

# Advantage

News from Heartland Seniors Finance – The Home Equity Release Specialist

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## Investing in education!

*I hope you are having a nice Australian summer and getting some time in with family and friends.*



As the leading specialist provider of reverse mortgages in Australia, we are committed to investing in product education and enhancement.

Education is critically important, especially when it comes to understanding how reverse mortgages work, as there are misconceptions about them and many people are not aware of the options available. We have recently launched some online videos to explain how this product works and to show people more about how we operate. You can read about the videos on page 3, and I encourage you to view them on our website [www.seniorsfinance.com.au](http://www.seniorsfinance.com.au) or search Heartland Seniors Finance on YouTube for our channel.

In line with our education theme, on page 2 we have provided information about the changes to the Age Pension asset and income tests, which came into effect on 1 January

and will affect over 400,000 Australian seniors. There is also an article highlighting some things to consider when deciding between downsizing and staying in your current home on page 3.

We are also focused on continuously improving our product to ensure it remains market-leading. With this in mind, we were very pleased to be awarded 'Best Reverse Mortgage' by *Money Magazine* for the seventh year in a row!

On behalf of the team at Heartland Seniors Finance, I would like to take this opportunity to wish you a very happy and healthy 2017. If you have any questions or feedback on this newsletter, please feel free to contact us on 1300 889 338 – we are here to help.

Best regards,  
**Andrew Ford - Chief Executive Officer**

## Best of the Best

Heartland Seniors Finance awarded *Money Magazine's* 'Best Reverse Mortgage' award seven years in a row!



We are very pleased to announce that, on 1 December, Heartland Seniors Finance was awarded *Money Magazine's* 'Best Reverse Mortgage' award.

*Money Magazine* judges financial products based on features, flexibility and pricing, and it is a great honour to receive this independent endorsement.

This is the seventh year in a row that Heartland Seniors Finance (previously Australian Seniors Finance) has won the award.

Whilst winning these awards is great, helping

our customers live a better retirement is the most important and rewarding aspect of what we do.

## Breaking news!

In late December, Heartland Seniors Finance Reverse Mortgage was awarded Provider of the Year by independent financial services rating company Canstar.

We are thrilled to receive yet another independent endorsement of our product.



IMPORTANT: Every effort has been made to ensure the accuracy of this newsletter. It is provided on the basis that the items are necessarily generalised and are not a substitute for commercial judgement or professional advice. Readers are urged: 1. to seek specific advice on any particular matter from a qualified professional person; and 2. not rely solely on this text.

# New Age Pension rules – how will they affect you?

On 1 January 2017, the asset free thresholds and taper rates that apply to the Age Pension test changed. This is the most significant alteration to retirement income legislation this decade, affecting an estimated 416,000 Age Pensioners.

To understand the impact of the changes, it's essential to understand the following two terms:

**Asset-free threshold:** The value of assets that an individual or couple can own, on top of their family home, before their Age Pension payment is affected.

**Taper rate:** The rate at which the Age Pension payment is reduced for assets above the asset free threshold.

## What's changed?

There two primary changes are:

- The asset-free threshold is being increased.
- The taper rate is being increased from \$1.50 per \$1,000 to \$3 per \$1,000 until no payment is due.

## How many people will be affected?

It is estimated that 170,000 pensioners will be better off due to the increased thresholds; however, government projections predict that, after these changes, 235,000 people will see their part Age Pensions reduce and about 91,000 will lose their Age Pension entitlement entirely.

See the tables below for more details on the amounts.

## How will people react to these changes?

Seniors who are concerned about longevity may become more so after the changes to the asset test take effect. Those who receive less or no Age Pension due to the changes may look to replace the income previously received without running down their investments or superannuation too quickly.

Home ownership is often considered the 'fourth pillar' of retirement income and people affected by the changes to the asset test may consider accessing the equity in their home as a way



The market value of your assets – including motor vehicles, boats and caravans – is taken into account when calculating your Age Pension. If your Age Pension is reduced by the changes, you could look use the equity in your home to replace the income instead of selling assets you enjoy.

of generating income while preserving other retirement income assets. By doing so, they could convert part of an illiquid asset into cash or an income stream without selling that asset.

If accessing the equity in your home is something you're interested in, Heartland Seniors Finance can help.

## Heartland's Reverse Mortgage loan could provide you with:

- The ability to have funds advanced by lump sum, regularly over five or ten years, or set aside to drawdown when required (or a combination).
- The ability to access equity in your residential property, turning illiquid assets into cash or income.
- A highly competitive variable interest rate and low set up fees.

