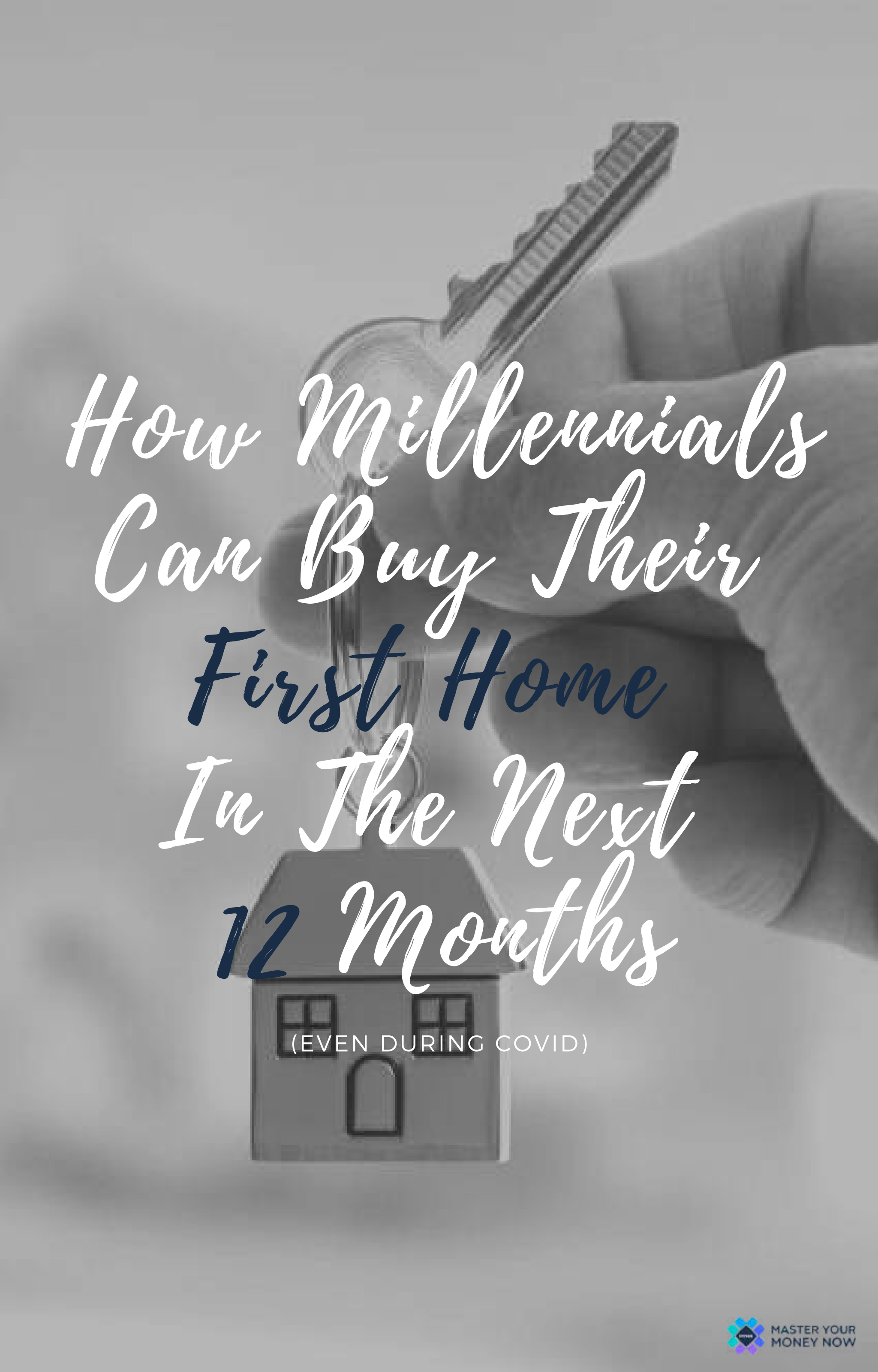
How Millennials Can Buy Their First Home In The Next 12 Months

(EVEN DURING COVID)



MASTER YOUR MONEY NOW

Contents

Disclaimer

The information provided in this book is general in nature and should not be viewed as personalized financial advice as we have not taken into consideration your specific financial situation, objectives, and needs.

You should consider the appropriateness of this information with regards to your objectives, financial situation, and needs. Please consult a financial planner to receive a personalized plan and advice in regard to your specific financial situation.

About the *author*

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He is a Certified Financial Planner © and Mortgage Broker and a member of FPA, AFA, and MFAA. He is the winner of the 2019 AFA Rising Star.

Born in Hawkesdale (population 80), Chris currently lives in Geelong (mighty Cats!).
Both his parents are teachers. Chris is married to Natalie, an Auckland-born Paediatric Nurse.

With over eight years of industry experience in banking, industry super funds, "Family Business" and accounting firm, Chris is passionate about helping everyday people build their wealth.

Introduction

I have been in financial services for nearly nine years now. There has been a lot of change (thankfully) during this time, but still, to this day, 99% of financial services are targeted and delivered towards two segments

- The ultra-old (when I was working at a large industry super fund, a "young client" was someone who was 55 years old); or
- The ultra-rich (I worked at another firm where if you didn't have a million dollars to invest, they didn't want to work with you).

This just didn't sit right with me.

I think it is really important that everyday millennials, especially nurses and teachers, are able to access personalized financial advice. This is when you are setting your "financial foundations," and when you set these up, you will go a long way towards building wealth. In fact, what you do financially in your 20s and 30s will make far more of a difference in comparison to what you do in your 50s and 60s in terms of your retirement.

I will never forget one client who sought advice from me when I was working at the bank. He was a 55-year-old bricklayer, and for health reasons, needed to retire (it's very rare that a tradie can work for 40 years without any health issues). However, he only had $20,000 in his super, and he had no personal insurance cover, was renting, and had no other investments. So, when he asked me, "I have to retire, what can I do?" the sad answer is, "It's too late; there is nothing you can do except to keep working or rely on Centrelink."

