

Buying your home away from home



Not only can a holiday home give your family a whole new lifestyle, it also has the potential to be a very effective investment.

If you're on the hunt for a holiday accommodation complete with the comforts of your own home, then buying a holiday property may not only be a good financial investment, it's also a great way to boost your lifestyle.

But before you begin your holiday home hunt, stop and consider whether returning to the same place for holidays year in, year out, is for you. If it is, then a sea or tree change investment property might be your ticket to paradise.

One of the most important issues to consider when choosing your property's location is its distance from your own home.

If you have a young family, for example, it's probably easier to buy in an area that is within driving distance of your home – ideal for short weekend escapes from the city!

For a young professional couple or empty nesters with time and money, an interstate holiday hideaway may be more manageable.

If you're keen to explore the option of a holiday home, you should consider getting financial/tax advice; see your broker for recommendations. Here are some other key considerations:

The Pros

- Earn rental income by leasing out your property.
- Claim tax deductions for the periods when you rent out your holiday home.
- Purchasing the property can be a long-term investment to set you up comfortably for your retirement.

The Cons

- Rental returns may fluctuate in line with holiday season.
- Regional properties may take longer to sell than their city counterparts.
- The cost of property management and maintenance may be high.

Buying a holiday home can be rewarding financially as well as positively impact on your lifestyle. Speak to your broker to discuss which funding options best suit your needs and aspirations.



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Share Market Downturn – what to do?

The start to the 2008 year for shares has been harrowing for investors with sharp falls in share markets amidst ongoing worries about a US recession and its impact on the global economy. Most economists have been a little concerned for a while but have been surprised by the speed at which the market declined. What do investors do now? Should investors park their money in cash or is now a good time to be investing in the share market?

The last thing that investors should do is panic out of the markets. Over the last 50 years there have been numerous examples of share markets falling by 20% or more, but these are in the context of a long term trend which remains up with shares providing better long term returns than most other assets. Investing in shares should be seen as a long term proposition with ideal investment horizons of longer than 7 years. While there may well be further weakness ahead, trying to time the

bottom of the market is impossible so the best approach for long term investors is to sit tight. For those wondering when is the best time to buy shares, the best approach is to average in over the next 6 months rather than hope to be able to predict the precise bottom or alternatively to limit the impact of getting back in too late.

For those concerned about the state of the share market or wanting further detail you should contact your Financial Planner.



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