A Heartland Reverse Mortgage is available to home owners aged 60 and over, with no maximum loan amount and competitive criteria.

For a 75-year-old, Heartland will advance

up to 30% of the property value.

## Find out more

If you have any questions, please feel free to request an information pack or contact our friendly team on 1300 889 338 or [enquiries@seniorsfinance.com.au](mailto:enquiries@seniorsfinance.com.au). We are here to help you.

## What assets are taken into account?

The market value of most of your assets is taken into account when calculating your Age Pension. This includes, but is not limited to, things such as:

- Property (excluding your home).
- Motor vehicles, boats and caravans.
- Financial investments.
- Superannuation if you're over Age Pension age.
- Business assets.
- Household contents and personal effects.

Find out more about which assets are assessable on the Department of Human Services website.

### Table one: Full-pension thresholds

If your assets are below the thresholds in the table below, you will be eligible for a full pension under the 2017 assets test.

Full pension	Current asset limits	2017 asset limits
Homeowner (single)	\$209,000	\$250,000
Homeowner (couple)	\$296,500	\$375,000

### Table two: Part-pension thresholds

This table outlines the assets test cut-off point for those on a part pension. If you have assets above these limits, a part-pension will no longer be payable.

Full pension	Current asset limits	2017 asset limits
Homeowner (single)	\$793,750	\$542,500 (initial projection \$547,000)
Homeowner (couple)	\$1,178,500	\$816,000 (initial projection \$823,000)

# Should I stay or should I go now?

**When it comes to deciding whether to downsize or get a reverse mortgage, there's not one right answer – only a right answer for you.**

**D**ownsizing is a common option for Australian seniors – either the home is no longer suitable for the person's level of mobility, it has become too expensive and difficult to maintain, or there is a desire to free up equity in order to maintain an enjoyable lifestyle.

One of the benefits of taking out a reverse mortgage – a choice more and more seniors are making – is that all of these issues can be resolved without having to leave the home.

There are pros and cons to each solution, so it's worth taking some key factors into account.

"Deciding whether to downsize or take out a reverse mortgage really depends on your situation and personal circumstances as a retiree," says Heartland Seniors Finance CEO Andrew Ford. "Ideally, before you take any concrete steps one way or another, you should make an effort to become fully informed of the pros and cons with regard to each."

Although Andrew is a self-confessed reverse mortgage advocate, and quite passionate about the product and the lives it has changed, he's not against downsizing. In fact, Heartland Seniors Finance encourages prospective customers to consider it as an option in its HER application.

"We want people to make an informed decision," says Andrew, who suggests there are three key

factors to consider.

## 1) Emotional attachment

A house is often more than bricks and mortar – it is a home. It is full of memories and is what connects you to your community, which is often where your family and friends are, and where you feel safe and secure. If you are strongly attached to your home, a reverse mortgage may be a better option as you can access the funding you need without leaving your beloved abode.

## 2) Practicality and comfort

Moving house is not easy, particularly if you are having to downsize and therefore reduce belongings. To release material equity often involves moving to a suburb further out from the city or town centre and into a much smaller house. Will you be comfortable with this? Where will the grandkids play and stay?

On the other hand, if upkeep has become too much, downsizing may be appealing.

## 3) Financial Impact

Between agent fees, stamp duty, marketing and more, selling and moving is expensive. It's also worth considering whether freeing up cash may affect existing government pension entitlements, particularly since the recent changes. Read more on page 2.



One factor that is often not considered is that property growth on a lower value property will often be much lower than that of a higher value property in dollar terms.

In fact, anyone who chose to downsize in Melbourne or Sydney in the past five years rather than take a reverse mortgage is likely kicking themselves!

## Conclusion

If you are living in a large, valuable house that is too big for your needs and difficult and expensive to maintain, it may make more sense to downsize to release equity with which to maintain your lifestyle.

For many other seniors, from an emotional, practical and financial perspective, staying in their home and using a reverse mortgage to provide an improved lifestyle and peace of mind may well deliver a better result.

After all, helping senior Australians enjoy the retirement they deserve is what Heartland Seniors Finance is all about.

## Investing in product education

**Heartland Seniors Finance believes knowledge is key to ensuring that seniors understand whether its products are right for them**

**A**lthough reverse mortgages have been around for years, they are not always well understood and there are a number of misconceptions floating around. That's why Heartland Seniors Finance has created a series of videos to help inform and educate potential customers.