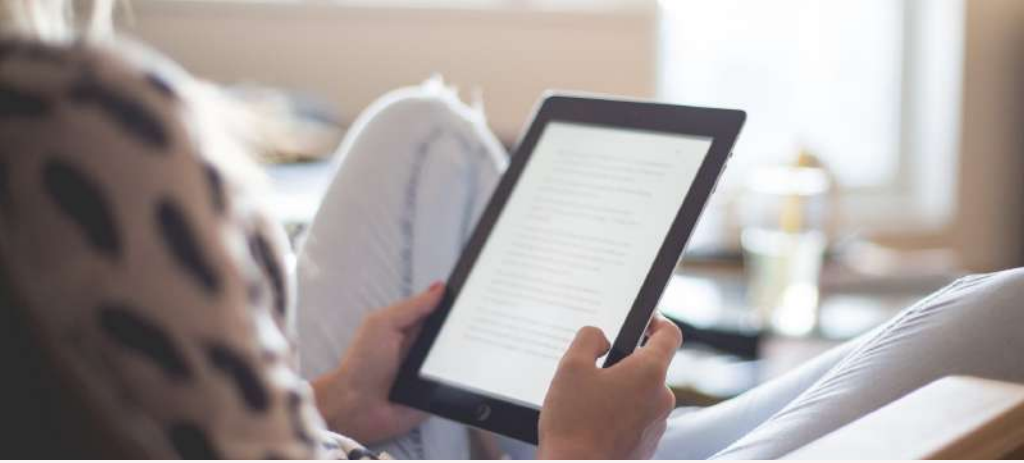
I don't want that to happen to you.

That is why I created this eBook for everyday millennials, and that is why I have dedicated my life to helping millennial nurses and teachers with their financial futures and to help make money simple for them. Since launching Master Your Money Now in July 2018, the thing that I am most proud of is the average age of my clientele is 29 years old (my youngest client is 21 who just graduated from university as a nurse!).

What I am trying to say is that as a millennial myself and someone who looks after the finances of millennials day in and day out, I understand where you are at. And importantly, we can help you.

And if it is your goal to buy your first home in the next twelve months, we can definitely help you, and this book aims to give you the roadmap in order to do just that.

I remember when I bought my first home and signed the contracts on my 25th birthday. It was a very stressful time, but it was a lot of fun as well. It is very hard to describe the joy and satisfaction you get when you get the keys to your first home! All that saving, paperwork, meetings, and sacrificing on smashed avo (just kidding, I'm a big fan a brunch) coming to fruition and having a place to call home.
I'm going to take a wild stab a say the reason you are reading this book is that you want to buy your first home as well. If so, you are in the right place!



What to expect from this book

There is a lot of content here – we will be talking about a lot of things that were not taught (but should have been) in school and university. There is going to be a lot of foreign concepts here. If you are feeling confused or overwhelmed, don't worry – go through it slowly, take a breather and come back to it later. It may take a couple of goes for you to understand this, and that is totally okay! Or alternatively, you may talk to a financial planner or mortgage broker to hold you by the hand and show you step-by-step as to what you should be doing.

What we will discuss in this book can be broadly categorized into three parts. First, we will discuss your financial planner to ensure you get your financial structure correct. Then we will talk about what the millennials are doing (or not doing) to purchase their first home in the next 12 months. And then we will talk about your next move.

As you go through this, don't forget this golden rule – getting information is the easy part; it is putting it into place for yourself that gets complicated. It's one thing to have the knowledge, but quite another thing to actually implement it and get it happening for you. We will discuss this more during this eBook.

But before we go much further, let's talk about a flu-like disease that brought the world to a standstill in 2020…

The Impact Of COVID On Property

We all know how hard it was pre-COVID for homebuyers to buy their first home and get their foot into the market. COVID certainly hasn't made things easier.
However, there are still plenty of opportunities out there for those who work both hard and smart to get into the property market AND potentially save tens of thousands of dollars in fees and taxes in the process.

But before we start, let's understand the property market.

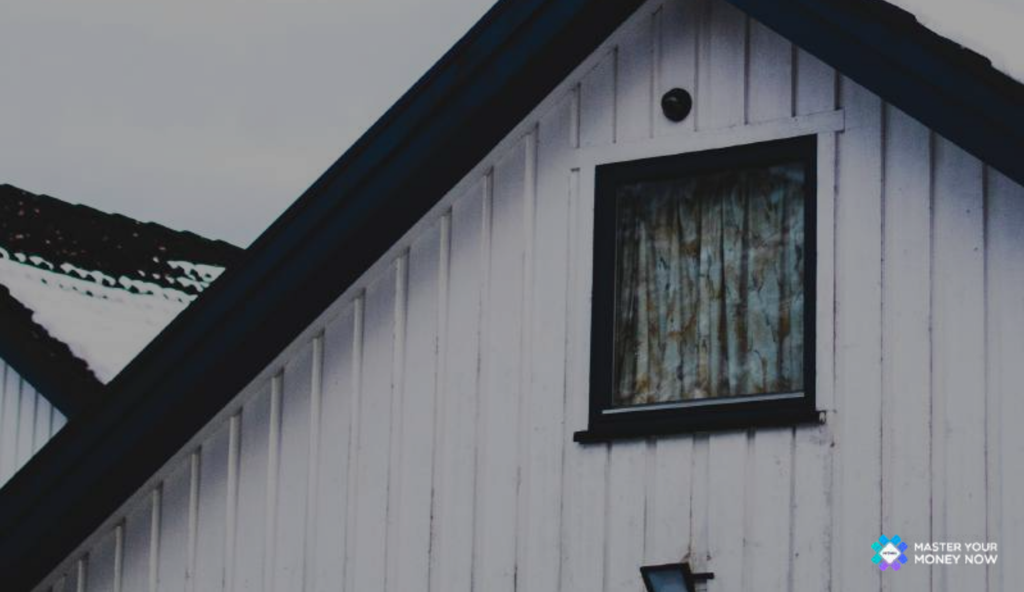
The question that I was getting asked a lot during 2020 is - was the property market going to collapse? There was a lot of doom and gloom scenarios going around (that is what the lamestream media like to do – selling fear sells newspapers) saying that property prices will drop 30%.

