



*A Client for Life...*

## Catalyst Spreads Our Wings

*It is with much excitement that we announce our expansion into the South West region with the addition of Peter Caiger to the Catalyst team. Peter joined Catalyst in April and runs our new South West office located at 11 Stirling Street, Bunbury, adjoining Ventura Homes.*

Peter's vast knowledge is sourced from many years working within the finance industry, starting in South Africa where he worked for Barclays Bank whilst obtaining his Diploma of Finance.

Peter moved to Perth in 1984 and worked with R & I Bank (now Bankwest) then with AGC Finance and on to Home

Building Society as a Branch Manager in both the Busselton and Bunbury branch.

After a 'fruitful' stint developing a small vineyard on his Capel property, he came back to the finance fold and was appointed the inaugural Chairman of the Bendigo Community Bank in Donnybrook, and then Branch Manager for Donnybrook and Capel.

In 2006 Peter began his finance broking career and has never looked back.

We are certain Peter's extensive experience and zest for life will be a great asset to the Catalyst team...and we certainly won't hold the fact he loves the 'old rockers' like Meatloaf and Eric Clapton against him!



• Peter Caiger –Catalyst South West Office.

## Free Relaxation... on Us!

*With the winter season upon us, we invite you to share in a **Very Special Winter Offer** allowing you more time to enjoy our Hamelin Bay Holiday Home... **FOR FREE!***

Situated in a picturesque bushland block setting, minutes from the pristine Hamelin Bay shoreline and local attractions including wineries, gourmet dining and local natural wonders, our contemporary holiday home is a wonderful way to unwind.

Wake to the sounds of the forest, relax in front of your fireplace with a local wine, cook local produce in your fully equipped kitchen or wood fired pizza oven, laze the day away in your hammock or visit the many local attractions in the area.

**And right now, we're offering you an enticing reason to book - When you book 2 nights accommodation we will give you a third night **FOR FREE**. Or if you'd like to relax for longer - stay for 5 nights and we will give you **2 NIGHTS FOR FREE!****

Autumn / winter rates are \$175 per night and spring / summer rates are \$225. Phone Cassie on 0410 655 078 to find out more.

This offer is for bookings taken from June to August for stays up to December 2009 subject to availability.



# Aussies Flock to the Ski Slopes of Japan

**A ski resort in Japan's northern island of Hokkaido is being inundated with Australians who have discovered that Japan has deep, reliable powder snow, ski passes that cost half of what they do in Australia and a high-performing property market.**

Niseko is regarded as one of Japan's top three ski resorts and the most international with many English-speaking staff. The region's champagne powder snow is some of the most reliable in the world with falls of up to 15 metres and water content of just 8%.

Almost unheard of 10 years ago Niseko is now fast being discovered by international tourists, whose numbers have grown seven-fold since 2001.\* The resort has gained an international reputation, being likened to Canada's Whistler ski resort and is overrun with Aussies not only skiing, but buying and building their home away from home.

In recent years Niseko's property market has offered excellent capital growth with average prices having risen by 33% in 2006 and 38% in 2007.\*\* According to *Your Investment Property* magazine (May 2007) "investment returns have been incredible in recent years...with real estate still a fraction of the price of comparable international destinations."

Australian skiers are investing heavily in the Niseko region. According to the Australian Financial Review (December 2007) apartments are about "one-third of the cost of Falls Creek or Thredbo". Developers are also getting in on the game with much of the development in the main village of Hirafu the result of Australian companies. A one-bedroom apartment in Hirafu starts from about A\$300,000 and you can find cheaper in the equally attractive but less busy neighbouring villages of Higashiyama and An'nupuri.

A significant appeal to foreigners investing in Japan is access to Japanese Yen finance at rates as low as 2.2%. This is readily available from most major Australian banks and requires the borrower to use Australian property as security. Some banks are also gearing-up to accept Japanese property as security and will offer interest rates under 4%. Such competitive interest rates make it easy to positively gear property.

Though skiing has brought international acclaim to Niseko, the residential property market has year-round appeal with the region also renowned for its

natural hot springs, striking nature, delightful cuisine and recreational activities. Domestic visitors wishing to escape the humidity account for a significant number of tourists to the region in summer.

**"More than 25,000 Australian skiers a year now visit Japan, with the majority heading to Niseko."**

Sydney Morning Herald, May 2008

Niseko is located a mere 11-hours flying time from Perth with a one-hour time

difference which translates into virtually no jet-lag. With the healthy exchange rate it's no wonder Australians are adopting Japan as their northern winter playground.

To find out more visit [www.redspark.com.au](http://www.redspark.com.au)

\* Based on Kutchan & Niseko municipality tourism data  
\*\* Ministry of Land Transport & Infrastructure.  
Year to 1 July



## Winter Riddle

**After stumping so many of you with our Autumn riddle, I thought I'd go easy on you this time with a little rhyming riddle – what am I talking about?**

*I am where the sky is orange,  
I am where the grass is red,  
I am the land of violet bananas  
and the home to blue oranges.*

**What am I?**

The first person to email Marnie Dalziell [marnie@catalystfinance.com.au](mailto:marnie@catalystfinance.com.au) with the correct answer will win a delightful winter

warmers pack containing a mug, gourmet hot chocolate, chocolate biscuits and other delicious wintry fare!

