

LATEST NEWS, INFORMATION AND FINANCIAL TIPS

Autumn 2016

IS YOUR HOME LOAN WORKING FOR YOU?

As a borrower, it's easy to fall into the trap of getting a home loan and placing it in the "set and forget" file. So, it's a good idea to review it every year or two to make sure that your home loan terms and repayment levels are working for you.

This is especially the case if your income or circumstances have changed during that period.

If you do decide to refinance we need to stress how cautious you need to be about choosing the right mortgage, especially those with rates so low they seem too good to be true. The last 5 years or so has seen a rise in online lenders, many of whom promote variable interest rates so low they are commercially unsustainable. Known in the industry as "phantom interest rates" these lenders offer rock-bottom rates on variable loans then subsequently increase them outside of the cycle. The concerning fact is that many home loan borrowers cannot sustain these increases. So we recommend you do plenty of research before deciding to re-finance.

These are some of the key features on different home loan products you should consider when deciding what type of loan is right for you.

VARIABLE RATE MORTGAGES:

A variable rate home loan has a rate of interest that can rise or fall. Changes in the interest rate are at the discretion of the lender and are meant to be broadly

in line with market conditions. Does your current Mortgage Loan offer you :

- **FREE LOAN REDRAW** – AWA gives you the option of making extra repayments on your loan and then having the flexibility of being able to redraw these extra repayments. The minimum redraw is \$1. This facility is FREE of charge and allows you to pay extra funds off your loan, thus saving you interest and providing the flexibility to redraw if required. You can redraw on-line through Internet Banking over the phone via Telephone Banking or in branch.
- **NO MONTHLY OR ANNUAL ACCOUNT KEEPING/SERVICE FEES** – Unlike some other institutions, we do not charge any account keeping or service fees on our loan accounts, saving you money.
- **MORTGAGE OFFSET** – By opening a Mortgage Offset and linking it to your Savings Account, you can use your savings to help reduce the amount of interest payable on your home loan. The balance of your Savings Account is 100% offset against your loan balance when interest is calculated. There is NO FEE to transfer your existing Mortgage Loan to a Mortgage Offset and NO CHANGE TO YOUR INTEREST RATE.

FIXED RATE MORTGAGES:

If you're more comfortable with the security of knowing what your repayments will be each month for a set period of time, then a fixed rate mortgage product might better suit your needs.

A fixed rate home loan has a rate of interest charged on the loan amount which doesn't change for the duration of the fixed term, commonly from one to five years. At the end of the fixed interest period the loan will revert to a variable interest product from the lender. You can also choose to jump straight into another fixed interest period.

SPLIT RATE MORTGAGES:

This is a loan where you split the risk by splitting your home loan into two parts: part fixed and part variable. A split loan allows you to borrow part of your mortgage on a fixed interest rate and the remainder on a variable interest rate – all under the one loan product.

When taking out a mortgage loan with AWA Alliance Bank you can be assured that you are getting a great interest rate and have the flexibility to structure your loan so that it suits your needs.

With interest rates at their lowest in more than 50 years, there are some great rates available but take the time to consider all of your options.

If you would like to transfer your Home Loan to AWA or you are in the market for a new loan, **call us on 1300 056 953** or visit our website www.awaalliancebank.com.au where you can apply online.

AWA SUPPORTS PINK STUMPS DAY

This is our fifth year of supporting "Pink Stumps Day" which is a McGrath Foundation initiative, ensuring that every Australian family experiencing breast cancer has access to the support of a breast care nurse, as well as increasing breast cancer awareness in women.

AWA proudly supported the East Belmont Cricket Club – Geelong Cricket Association with a \$450 donation to the McGrath Foundation Pink Stumps Day.

To find out more about the McGrath Foundation visit www.mcgrathfoundation.com.au



Paul Brennan (AWA Alliance Bank) with Julie Ward (Pink Stumps Day Co-Ordinator – East Belmont Cricket Club) and the East Belmont players.



World Vision Update

NASRALLA ISHTEW – PORTLAND MEMBERS SPONSOR CHILD,

Nasralla is fifteen years old and is in grade 9 at his school where his favorite subject is Mathematics. He lives with his parents, three brothers and four sisters in Gaza North which has been ravaged by war.

Gaza North is one of the poorest areas in the occupied Palestinian territories. Food supplies are unreliable and unemployment rates very high. Since September 2000, many homes in the municipality have been demolished and fertile farming land bulldozed. Many people depend on fishing and agriculture for their main source of income, but Israeli restrictions on fishing and exporting agricultural products have deeply impacted family incomes. An inconsistent electricity supply has also resulted in poor food preservation conditions, creating opportunities for the spread of infectious diseases and/or epidemics.

With our support World Vision have been able to provide some food, blankets and clothes to help restore their lost lives during this difficult time. Follow our World Vision updates via our AWA Alliance Bank facebook page.

CONGRATULATIONS TO OUR CEO

Congratulations to Graeme Scannell, our esteemed CEO on his Order of Australia (OAM) Medal for his service to cricket in Victoria through his association with the East Belmont Cricket Club – Geelong Cricket Association.