I called complete rubbish on this. I said that in a worst-case scenario, prices might come back a bit, but at a maximum of 10%. The likely scenario was prices would remain unchanged.

I was wrong. Property prices went slightly UP in 2020 virtually across Australia!

Why was this the case? Basic economics and a bit of common sense, really!
Granted, some of the reasons that occurred were because there were a lot of incentives introduced for people to buy and build property, which definitely helped. The fact that the virus wasn't as bad as first feared and was relatively under control across Australia (except for Melbourne) also helped.

But I knew property prices in most areas would not be impacted because we have seen property corrections before, as recent as 2018.

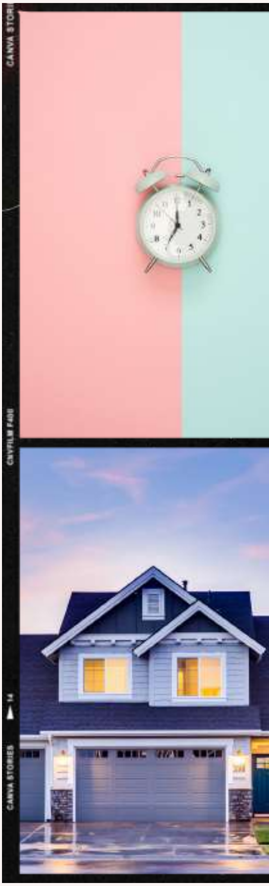


Past Performance an indication of future – Lessons from 2018

There is a lot of talk in Australia that property always goes up in value. I assure you that statement is false! Just ask anyone from Western Australia or Far North Queensland how their property prices are going!

But if you have been living in Melbourne or Sydney in particular, you have definitely seen property prices go up dramatically – in fact; prices have doubled over the last ten years of most Melbourne and Sydney suburbs.

But prices did come back a bit, especially in Melbourne in 2018 (the media described it as a "crash," which was a significant exaggeration yet again…). But it is important to look in particular which suburbs went down in value.



Consider Toorak, THE top end of town in Melbourne, where the ultra-rich live. The average property value in Toorak was a smidge over $5,000,000 in 2017 before dropping approximately 15% to 20% in 2018 to around $4,000,000. Cue - sad face emoji!

But let's look at another suburb called Mickleham, a very popular suburb in Western Melbourne for first home buyers. During 2018 when Toorak dropped 15-20%, Mickleham went pretty much unchanged. It didn't go forward, but it didn't go backward either.
So what does that mean to you?

When it comes to investing in property, one of the key things I consider is whether this property is a "want" or a "need."
You see, people "need" property. They need a place to live and to have shelter over their head.

But they don't need a waterfront McMansion with a six-car garage and a heated pool out the back. That is a "want."
And in my professional opinion, generally speaking, properties that are a "need" are far better investments than properties that are a "want."

When finances get tight, whether it was in 2018 (which was caused by the tightening of home loan rules during the royal commission) or during COVID, what will those living in a "want" property do?
And importantly, have a guess which group of people was the most active in 2020, according to literally every single client, buyers advocate, mortgage broker, bank lender, and real estate agent I spoke to?

You guessed it, first home buyers!

And what sort of properties were they buying?

Properties that everyday people, such as millennial nurses and teachers, could access and easily afford. Properties that were a "need," not a want.

In fact, from October to December 2020, there were simply not enough properties for everyday people to buy! Basic economics tells you that when demand is greater than supply, prices go up!

Is now a good time to buy a property?

So is now a good time to buy a property? I believe it is, but it has to be the right property. It has to be a "needs" property in a good suburb with future development and at the right price. Price, location, and future plans are crucial, going forward!

Look, I don't have a crystal ball (if I did, I would have launched a toilet paper company in January 2020). But I still believe that buying your first home is the second-best investment you can make in your financial future (the best investment is in yourself and looking at ways to increase your income).

Interest rates are at historical lows.	The world is not going to end.
The government is throwing around a lot of stimulus.	I still believe the 2020s as a decade is a good one
People still need somewhere to live.	And if you are a teacher or nurse, you are in the most secure jobs EVER at the moment!

So, is now a good time to buy your first home?
In my professional opinion, 100% yes!

Three Steps To A Successful Financial Plan

To save up enough for your first home or to achieve any financial objective, you need a successful financial plan. There are three important steps to any successful financial plan.

- Where are you now?
- Where do you want to be?
- How are you going to get there?

Firstly, you really need to figure out where you are now. This may sound like a simple question, but it is staggering how many people don't know the answers to questions such as:

- What's your income?
- What are your expenses?
- How much are you saving each payday?
- What are you working towards?
- Are you happy in your current role?
- Are you happy with life in general?

Once you understand where you are now, it is equally important to understand where you want to be, for example:

- What do you truly want?
- Where do you want to buy your first home?
- What is the lifestyle you want to live?
- How many hours do you want to work?
- What does career success mean to you?
- Who do you want to help?
- When do you want to retire?

All of these questions are really important for you to get clear in your mind. There is no point in creating a plan if you don't know where you are going; that doesn't work. Just like there is no point going on a holiday if you don't know where you are going (okay, admittedly, I know a few people who do this, I just don't get it...)

Why are these questions important?

I believe one of the biggest reasons millennials struggle to save is they don't know what they are saving for! What is the fun of savings if you spend it on crap you don't really need?

