Grab a Grin

> *Employers who actively sustain a positive environment could experience up to 25% improvements in efficiency and customer satisfaction.*
>
> *Journal of Applied Psychology*

Being merry has many merits but basically it makes us feel good. From medieval court jesters to contemporary comic millionaires, the ability to get a giggle has always been highly rewarded.

Scientific and social researchers have compiled long lists of the physiological and psychological benefits associated with laughter. Lowered blood pressure, reduced stress hormones, strengthened immune system, improved circulation and muscle relaxation are just some of the ways our body responds when we exercise our sense of humour.

Even just the simple act of smiling has been shown to trigger the hypothalamus region of the brain to release natural opiate-like substances called endorphins, known as the body's natural painkillers.

What this means in the workplace is that people who are light-hearted, having fun and in good spirits are more likely to be successful.
A daily injection of laughter clears cobwebs from the brain and helps get the creativity juices flowing.

Did you know that children laugh an average of 400 times per day, but the average adult only laughs 15 times per day! It seems that as we get older, our laughter gets lost under piles of responsibility, inhibition, unhappiness and insecurity. To bring back the laughter to our lives, we have to once more remember how to have fun.

When there is fun in the workplace, there is:

- Improved morale
- Better rapport and communication
- More cohesiveness and team spirit
- Increased performance
- Creative problem solving
- Reduced stress and burnout

"Choose a job that you enjoy, with people who are fun and you will never have to work a day in your life."

As your mortgage broker we hope that the atmosphere in our office is contagious; that the genuine enjoyment we get from our job catches on. We laugh often, work hard and give our best in the hopes that the experience you have with us will leave a lasting smile on your face!

Finance Connect
"Connecting you to the right loan"

Finance Connect
PO Box 154
Gymea NSW 2227

For every successful **loan referred to Finance Connect** you will receive a **$200 Gift Voucher**

We Specialise In:

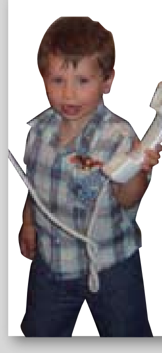
- Residential Loans
- Investment Loans
- Commercial Loans
- Low Doc Loans
- Line of Credit/ Equity Loans
- Debt Consolidation
- Refinancing
- Mortgage Minimisation
- Deposit Bonds
- Pre Approvals
- Car Finance
- Life, Income, TPD & Trauma Insurances
- Home & Contents Insurance
- Free Financial Health Checks

m 0411 33 44 88 - Jason Platt
m 0414 646 414 - Kim Minton
t (02) 9521 8222
f (02) 9521 8788
e info@financeconnect.com.au
w www.financeconnect.com.au

Finance Connect

"Connecting you to the right loan"

EDITION 26 | NEWSLETTER



"Need a Great Home Loan?"

Phone my Dad on 0411 33 44 88

or

Phone my Mum on 0414 646 414

If you catch yourself laughing out loud, keep on going! Laughter is a great cure for many ills, and with the global financial crisis behind us, we've got plenty to laugh about.

In the article below – 'housing market blasts off' - we discover just how optimistic Australian borrowers and investors feel about the housing market and whether there is a basis for this confidence.

Over the page we address the topic of rising interest rates and look at ways that you can prepare your budget and finances to cope with higher repayments.

Lastly, we end on a lighter note, with an article about how laughter can improve workplace productivity. We hope that as your mortgage broker you can feel comfortable enough with us to share a laugh – especially when we tell you how much you can save by letting us assist with your borrowing needs!

Enjoy this newsletter and feel free to pass it on to family and friends.

Housing Market Blasts Off

Confidence in Australia's housing market has returned in spades, according to a survey by the Mortgage Finance Association of Australia.

The survey found that almost three in four respondents (73%) expect house prices to rise, representing the highest level of confidence in more than three years.

Supporting this is a strong consumer sentiment index, which in February this year was 15.2 per cent above its long-term average. The confidence of respondents holding a mortgage has reached its highest level since 1994 when the Westpac-Melbourne Institute started collecting data in this area.

Fortunately there is a solid basis for this optimism, with housing market data from 2009 showing house-price growth surging to a six-year high. According to the Australian Property Monitors Quarterly Housing report, the property market posted a 12.1 per cent rise in median house prices for the year to December 2009 – the strongest annual house price growth since 2003. Melbourne and Darwin led the way with house prices up 18.5 per cent and 13.5 per cent annually, with Sydney, Canberra and Hobart not far behind.

The good news doesn't stop there: Australian Property Monitor research shows that 2010 promises to be a bumper year of rental increases for property investors, with rents forecast to increase in Sydney, Melbourne, Brisbane and Perth.

Quote for the month...
"Excellence is to do a common thing in an uncommon way"
Booker T Washington

Insuring your mortgage

With interest rates predicted to rise again this year, you may want to consider taking out mortgage insurance for protection against financial difficulty.