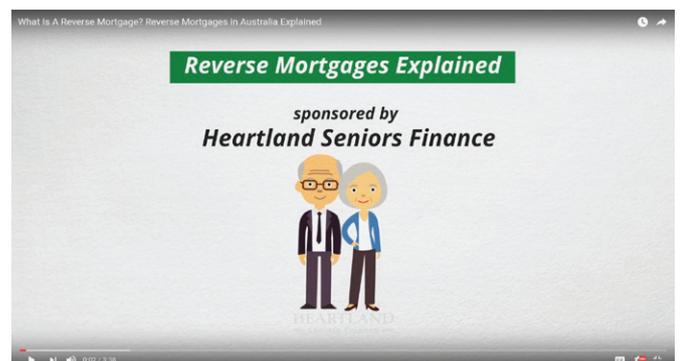
"Education is critically important," says Heartland Seniors Finance chief executive Andrew Ford. "Taking out a reverse mortgage is a big decision and should be treated as such – which is why we want to ensure people are aware of options available and help them make an informed decision."

The series of videos covers a variety of topics

including an introduction to Heartland, explanation of how a reverse mortgage works, going over the application process, highlighting the benefits and uses of a reverse mortgage, and a customer case study.

There is also a focus on areas that could be supplemented by a reverse mortgage, such as Aged Care, to help demonstrate the possibilities.

Three videos are already available and the rest will be posted regularly in the new



year. Check out the videos for yourself on the Heartland Seniors Finance website ([www.seniorsfinance.com.au](http://www.seniorsfinance.com.au)) or search Heartland Seniors Finance on YouTube.

# Blissful Black Bean Salad

## Ingredients

- 1/2 cup quinoa
- 1 cup water
- 1 tbsp olive oil
- 4 tsp fresh lime juice
- 1/4 tsp ground cumin
- 1/4 tsp ground coriander
- 1 finely sliced spring onion
- 1 tbsp finely chopped fresh coriander
- 1 can of black beans (400g), rinsed and drained
- 2 cups chopped cherry tomatoes
- 1 can of sweetcorn kernels (400g), rinsed and drained
- 1 cup chopped capsicum (your favourite colour or a mixture)
- 2 tbsp finely chopped, fresh green chillies
- 1 diced avocado
- Salt and pepper to taste

*This is the perfect sharing dish for warm summer afternoons. Fresh and filling, this black bean salad is best served as an appetizer with crackers or pita bread, or as a side salad.*

**Serves: 3-4**

**Preparation time: 30 minutes**

1. Rinse the quinoa well in a sieve under cool running water.
2. Bring one cup of water to boil in a saucepan, add the quinoa, then cover and simmer on low heat until all the water is absorbed and the quinoa is tender.
3. This takes about 15 to 20 minutes.
4. Allow the quinoa to cool for 15 minutes.
5. In a large bowl, combine the oil, lime juice, cumin, coriander and spring onion.
6. Stir in the beans, corn, cherry tomatoes, capsicum, avocados and chillies.
7. Add the cooled quinoa and then salt and pepper to taste.
8. Combine thoroughly.
9. Refrigerate until ready to serve.

## Refer a friend

*Help us help someone you know live the retirement they deserve*



**A**t Heartland Seniors Finance, we are passionate about helping senior Australians live a better retirement. We love that our product provides our customers with peace of mind and enables them to live a dignified retirement, in their own home, with independence.

We often receive fantastic feedback from customers and some even refer friends and family to us, which we really appreciate. Like any business, word of mouth is incredibly valuable.

We are respectful that financial affairs can be a sensitive topic, and treat all customers' details in absolute confidence.

However, if you know of anyone who may be interested in finding out more about a Heartland Seniors Finance Reverse Mortgage, get them to give us a call or visit our website [www.seniorsfinance.com.au](http://www.seniorsfinance.com.au).

Having options in retirement is a great thing.

After all, as reported on page 1, Heartland Seniors Finance does have a market-leading product, so you can be comfortable that we will provide excellent service.

## Contact us

Level 9, 63 Exhibition Street, Melbourne, Vic, 3000

Phone 1300 889 338 Fax 03 9661 0909

Website [www.seniorsfinance.com.au](http://www.seniorsfinance.com.au) Email [enquiries@seniorsfinance.com.au](mailto:enquiries@seniorsfinance.com.au)

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— Seniors Finance —

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