It's really important to understand where you are now and where you want to be, just as it is equally important to understand where you DON'T want to be.
Once you have figured out where you are and where you want to be, it's then important to know how you are going to get there! Have you asked yourself questions such as:

- How many hours do you have to work and for how long?
- How much do you need to save every paycheck?
- What sort of returns do you need on your investments?
- What do you need to do in order to achieve your dream lifestyle?
- What do you have to study?
- What do you have to give up?

Let's dig a little deeper into each of these three questions now.

Where are you now?

If you know that you are not in a good spot right now, there are three things you need to focus on

- Income
- Budget
- Savings

Income

It sounds so basic, but the more you earn, the more it is you can likely save! It drives me up the wall when every single budgeting course in history says you need to focus on your expenses. Don't get me wrong, your expenses are important (I will talk about this in the next section), but if you only earn $30,000 per annum, cutting your expenses is not your main issue. Your main issue is with income.

How much income do you need? In my opinion, the threshold is $100,000 per annum (before tax). If you cannot see yourself earning $100,000 per annum in the next five years (assuming you have graduated from university or another form of tertiary education), I believe you should go do something else.

$100,000 per annum needs to become your minimum standard.

Nurses can earn this within five years with a few night shifts chucked in.
Teachers can earn this (probably closer to seven years than five, you will need to have a position of leadership to boost your income)

Tradies can do this (you may need to start your own business at this point)
Your income is so important. Your income determines what sort of lifestyle you have, what sort of holidays you can have, and importantly it will determine how much you can borrow for your first home.

For the record, I think most people underestimate how much they can borrow in relation to their income, especially if you are an employee (it is a bit harder to borrow if you are self-employed, but far from impossible).

Budget

Now while I said that income is important, that doesn't mean you should exclude your budget and your expenses.
And this can be a big issue for millennials!
We like our holidays (before COVID)
We like our new clothes
We like our half-strength soy lattes
We like "the lifestyle."
Is there anything wrong with that? Not at all, as long as you are achieving your financial goals in the process.

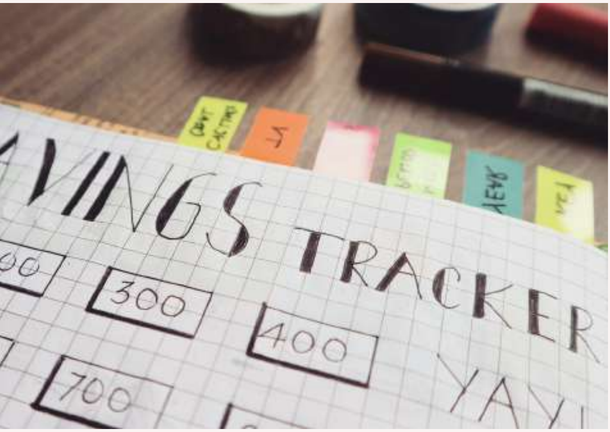
Be mindful the bank is going to look at up to six months' worth of bank statements to see what you are spending your money on. It would be worth taking a look at your statements first, seeing what you have spent your money on over the last six months, and ask yourself, do you really need this going forward?
Do you really need Netflix, Stan, and Amazon Prime?
Do you really need to pay $10 per day for parking when public transport is readily available?
Do you really need that gym membership that you haven't been to in six months?
The more you can save, the sooner you can buy your first home. It's that simple!

Savings

Consider this, in 2020, we started working with so many more clients who realized that the $20,000 and above they had saved up for a holiday (or something else) couldn't be used anymore, so they decided to buy a house instead.

I'm glad they came to that realization, but I just wish they came to that realization five years ago. They could have brought property for, say, $300,000 five years ago, which is now worth $400,000, making them an extra $100,000 while you sleep! How would you feel if you made an extra $100,000 over the last five years?

One thing I would say while working with millennial teachers and nurses is most of them do have some sort of savings, whether it is $5,000, $10,000, or even $20,000. It is very rare to come across someone who is in a lot of "bad debt," i.e., car loans, personal loans, and credit cards (I see plenty of HELP debts, but that is understandable, it is an investment into your future). It seems like the message from the Barefoot Investor, She's On The Money, and My Millennial Money is coming through.

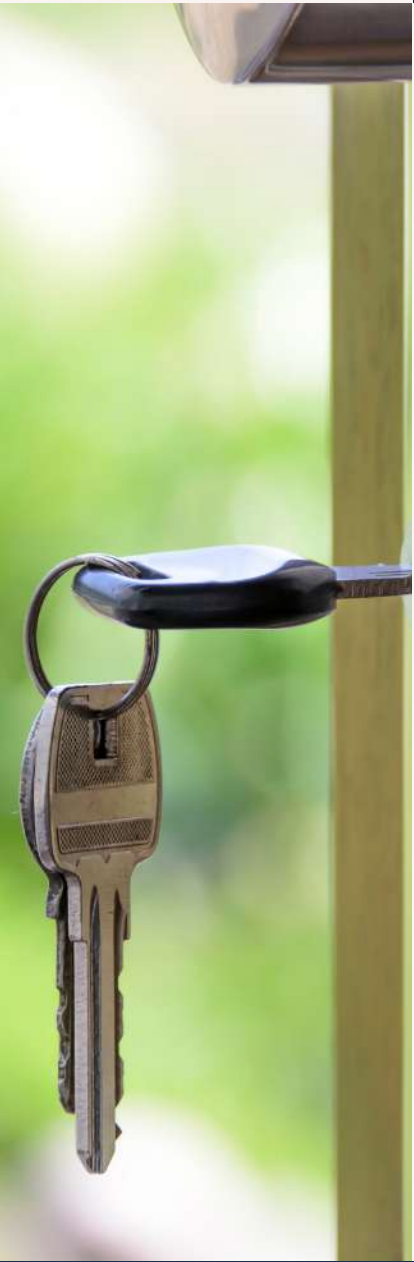


By the way, if you do have a lot of personal debt, no fear, we can work together and get you out of this situation.