Graeme was awarded the OAM Medal in the General Division in this year's Australia Day Awards.



Graeme's dedication to the East Belmont Cricket Club has seen him:

- Secretary | since 1981.
- Grounds Curator | since 1980.
- Club Statistician | 1987 - 1995.
- Best Clubman | 9 times and Player, 211 games.
- Life Member since 1987.
- Chairman, Grounds Committee, Geelong Cricket Association, 15 years.



Like us on Facebook Winner

Congratulations to Angela Saggars winner of our Facebook "Like" Competition.

Angela and her family do their banking through our Mandurah office and had the following glowing endorsement of our customer service.

"My husband and I have been members of AWA for over 9 years now. We joined after receiving information from the Alcoa mine site at Huntly. We love that we are known by our names and not an account number. We love the personalised service and the quick and easy access to mortgages, loans and bank transactions.

We have received many personalised phone calls over the years regarding banking procedures and every staff member is very friendly and helpful.

Our teenage son recently opened his own account after gaining casual employment – keeping our banking in the family.

Thank you to AWA for the vouchers. They will be put to good use for when we move into the new home we are building through the help of AWA."

Congratulations again Angela! If you haven't done so already – head over to Facebook and Like Us. You may just be our next competition winner!



Nola Edwards – Business Development Manager AWA with Angela Saggars

SAVING FOR A DEPOSIT

Saving is never an easy thing to do but with the right strategy in place, your savings can grow significantly cutting the waiting time to owning your own home.

It's simple, save more and spend less. Here are some ideas to get you started on the path of home ownership.

WORK OUT YOUR BUDGET

The hardest thing about saving is doing it systematically. The key here is to budget sensibly by putting together a realistic plan that doesn't compromise your lifestyle too much.

Work out your monthly income and expenses. Estimate your regular expenses such as transport, regular bills, groceries, lunches, childcare and so forth. Be sure to include all debts including credit cards, car and personal loans or anything else that you have to make a repayment on.

The hardest part is identifying and cutting out unnecessary expenses. Work out what luxuries you enjoy that you can reasonably afford to give up. You don't realise how much money you waste on goods that do not really add value. Think about things such as newspapers, coffee, lunches, snacks and those other things that you may not really need.

MANAGE YOUR DEBTS

There is no doubting the convenience of credit cards when you are running a little short. But do you really need one? And what about personal loans, car loans and interest free purchases.

You can't save effectively if you are paying off debts. So cut down on those credit cards and consolidate your debts.

PRACTICAL TIPS

When you are saving remember that every little bit counts. Here are some tips to help you save more effectively:

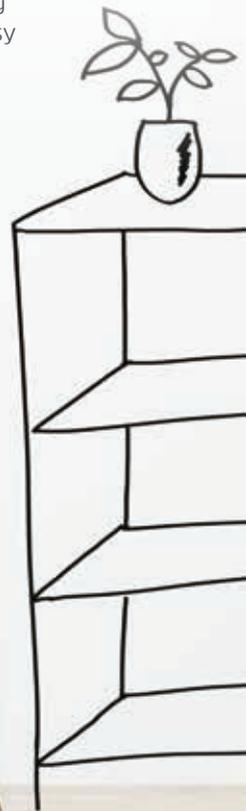
- Develop a budget and savings strategy and stick to it.
- Every little bit counts so make sure you maximise your opportunities to save
- If you are renting, try to get out of rented premises as soon as you can. Stay with family if you can.
- When buying or building try and save at least 20 per cent of the purchase price/building cost so you can avoid paying lender's mortgage insurance.

- Make sure you have a demonstrated savings history - lenders will not lend you money if they don't know you are fiscally responsible.

- Pay off your debts. You can't save if you are paying off other loans.

- Give something up that you don't really need. Work out ways to save small sums of money regularly and add them to your savings. It will help establish a savings history and boost your savings.

If you want to really get ahead in saving for a deposit you need to be disciplined. This may mean cutting down on your expenses, moving in with your in-laws or even getting a second job. There's no easy answer to the question but if you persevere you'll be years ahead than if you didn't do anything.



Sign up for eStatements

Would you like your statement history as easy as a click of a button away?

Advantages of eStatements

- eStatements reduce paper wastage – no more paper is great for the environment
- Life is much easier when your statement history is stored in a single secure location within the AWA Alliance Bank website
- Never lose a statement again
- Faster delivery to you as no postage is involved.



