobile phone providers?
- Are you only paying off the minimum monthly credit card balance?
- Do you have outstanding personal loans that you used for holidays?
- Have you maxed out all your credit cards and applied for another?
- Is there nothing left in your pay once your debt repayments have been made?

### Managing Debt

What to think about before you even apply for a loan.

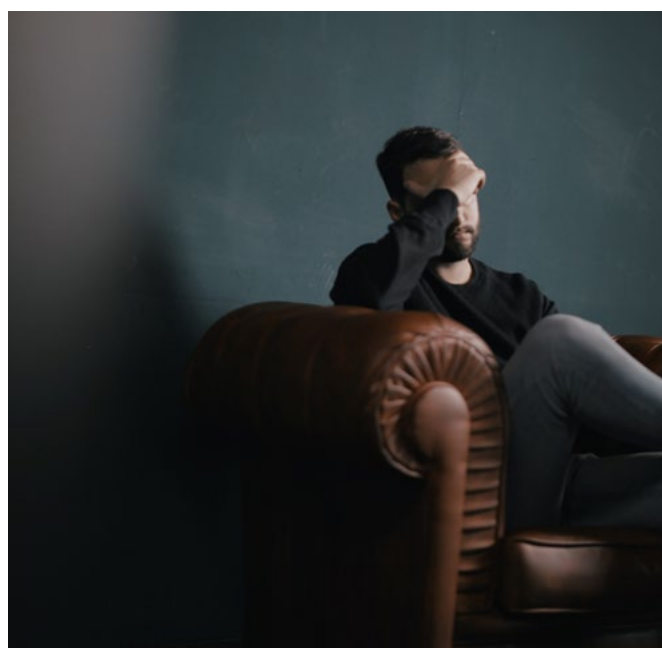
Before taking out a loan, check:

- The term of the loan.
- What interest rate will be charged and how often must the repayments be made?
- How is the interest rate determined – is it variable (the lender can move the rate up and down) or fixed?
- Are there any fees over and above the interest payments, such as monthly service fees?
- What is the actual amount, in dollar terms, that will be paid over the life of the loan? On a house, over a term of 25 years, this will be several times the actual purchase price.
- What type of security is required? For example, a mortgage on a house may involve the lender having title over the property.
- Is there a level of flexibility available? Can you repay the loan early?
- Is there a penalty for early repayment?
- What happens if you experience short-term financial difficulties or are unable to repay the loan?
- Is the contract covered by the National Credit Code?

### Debt Strategies

Here are some basic strategies that can help if you find yourself in trouble.

**1. Budget:** Modify your budget to make sure it accounts for your debt repayments. Keep track of your spending for about three months to get a realistic idea of where your money is going. Once you can put this into perspective, you may find ways to reduce your spending and increase your debt repayments.



**2. Pay off debts with the highest interest rates first:** These can cost you more in the long run. Credit cards and personal loans tend to have a higher rate of interest than mortgages. If you have multiple loans and can afford to make extra repayments, it's wise to start with the loan with the highest interest rate first, then work your way down.

**3. Use your mortgage:** Many of today's home loans have facilities allowing you to reduce the interest you are paying on your mortgage without reducing the amount of readily available cash you have on hand. Features such as a redraw facility or an offset account effectively reduce the balance of your mortgage for the period of time that the funds are sitting in the account, which in turn reduces the interest calculated on the balance. Ask your lender if these options are available to you, and always be aware of any fees or restrictions that they may have in place, should you wish to pay your mortgage off faster than the original term.

**4. Consolidation:** Think about consolidating your debts if you have more than one. But only do so if it will help minimise your overall interest payments and the fees and charges you pay. For example taking a personal loan (at an interest rate of 9 percent) to pay off three credit cards (which have interest rates ranging from 12 percent to 16 percent), will save you time, paperwork and money in the long run. Consolidating a short-term (high interest rate) car loan with a long-term mortgage (low-interest rate), may not save you money, so its best to get professional advice.

### Don't put your debt at risk

When taking on a debt of any kind, it's important to remember that unexpected things can occur that may impact your ability to pay off your debts. If you were unable to work due to injury or illness, would you be able to keep up with your financial commitments and protect the assets you've worked hard to accumulate?

Before taking on a large debt, speak with your financial adviser about preparing for the unexpected through risk management strategies such as income protection insurance.

AccountPlan Financial Planner Michael Forster is an authorised representative of Executive Wealth Management Financial Services Pty Ltd (AFSL 245451)

## Debt: Signs you're in too deep and what to do about it

Accounting for all the receipts, staying on top of tax, tracking every single transaction, monitoring the bank feeds, keeping up with sales, expenses, salaries, the list goes on. Running a businesses finances is no small feat.

Every business, however small, needs a bookkeeper. Someone who can help you with the numbers.

Although it is possible to DIY your numbers, and we appreciate your ambition to manage things yourself, we know your skills are better used elsewhere.

A good bookkeeper will look after your day-to-day business financials, your accounting work and tracking your business for you. Allowing you to focus on the elements of the business that only you can do. Outsourcing this vital element of your business function is common and something many businesses highly recommend.

Read our related article: [How working with a bookkeeper can change your business.](#)

If you've not yet got an idea of how much a bookkeeper would benefit you, your peace of mind and most importantly your business, here are 3 reasons why every business needs a bookkeeper.

### 1. They give the gift of time

Unless you have a previous bookkeeping qualification that we don't know about, we recommend you outsource the everyday work of managing your numbers to a bookkeeper.

Learning and maintaining the management of your financials involves a lot more than filing receipts and paying bills. A bookkeeper can remove the stress you carry from trying to manage this side of the business, giving you the gift of time. Time you can use to grow and better your business.

### 2. They're so much more than data entry managers

You're not alone if you don't know what a bookkeeper really does. It is a commonly misunderstood and under-valued role. A good bookkeeper is invaluable to your business and is often the missing link between your business and your accountant.

What does an average work day look like to you? We imagine there isn't a lot of free time available to strategically assess your finances, are we right?

A good bookkeeper gets to know your business inside and out. They are able to keep a finger on the pulse of your finances and provide powerful insights into the health of your numbers and what they mean for the future of your business.

They will show you areas of concern in your business through the numbers, highlighting what's not working, and opportunities for growth. Their external position to your business allows for internal insight into the numbers they deal with day-to-day for you.

### 3. They help manage your cash flow

Above we highlighted how a bookkeeper is a missing link between your business and your accountant. Keeping an eye on your cash flow is a key benefit of a bookkeeper.

Your accountant will be able to assist you in important financial matters such as annual returns and tax issues. However, unlike a bookkeeper, they don't see your numbers on enough of a regular basis to help steer you in the right direction. A bookkeeper can help to keep your cash flow in check and your business on track for growth.

If you'd like to know more about how working with one of our experienced and friendly bookkeepers could benefit your business and personal life, contact Pam on 07 3883 8999

## 35 years helping the Peninsula make better decisions.

## Here's how we can help you.

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