But going back to my point, most millennial teachers and nurses have made a start with their savings, but getting beyond this point is an issue. It is almost like an "invisible barrier" is there preventing you from saving further. And I believe that barrier comes down to not knowing what you need to save for.

Where do you want to be?

I will keep this section brief because I think you know where you want to be if you are reading this book – you want to buy your first home!



This is where some important questions come into play:

- What sort of house do you want?
- Where do you want to live?
- How long do you want to say in your house for (quick tip it has to be a minimum of twelve months, I will explain why later)
- Do you want to buy our build?
- Do you want to live by yourself or rent out some rooms?

We can discuss these questions together; further, there are no right or wrong answers here.

But let me make another point here that I think is important.

Have more than just a goal to "buy your first home."

Most people think that once their own a home, they have "made it" – they just need to pay off the mortgage for the next 30 years!

This "trusted advice" from your parents is false – you can have so much more than the house.

For example, do you want to retire at 50? Or at least be in a position where you don't have to work full time when you are 50?

If you are a millennial teacher or nurse reading this now, this can be achievable with hard work, smart work, the right plan, and above all else, want it!

We can talk about this more together during our complimentary chat (more on this later).

How are you going to get there?

We know where we are now (Point A), we know where we are going to be (Point B), now how are we going to get from Point A to Point B? What are the steps to buying your first home?

Buying your first home is a complex multistep process that takes a lot of time, focus, skill, and expertise. There is no expectation that you can do it all yourself.
However, to oversimplify this process, I have broken it down into five basic steps you need to take in order to buy your first home in the next twelve months.

Step 1 –
Save for a deposit

Step 2 –
Get the grants

Step 3 -
Find the home you want

Step 4 –
Apply for the loan

Step 5 –
Move-In.

We won't be covering every single step in this book. We will focus more on the first two steps to get you started as this is where millennials are making some huge mistakes, which is costing them a LOT of money, time, and heartache.

The big mistake that millennials are making

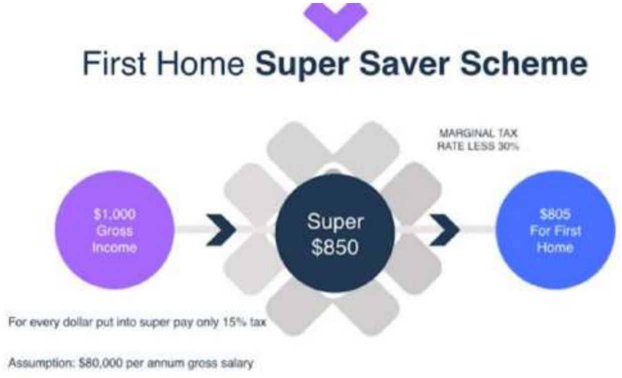
What is the big mistake that millennials are making when buying their first home? I have seen this time and time again, and it costs first home buyers literally thousands of dollars in extra tax.

The big mistake that millennials are making when saving for their first home is they are NOT using their super. This scheme is referred to as the First Home Super Saver Scheme or FHSSS for short (Warning - you will suffer from abbreviation overload during this first home buying process!). Most millennials are not aware you can use your super to save for your first home, and you can save up to $4,500 in tax in the process (or $9,000 if part of a couple).

Again I am going to simplify this process for your understanding, but I would strongly recommend you need to seek advice from a financial planner (not a mortgage broker as they are not qualified to give advice on this) who specializes in millennials and people buying their first home (there is only a handful in Australia who specialize in millennials so choose wisely). There is a lot of fine print (which if we included all of the fine print in this book, you would have a document that is longer than the bible!) you need to be across to ensure you are not stung with any penalties.

But the process works like this. Your employer is putting in 9.5% of your salary into superannuation. You cannot use this money to save for your first home. However, if you were to put in additional contributions into your super, you can utilize these funds for your first home.

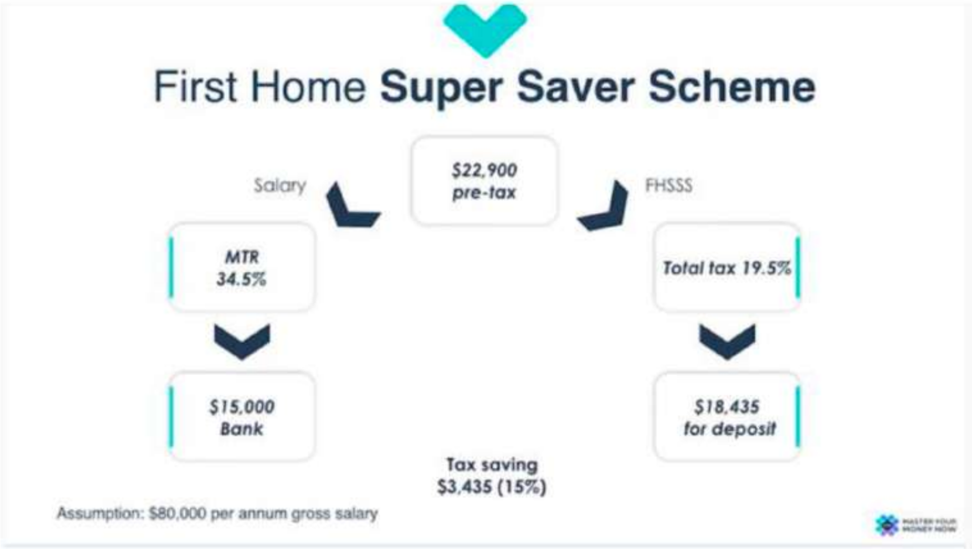
Suppose you put in $30,000 into your super over your lifetime for your first home. You can then withdraw this money again for your first home and save up to $4,500 in tax



Let us say you are a teacher or nurse who earns $80,000 per annum. If you earn an extra $1,000, you have the option to take this as a regular salary, and you will be left with $655 in your bank account as you are on the 34.5% marginal tax bracket. However, if you put that same $1,000 into your super as salary sacrifice, you will be taxed 15% on the way in and 4% on the way out of super (on the way out of super, you are taxed at your marginal tax bracket less 30%). Therefore you are taxed 19% in total, which means $1,000 before tax is only $805 after tax, which is a tax saving of 15% or $150 on $1,000! Pretty significant, isn't it?