INTEREST RATES: Effective 01/04/2016

| | | | | | | | | |
|---|------------------|-------------------------|--|--|--|--------------|---|--|
| S1 - GENERAL SAVINGS ACCOUNT | | 0.10% | | S21 - BASIC SAVER ACCOUNT | | 0.10% | | |
| Balance Range | | | | Balance Range | | | | |
| \$1 - \$99,999 | | 0.00% | | \$1 - \$99,999 | | 0.00% | | |
| \$100,000+ | | 0.10% | | \$100,000+ | | 0.10% | | |
| Cheque Book available upon request. Redicard available upon request. Interest calculated on daily balance and credited 30 June and 31 December each year. | | | | Interest calculated on daily balance and credited 30 June each year. Basic Saver accounts only available to existing account holders. New Basic Saver accounts are no longer available. | | | | |
| S2* & S22** - PENSIONER ACCOUNT | | 2.75% | | S23 - MONTHLY INCOME ACCOUNT | | 1.50% | | |
| Balance Range | | | | Balance Range | | | | |
| \$1 - \$1,999 | | 0.50% | | \$1-\$9,999 | | 0.50% | | |
| \$2,000 - \$48,000 | | 1.50% | | \$10,000-\$49,999 | | 1.00% | | |
| \$48,000+ | | 2.75% | | \$50,000+ | | 1.50% | | |
| *Cheque Book available upon request. Redicard available upon request. Account only available to members who hold a Pensioner Concession Card. **S22 accounts only available to existing account holders. New accounts are no longer available. Interest calculated on daily balance and credited 30 June and 31 December each year. | | | | Interest calculated on daily balance and credited at the end of each calendar month. Monthly Income accounts only available to existing account holders. New accounts are no longer available. | | | | |
| MORTGAGE LOANS | | | | | | | | |
| Owner Occupied | | Interest Rate | | Comparison Rate | | | | |
| Standard Variable | | 4.51% | | 4.54% | | | | |
| Interest Only | | 4.51% | | 4.54% | | | | |
| Line of Credit | | 4.81% | | N/A | | | | |
| Fixed (1-5 year options) | | Rate on Application | | | | | | |
| Investment | | Interest Rate | | Comparison Rate | | | | |
| Variable | | 4.74% | | 4.77% | | | | |
| Interest Only | | 4.74% | | 4.77% | | | | |
| Fixed (1-5 year options) | | Rate on Application | | | | | | |
| Personal Loans | | Interest Rate | | Comparison Rate | | | | |
| Secured | | 6.70% | | 6.79% | | | | |
| Standard | | 11.70% | | 11.80% | | | | |
| WARNING: These comparison rates apply only to the example or examples given. Different amounts and terms will result in different comparison rates. Fees and charges apply. | | | | | | | | |
| TERM DEPOSITS | | \$5,000-\$49,999 | \$50,000-\$99,999 | >\$100,000 | COMPARISON RATE SCHEDULE Mortgage Loans | | | |
| I1 | 1 Months | 1.75% | 1.75% | 2.00% | Annual Percentage Rate | | Owner Occupied Standard Variable & Interest Only | Investment Variable & Interest Only |
| I2 | 2 Months | 1.75% | 1.75% | 2.00% | \$30,000 | 5 years | 5.74% | 5.98% |
| I3 | 3 Months | 2.60% | 2.70% | 2.80% | \$50,000 | 7 years | 5.05% | 5.28% |
| I4 | 4 Months | 2.10% | 2.20% | 2.30% | \$70,000 | 25 years | 4.64% | 4.87% |
| I5 | 5 Months | 2.10% | 2.20% | 2.30% | \$100,000 | 25 years | 4.60% | 4.83% |
| I6 | 6 Months | 2.75% | 2.85% | 2.95% | \$130,000 | 25 years | 4.58% | 4.81% |
| I7 | 7 Months | 2.10% | 2.20% | 2.30% | \$150,000 | 25 years | 4.57% | 4.80% |
| I8 | 8 Months | 2.10% | 2.20% | 2.30% | \$200,000 | 25 years | 4.55% | 4.78% |
| I9 | 9 Months | 2.80% | 2.85% | 2.90% | \$225,000 | 25 years | 4.55% | 4.78% |
| I10 | 10 Months | 2.10% | 2.20% | 2.30% | \$250,000 | 25 years | 4.54% | 4.78% |
| I11 | 11 Months | 2.10% | 2.20% | 2.30% | \$275,000 | 30 years | 4.54% | 4.77% |
| I12 | 12 Months | 2.90% | 2.95% | 3.00% | \$300,000 | 30 years | 4.54% | 4.77% |
| I24 | 24 Months | 2.90% | 2.95% | 3.00% | Personal Loans | | | |
| Deposit fixed for the term of the investment. Interest calculated on daily balance and credited on maturity. For terms greater than 12 months, interest also credited annually. Minimum balance \$5,000. | | | | | Annual Percentage Rate | | 6.70% | 11.70% |
| LOAN FEES | | | | | \$5,000 | 2 years | 9.72% | 14.79% |
| Personal Loan Establishment Fee | | | \$150.00 | | \$10,000 | 3 years | 7.72% | 12.75% |
| Mortgage Loan Establishment Fee | | | \$500.00 | | \$15,000 | 4 years | 7.22% | 12.24% |
| Fixed Loan Rate Lock-in Fee (for up to 3 months) | | | \$600.00 plus 0.15% of loan application amount | | \$20,000 | 4 years | 7.09% | 12.21% |
| Repayment Processing Fee (for fixed rate loans) | | | Economic Cost - available on application | | \$25,000 | 5 years | 6.95% | 11.96% |
| | | | | | \$30,000 | 5 years | 6.91% | 11.92% |
| | | | | | \$50,000 | 7 years | 6.79% | 11.80% |