



John Oliver

## Top tips

HomeStart Finance's chief executive has these tips so you can help your children into home ownership

# Five ways you can help your children

As parents we all want our children to fulfil the great Australian dream of buying their own home. While many parents feel they need to go guarantor, give gifts of cash or invite their children to move back home to save for a deposit - there are other options.

Here are five ways to help your children become independent home owners without using the bank of Mum and Dad.

### 1 Set up a savings plan and teach them about financial responsibility

Teach your child about saving as early as you can. Meeting the upfront costs of home ownership is one of the biggest barriers for first home buyers, so becoming financially savvy at a young age is important. Encourage them to establish a regular savings plan once they start earning an income. Smart Phone budgeting apps can be a good way to help them stay on top of spending and therefore e accountable for their overall financial position.

### 2 Help research the process

Buying a first home is an understandably daunting experience for anyone. Help your child navigate the ins and outs of buying their first home by spending time talking through the process with them. Things to discuss include: borrowing options, setting a budget, different lenders and products, the deposit they will need to purchase a home and the upfront costs associated with home ownership. You might have advice about things you did or didn't do when purchasing your own first home. After discussing some of these things, you can then help them research different home loan options and savings styles, and point them in the right direction to seek out some more information.

### 3 Encourage debt-free living

Credit cards and personal loans can all reduce how much your child can borrow, so teach them how to use credit responsibly. Understanding what a

## Home Loan Repayments (Fortnightly)

LOAN \$	4%	4.5%	5%	5.5%	6%	6.5%	7%	7.5%
250,000	608.72	641.00	674.15	708.16	742.99	778.63	815.04	852.20
<b>275,000</b>	<b>669.60</b>	<b>705.10</b>	<b>741.56</b>	<b>778.97</b>	<b>817.29</b>	<b>856.50</b>	<b>896.55</b>	<b>937.42</b>
300,000	730.47	769.19	808.98	849.79	891.59	934.36	978.05	1022.63
<b>325,000</b>	<b>791.34</b>	<b>833.29</b>	<b>876.39</b>	<b>920.60</b>	<b>965.89</b>	<b>1012.22</b>	<b>1059.56</b>	<b>1107.85</b>
350,000	852.21	897.39	943.81	991.42	1040.19	1090.09	1141.06	1193.07
<b>375,000</b>	<b>913.09</b>	<b>961.49</b>	<b>1011.22</b>	<b>1062.23</b>	<b>1114.49</b>	<b>1167.95</b>	<b>1222.57</b>	<b>1278.29</b>
400,000	973.96	1025.59	1078.64	1133.05	1188.79	1245.81	1304.07	1363.51
<b>425,000</b>	<b>1034.83</b>	<b>1089.69</b>	<b>1146.05</b>	<b>1203.87</b>	<b>1263.09</b>	<b>1323.68</b>	<b>1385.57</b>	<b>1448.73</b>
450,000	1095.70	1153.79	1213.47	1274.68	1337.39	1401.54	1467.08	1533.95
<b>475,000</b>	<b>1156.58</b>	<b>1217.89</b>	<b>1280.88</b>	<b>1345.50</b>	<b>1411.69</b>	<b>1479.40</b>	<b>1548.58</b>	<b>1619.17</b>
500,000	1217.45	1281.99	1348.30	1416.31	1485.99	1557.27	1630.09	1704.39
<b>525,000</b>	<b>1278.32</b>	<b>1346.09</b>	<b>1415.71</b>	<b>1487.13</b>	<b>1560.29</b>	<b>1635.13</b>	<b>1711.59</b>	<b>1787.61</b>
550,000	1339.19	1410.19	1483.13	1557.94	1634.59	1712.99	1793.10	1874.83

Calculated on a 25 year principal and interest repayment and does not take into account any fees or charges. The Sunday Mail takes no responsibility for the accuracy of these figures. Please seek professional advice before advancing further.

credit score is, is also essential for the home buying journey. So it's crucial first home buyers recognise the importance of paying their bills on time, as an unpaid mobile phone bill today could mean a declined loan application in the future.

### 4 Explore the options

When it comes to saving for a deposit, many banks and mainstream lenders require large deposits to avoid having to take out Lenders' Mortgage Insurance (LMI), which can cost thousands of dollars. Looking at a variety of lenders and talking through the pros and cons of different products and how the terms of the loan might impact your child is an important step. Low deposit loan options are available, so make sure your child has explored a variety of loan options and providers. For example, some lenders such as HomeStart Finance offer low deposit options (as low as 3 per

cent) and don't charge LMI, but rather a loan provision charge which is significantly less than the equivalent LMI. This significantly reduces upfront costs of buying a home and enables your child to break into the market sooner. For those who haven't been able to save a substantial deposit, this could be an option.

### 5 Set realistic expectations

It's a good idea to talk your child through the need to have realistic goals in terms of the location and type of home they can afford. Remind them that they don't have to buy their dream home on their first purchase, but can view their first home as a stepping stone to future house purchases.

[homestart.com.au](http://homestart.com.au)

# A home loan rate starting with three. Poetry.

Basic Home Loan.

# 3.65% p.a.\*

Comparison Rate\*.

Effective annual interest rate 3.64% p.a.<sup>^</sup> at 01/12/17. Effective rate includes 0.99% p.a. discount off our Basic Home Loan Variable Rate on **new** Owner Occupier<sup>#</sup> Principal and Interest Loans<sup>^</sup>.

Call 13 13 76 | [banksa.com.au](http://banksa.com.au) | Visit us in branch



**Things you should know:** Credit criteria, fees and charges apply. Terms and conditions available on request. Based on Bank SA's credit criteria, residential lending is not available for Non-Australian resident borrowers. <sup>^</sup>Rate includes 0.99% p.a. discount applied to our Owner Occupier Basic Home Loan offer for the life of the loan. This offer may be withdrawn at any time. This offer is only available for new Basic Home Loan applications received from 01/12/17. Interest rates subject to change (and margins may apply). Excludes internal refinances and switches within St. George, Bank of Melbourne and BankSA. <sup>#</sup>Excludes investment loan applications where the principal property securing the loan will be used to derive rental income or where the loan application purpose is to invest in real estate or to construct or make improvements to an investment property. \*The comparison rate is based on a loan of \$150,000 over a term of 25 years. **WARNING:** This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees or other loan amounts might result in a different comparison rate. BankSA - A Division of Westpac Banking Corporation ABN 35 007 457 141 AFSL and Australian credit licence 233714.