The big mistake that millennials are making

What does that mean in the bigger picture of saving for your first home, and you need an extra $15,000 in savings for your first home? Consider the chart below and read it from the bottom left, the up and down to the right (like an upside-down "U" shape).



If you want to save an extra $15,000 in your bank account, you will have to earn $22,900 before tax in order to do this (again, assuming you are a teacher or nurse earning $80,000 per annum). However, if you took that same $22,900 and utilized the First Home Super Saver Scheme, you will have $18,435 net in your bank account for your first home.

You have created an extra $3,435 in tax savings – effectively a free month of net income! You haven't worked any harder (you already work hard enough); you have just worked smarter.

This begs the question, why isn't this taught in schools?

Again, this scheme has a LOT of the ins and outs and a LOT of fine print, so make sure you get advice on this topic.

But if you want to save for your first home, you must consider utilizing your super to save for your first home.

Get your super sorted

If you are using your super to save for your first home, it does present a great opportunity for you to get your super sorted. There are a lot of millennials who have their super and have no idea how it is invested or what it costs them. Worst of all, there are a lot of millennials who have more than one super account for no reason at all (there are occasionally reasons to have more than one super account, but these are rare).

Why is getting your super sorted so important? Because when you are in retirement, your super SHOULD be worth MORE than your home!

Let me say that again in case you didn't hear it at the back – your super SHOULD be worth MORE than your home at retirement!

Let's do some ultra-quick maths for you – if a Baby Boomer was to retire now, they will need $1,000,000 in order to fund their retirement (which invested in a "Balanced" portfolio should generate $50,000 to $60,000 per annum (or a 5-6% return) over the long term).

One we retire (around 2050) and taking into account an assumed inflation rate of 3% (inflation is the fancy term people use to describe your bills going up each year), you will need approximately $2,500,000 (that's two and a half million) in order to fund that same retirement.

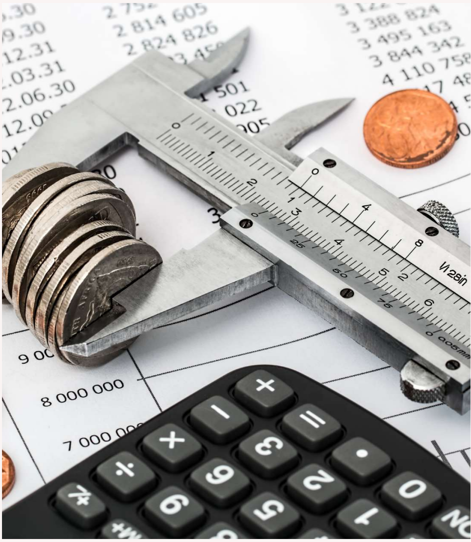
Are you on track to have $2,500,000 in retirement? It sounds a lot, but it is achievable if you treat yourself super well.

Could your home be worth more than $2,500,000 in 2050? There is a chance it could be. But regardless, the message is you must be looking after and growing your super from day one.

Get your super sorted

Most people think that looking after their super means just making sure it is with an "industry super fund" with "low fees." I assure you it is far more complicated than that.

I use the analogy of a flowerpot. I am no green thumb (my wife is), but even I know it doesn't matter what colour your flowerpot is; what matters most is what is growing inside your flowerpot. The same theory applies with your super – it doesn't really matter who your super fund is with; what matters most is what is inside your super, i.e., what are you invested in, what are the fees, what insurance cover do you have, and so forth.



I'm going to make a rather large claim here and say it doesn't really matter who your super is with. Very different story ten years ago but now 95% of super funds (not 100%, I will admit) effectively do the same thing with similar fees and similar returns. I will probably get some hate from some super funds for saying that, but it is true!

But at the end of the day, you can be with the best performing fund in Australia, but if your super is invested 100% in cash earning 0.5%, you are stuffed for retirement. And it surprises me to this day how many millennials have their super invested in cash, often through ignorance.

Again, if you don't know how your super is invested, make sure you get advice from a financial planner on this issue. You need to have an understanding of how your super is invested – shares, property, cash, and term deposits, and what is inside your super account.

I would also strongly suggest you must be putting in extra in your super account. The earlier you do this, the better off you will be for the long term. I am a big fan of the Power of 30 in which if you invest an extra $30 per week into super over 30 years in a High Growth super fund (earning 10% per annum), you will have an extra $300,000 for retirement.

Can you see how all of these little "tweaks" can make you extremely wealthy over the long term, just by working a bit smarter? Again why isn't this taught in schools across Australia?

Plan B – Personal Insurance Cover

The personal insurance cover protects you financially in the event you are unable to work due to injury or illness. Buying personal insurance is often neglected by most people – it is a mindset, which needs to change. You have a car, so you buy car insurance. You have a home, so you buy home insurance – and rightfully so. But think about it - Does your home or car make you income? Unless

you are an uber driver or renting a room out, they don't generate any income. But yet, when we speak about insuring ourselves, not many people have a well-thought-out full personal insurance cover.
Think about those who were unable to work due to injury or illness? What was the financial impact? I had a client who broke her leg and couldn't work for 12 months. Since she wasn't covered by work or personal insurance, she couldn't make the mortgage payment, and the house was repossessed.

And let us get this straight, the cover in superannuation is simply not enough. The reason is the definition of what a total and permanent disablement is. Here is a quick technical example – the highest chance of a claim is the nurses' back. When the insurance is held inside the superannuation, the definition of the cover is a total and permanent disablement and unable to work or return to work in ANY occupation – ANY being the keyword here. So, for a nurse, a back injury means they can't stand up and hence cannot perform a nursing job. However, but they can pick up a phone and hence can perform some other job. So, the superannuation will not payout since they can work in any other occupation. That is why you need to look for outside cover, where the definition can change to the OWN occupation that you are trained for. That is why it is essential to always structure your insurance cover both inside and outside the superannuation.