Should you suffer an illness, injury or involuntary redundancy, Mortgage Protection Insurance will cover your mortgage repayments for a prolonged period, allowing you to concentrate on getting better or re-entering the workforce. Your mortgage is paid out in the event of death or permanent disability.

The amount of cover is determined by the amount of your loan and loan repayments, and you generally have the choice of opting to cover the loan amount either in the event of death or inability to work, or both.

Keep in mind that mortgage protection insurance will provide protection for your mortgage, but you will need to also take out life insurance and/or income protection to cover yourself against other financial commitments like ongoing income and medical expenses.

When you consider that mortgages usually extend to 20 years or more, it is a long period of time to not suffer a brush with illness, injury or unemployment. Having these insurances in place gives you the peace of mind of not needing to worry about the prospect of losing your family home.

Is mortgage insurance similar to lenders mortgage insurance?

Don't confuse mortgage protection insurance with lenders mortgage insurance (LMI) – they are two very different products. One is mortgage protection for the borrower, while LMI protects the lender in case the borrower defaults on their loan.

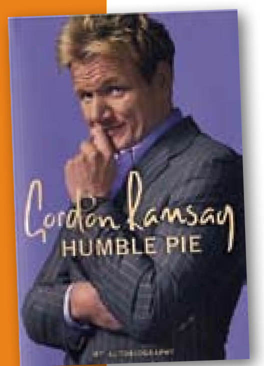
LMI is a requirement by lenders where borrowers don't have a deposit of more than 20 per cent for the property. It allows lenders to protect themselves against loss should a borrower default on their loan and the money raised from selling the house fails to cover the debt. If this happens, the lender is entitled to make an insurance claim to the LMI provider for the amount outstanding.

What's in the fine print?

When taking out any mortgage related insurance, make sure you are comfortable with the details of the policy before you sign on the dotted line. Look for answers to questions like:

- How long will a disability or unemployment claim be paid for?
- How long is the policy term?
- What are the eligibility criteria? (e.g., what illnesses does the policy cover)
- For what period do you have to wait before a benefit is paid?

Book Review



Humble Pie

by Gordon Ramsay

Everyone thinks they know the real Gordon Ramsay: rude, loud, pathologically driven, stubborn as hell. But this is his bestselling real story. Humble Pie tells the full story of how he became the world's most famous and infamous chef: his difficult childhood, his brother's heroin addiction and his failed first career as a footballer: all of these things have made him the celebrated culinary talent and media powerhouse that he is today. Gordon Ramsay's radical career change at 17 years old led him to London and to huge success as chef, restaurant-empire-builder and celebrity. Gordon has published nine bestselling recipe books and has starred in the hugely successful television series.




Did you know?

Very few borrowers are choosing fixed-rate home loans, preferring instead to stick to basic variable rate loans.

Demand for fixed rate loans has dropped to a seven year low, and they now account for just over 1 per cent of all new home loans. By comparison, basic variable rate loans make up the majority of home loans, followed by standard variable loans.

It is believed that Australians are choosing variable home loan products over fixed home loans because they are a cheaper option up front.

Plan for Rate Rises

It's no secret that interest rates are rising, which means planning ahead for future increases in home loan repayments.

Most economists are predicting that the official cash rate will rise to around 4.75 per cent to 5.00 per cent by the end of 2010. These predictions are made all the more certain by the news of solid employment growth and an economy that is recovering faster than previously thought.

The Reserve Bank's expectation is that Australian economic growth will return to its long-term average growth rate of 3 per cent or more this year, and in these circumstances interest rates will be gradually moved back towards their 'normal' levels of the past 17 years.

For borrowers who have enjoyed a protracted period of historically low interest rates and reduced mortgage repayments, it may come as a rude shock that rates are on the upward march. To avoid getting caught in the red, it's important to make sure your household budget and home loan is in order before rates rise again.

Build a buffer

It makes sense to have a buffer to provide protection when your repayments go up and finances get tight.

A good way to do this is make extra payments on your loan while you can afford to – this can have massive long-term benefits, saving you thousands of dollars in interest.

Alternatively put away some extra money into a savings account or redraw facility (storing your savings in your mortgage saves you interest), which you can access at a later date. If you don't believe you have any spare cash to put away, review your budget and identify areas where you can trim excess spending.

Another strategy is to switch from monthly to fortnightly repayments, as this will enable you to make the equivalent of an extra month's repayment each year (as each year has 26 fortnights).

Calculate your sticking point

Calculate the level at which interest rates will start to have an impact on your household budget and have a plan of action ready. It may be that you need to further review your budget, or consider moving from a variable to fixed home loan.

If you are unsure about committing fully to a fixed loan, it's worth considering a split rate loan. This type of loan provides a mix of fixed and variable interest rates, which gives you a foot in both camps.