If all this hasn't made you realize the importance – here is another statistic. 1 in 3 have a chance to be eligible for a claim, so it is very important to have a discussion on the personal insurance cover.

Get the grants

If you are unsure if you want to buy your first property, I would suggest you need to consider the incentives of buying your first home.

- Stamp duty exemptions (up to $31,070) for purchases up to $750,000

- First homeowners grant (up to $20,000 in regional areas, $10,000 in metropolitan areas)
- First home super saver scheme (up to $4,500 in tax saved)

- First home loan deposit scheme (up to $26,575 in Lender's Mortgage Insurance saved)

- Incentives in relation to COVID such as HomeBuilder

Sources:
https://www.westpac.com.au/personal-banking/home-loans/calculator/stamp-duty-calculator/

https://www.realestate.com.au/home-loans/stamp-duty-calculator

A total incentive of up to $82,145. That's incredible and reason enough to invest in your first house!
And we haven't even discussed the potential capital growth on your property.

MASTER YOUR MONEY NOW

How much of a deposit do I need?

If I had a dollar for every time someone asked me this question – I probably would have a deposit for a first home ☺

But this is such a common question that I get asked, and I think there is a lot of "misinformation" out there regarding how much of a deposit you need, and I think it is holding up a LOT of people buying their first home, costing them even more over the long term.

But before I answer that question, let me answer another related question about parental guarantors. A lot of people ask me whether they can use their parent's equity to buy their first home? This is where you can use the equity in your parents' house as a "deposit" to buy their first home. So, can you do it? The answer is yes, but I wouldn't advise it.

Firstly, there are significantly tighter controls by the royal commission in relation to guarantor loans, and it is becoming harder and harder for this sort of arrangement to occur. Your parents will be required to get legal advice (it can cost up to $1,000) and also will be likely to provide their financial situation as well.

It also makes things much more complicated at settlement. One of my clients who was selling their home to someone who had a parental guarantor and settlement was delayed SEVEN times, costing the purchaser a LOT of extra money in fines and penalty interest (which my client received).

Secondly, there is a non-financial side to parental guarantors as well. I have seen a lot of parental guarantor loans lead to a lot of arguments and conflict. I have seen millennial couples who brought their home twelve months ago wanting to go on a holiday, but the parents going mental saying, "hand on a second, you still owe us money, you shouldn't be going on holidays!"

There is a lot of emotional baggage when it comes to guarantor loans. So, if you are looking to buy your first home, I would strongly advise you to keep your parents out of it and focus on buying your home on your own two feet.

Finally, I wouldn't recommend using your parents' equity to buy your first home because most people don't realize how LITTLE you need to buy your first home.

So, most people believe that you need a 20% deposit to buy your first home to avoid paying what's known as Lenders Mortgage Insurance or LMI. LMI is insurance that protects the bank (and not you) if you are unable to meet your repayments. Or, to put it another way, it is another tax. But if you have a 20% deposit, you don't have to pay LMI.

But how long will it take for you to save a 20% deposit? I would suggest, if you are a nurse or teacher, that it will take you at least a couple more years, in which time your property is likely to have gone up in value, meaning you need an even BIGGER deposit!

So, are there some other options? Yes, there are. There are some special deals exclusively available based on your occupation where you only need either a 10% or 15% deposit, and you don't have to pay LMI. For example, for teachers and nurses, there are a couple of banks where you only need a 15% deposit, and LMI will be waived. If you are a doctor or lawyer, you only need a 10% deposit. Again, this varies from lender to lender, and this changes on a regular basis, and terms and conditions apply. But do check with the mortgage broker to explore your options based on your occupation.

But you can do better than this...

First Home Loan Deposit scheme

In 2019 Scott Morrison, in his re-election, promised that SOME first home buyers do not have to pay lenders mortgage insurance. The scheme is called the First Home Loan Deposit Scheme, where for 10,000 first home buyers or builders need only a 5% deposit and the government will pay the Lenders Mortgage Insurance, which is a potential saving of between $5,000 to $20,000, which is pretty significant.

But there are a few catches with this scheme. Firstly, there are only 10,000 of these spots available per year, and taking into account that there were 106,000 first home buyers in 2018, it is a major problem. It's a get-your-elbows-out-and-get-in-as-quick-as-you-can situation, and you MUST be organized to ensure you are in a position to get into the scheme.

There were 10,000 spots released on 1 January 2020, and they were all filled by around 15th February 2020, less than six weeks.

There were another 10,000 spots released on 1 July 2020, and these were filled by the end of August, around eight weeks.

There were ANOTHER 10,000 spots released around October 2020; however, these spots were only available for builders, not buyers, of their first home.

There are other 10,000 spots due to being released in July 2021, and we haven't received confirmation as to whether this will be for builders only or buyers and builders, but we will see.

Either way, if you want to buy your first home in 2021, you will need to be ready for this scheme. You need to have all your ducks lined up to ensure you take advantage of that opportunity.

But the main message is you only need a 5% deposit (plus other costs) to buy your first home. Even if you pay LMI, I would suggest you would be better off over the long term in comparison to someone who waited to save a 20% deposit.

Don't wait to save for a 20% deposit; get the minimum you need with a comfortable buffer for additional costs and get in the market!

Applying For The Loan - Cautions and Common Mistakes

Now that you have saved up for a deposit and let's assume you have found the house you love, then what?

Firstly, if you are ready to buy your first home, the first thing you must do is apply for preapproval. Preapproval is when you have a piece of paper from the bank saying that you are able to borrow $X amount of dollars.

Getting a loan is now a very complex requirement where you will need to obtain various documents and statements in relation to your financial situation. The lender will then scrutinise your documents to an INSANE level and often ask for further requirements again and again and again. Allow anywhere from three to six weeks for this process to occur – and again, you don't want to go through this process when you have put down an offer on your home, which usually only has a 2-3 week finance clause...

Getting the preapproval BEFORE you buy your home will save you so much stress, and it will strengthen your offer as well – if the real estate agent who is selling your property knows you have preapproval, that will work in your favour. Just make sure any offer you put on a house is subject to finance – even with a preapproval, the banks may still reject your loan right up until settlement (which occurred a lot when COVID first hit).

- Going to the bank you have been since you were a child – this is likely to be a Big 4 bank or Bendigo Bank and I can all but guarantee it is not the best option for you. Shop around for a better deal – there is ZERO loyalty in banking!

- Going for the lowest interest rate – yes the lowest interest rate can often be a major problem as it is likely linked to poor service. As an example there are some banks which can approve your loan within a few days while others can take literally months! A good mortgage broker does not look at the rate first, they look at turnaround time, service, policy and then they consider the rate.

- Speaking to the wrong people – the amount of times I have heard clients say that they shouldn't do X because their father/mother/brother/cousin/grandpa/grandma/aunt/uncle/priest/hairdresser said so is ridiculous! Listen, the finance world moves ULTRA fast (second only to technology in my opinion) and what was true even twelve months ago is now completely wrong (this is even more true with COVID). Listen to someone who has their finger on the pulse of what is happening so you can get the best solution for your situation.

- Not getting advice and doing it all themselves – I will talk about this more later in this book, but let me summarise with the following statement "Time is finite, Money is infinite". Stop wasting time doing everything yourself when you can pay someone else to do it – life is too short wasting your precious time on this earth drowning in paperwork and interest rate comparison websites (unless you get paid to do that of course which is a different story). So get someone (i.e. pay someone) to be on your team who can do the hard work for you so you can spend more time doing the things you love!

Loan Process – faqs

Here are some of the most common questions asked by millennials

- Which bank should I go with?

There are plenty of options with regards to the rate, how much you can borrow, the processing time – so there is a lot of consideration, so make sure you go through a mortgage broker who can you with all the options.

- Does my HELP/HECS debt impact my application?

Yes, it does. We can talk through these and help you with that.

- Does a credit card actually help my house deposit?

For some lenders - yes, but for most lenders – no. I wouldn't worry about it – some people say that it's good to have a credit history, but not really – if you have never had debt before, that's okay; it's generally not going to be an issue.

- How do I do all the paperwork?

You don't need to do it all yourself – you can get someone on to help you with the paperwork

What next?

Go out and buy your first home! You have all the information you need – you just need to apply it!

And that is the key, isn't it, applying the information we acquire…

If information is all that you need, then we would all be billionaires with six-pack abs! Consider the fitness industry – there is a lot of information out there, most of them telling us the same thing - eat less, run more. But still, most people struggle to lose weight or stick to a diet or stay fit. So, it's not the information, but the clarity, accountability, the process steps that an expert brings that is of utmost value.

Should I DIY my education or health?

Let's look at a practical example. Should you DIY your education? Or your health – for example? If I say that forget about the teachers, forget about doctors and nurses – they don't know anything.

You should just do your education yourself, learn it all online. And similarly, with your health. If I were to say it seriously, I would probably end up in jail since it is such a ridiculously reckless comment to make. And particularly from the health side of things – that could actually cost someone their life! Nobody would really consider DIYing their education or health.

And yet, there is this feeling that you've got to DIY your finances, which for me doesn't make sense. We engage experts for education, we engage experts with health, yet we don't engage experts for finance, and that leads to people feeling more confused, anxious, concerned, lost, analysis paralysis, and the feeling that there is no one that they can turn to and that, for me, is so wrong.

Again, as I said, if the information were all that we needed, we would all be billionaires with six-pack abs! We have all the information out there – but still, we all have health issues, and we are all certainly not billionaires. It is applying that information in a timely manner that counts and information that is tailored to your situation – that's what makes all the difference.

You have a choice

There are two approaches to how you can manage your finances. One, the DIY option, wherein you

- Research options yourself
- Google
- Select a Super provider
- Speak to a bank (good luck with that!)
- Talk to multiple people

All of these, taking you away from your friends, family, and loved ones!
So, you can DIY this, but would I recommend it – probably not!

The other path is what I call the GIDFY option – Get It Done For You! One trusted source of contact

- Specialize in everyday millennials
- Do paperwork for you
- Research for you
- Speak on your behalf
- Reduce your stress and hassle
- Delegate
- More time enjoying life
- Move-in within twelve months

Imagine getting the keys for your first home in the next twelve months from now – how would it feel? What would be next for you? Buying a home is probably the first step; there is more as we go along – more properties, more investments for your future, potentially retire at 50!

Imagine buying your first home:

- In the most tax-effective manner
- You don’t pay LMI, saving you $5,000 to $15,000
- You get a good rate with a fast bank
- You get your super and personal insurance sorted
- You have a plan in place to buy your next property and/or further investments so you can retire earlier and with more.

We don’t work with everyone

We don’t work with people who are not coachable or do not appreciate the value of advice. And we don’t work with people who refuse to take accountability for their wealth and choose the “set and forget” approach for their financial goals.

Who we do work with – our ideal members?

- Everyday people
- Are coachable and open to learning
- Acknowledge they do not know everything
- Long term partnership – enjoy the journey together
- Aspirational (what is the next level?)
- Will refer their friends and family
- Are FUN!
- Generous - life a life that is greater than themselves

You're Invited

We offer you a 30-minute complimentary money session and answer your questions and concerns. We discuss and understand what you want and see if we are a good fit

As we conclude, let me leave you with what we started with - It doesn't matter where you are now – what matters is where you want to be and whether you are willing to do what it takes to get there.

.Book your complimentary 30-minute session now

www.masteryourmoneynow.com.au/getstarted