## Autumn Riddle Winner

Congratulations to **Mark Jenkins** who sent in the first correct answer to our Autumn riddle about the Easter Bunny Egg Hunt. It stumped quite a few of you so here is the answer:

**Ms. Littenose** - Green Egg - Gold Coin - 1st.

**Jumper** - Red Egg - Chocolate Candy - 2nd.

**Mr. Hops** - Blue Egg - Visor - 3rd.

**Long Ears** - Yellow Egg - Jelly Bean - 4th.

## Winter Recipe

# Oven baked pumpkin, leek and chicken risotto

Preparation: 10 minutes    Cooking: 40 minutes

**This wonderful recipe is perfect for a cosy night on the couch in front of your favourite DVD.**

Ingredients (serves 4)

- 800g butternut pumpkin, peeled, deseeded, cut into 2cm pieces
- 2 tbs olive oil
- 1 leek, thinly sliced
- 2 garlic cloves, crushed
- 500g chicken breast fillets, coarsely chopped
- 330g (1 1/2 cups) arborio rice
- 1 litre chicken stock
- 1/2 cup finely shredded fresh basil
- 1 tbs finely grated lemon rind
- 1 cup shredded parmesan
- Finely shredded fresh basil, extra, to serve



Method

1. Preheat oven to 200°C.
2. Place pumpkin on a baking tray lined with baking paper, drizzle with half the oil and season with salt and pepper. Bake in oven on the top shelf for 10 minutes.
3. Meanwhile, heat the remaining oil in a flameproof ovenproof dish over medium heat. Add the leek and garlic, and cook for 5 minutes or until soft. Add the chicken and cook, stirring, for 5 minutes or until browned slightly. Add the rice, combine and then add the stock and bring to the boil.
4. Cover the dish and place in oven with the pumpkin and bake for a further 30 minutes or until the rice is tender. Remove the risotto and pumpkin from the oven. Add the pumpkin, basil, lemon rind and 60g (3/4 cup) of the parmesan, and stir to combine. Serve immediately sprinkled with the remaining parmesan and extra basil.

## Are Banks Profiteering With Interest Rate Increases?

Written by Jason Cheetham

**With the recent rate hikes occurring outside the Reserve Bank (RBA) increases many of you are probably questioning why lenders are citing the US sub-prime crisis as the cause.**

The answer lies in the costs of funding. When non-bank lenders like Aussie Home Loans launched they undercut banks on interest rates. At the time, banks had higher lending margins so mortgages were more profitable and most money loaned was accumulated from retail deposits.

Lenders like Aussie discovered "securitisation", accessing finance from alternate sources. Mortgage backed securities and securitisation evolved, which relied on selling large bundles of mortgages to investors. Non-bank lenders didn't require as much capital as the major banks who loaned their own funds and these funds were closer related to the short term money market than the RBA rates. In the late 1990's the RBA increased rates with the major banks following suit yet Aussie reduced theirs gaining positive press as a result.

The banks wrote Aussie off as "insignificant" but customers voted with their feet. RAMS and Super Members Home Loans become prominent forcing major banks to reduce rates to remain competitive. RBA rates remained constant, diminishing the banks' lending margin.

The table below shows an example of the lending margins. At the time the RBA's official rate was 6%.

Date	Average Bank SVR*	Lending Margin
Dec 1996	8.5%	2.50%
May 2000	7.75%	1.75%
Aug 2006	7.5%	1.50%

In July 2007 the short term money market fund costs increased as defaults in the US sub-prime mortgage market emerged. This repriced credit around the world, Australia included though we don't have the same "high-risk" lending here. Lenders using the short term money market had sharp increases in the cost of funds yet the RBA's official rate only increased 0.25% in August 2007. They had to increase

rates to survive.

This left the banks less reliant on securitisation well-placed. In saying that, to remain competitive, these banks had also resorted to securitisation in recent years so were absorbing higher costs also. Once one lender increased rates the rest followed.

Reports of profiteering or "cashing in" on the demise of lenders exiting the market are untrue but the situation has placed the major banks in a stronger position.

So what to do now? Whilst volatility remains, it is probably best to be with one of the major lenders who have

enough retail deposits to compensate for increased costs of securitisation.

Catalyst Finance Solutions can review your current debt

**FOR FREE** to ensure your loan is still competitive in an ever-changing market.



## Wealth Building

# Save tax and grow your super

*There are many strategies available to help you create wealth for retirement. One of the most powerful developed recently as a direct result of new legislation introduced by the Government and is commonly referred to as "transition to retirement". It allows you to create wealth via your super whilst simultaneously saving tax on many fronts. Your end benefit could be significantly higher without incurring additional investment risk.*



The Government now allows you to access your super from age 55 (for those born prior to 1 July 1960) whilst continuing to work. Referred to as "transition to retirement" it can benefit many individuals in many circumstances. For example: an individual reduces their working hours and at the same time draws a regular income from their super to help cover the lowered employment income they receive, in effect allowing them to move into retirement slowly.

Other individuals who are not able or ready to move into retirement at this age can still take advantage of the transition to retirement strategy and generate large tax benefits whilst building their super. The strategy combines "salary sacrifice" with a superannuation income stream called a "Non commutable allocated pension (NCAP)".

Salary sacrifice allows you to redirect some of your employment income into super. Doing so simultaneously builds your super and reduces

the tax you pay. Any contribution made to super through salary sacrifice is taxed at 15%. Most individuals in full time employment pay a marginal tax rate of 31.5% with some as high as 46.5%. So why wouldn't you want to save large amounts of tax and build your super savings? Well, for most people it's because they need this money to cover their living costs.

For example:

Imagine you earn a salary of \$100,000 p.a. (after tax you may be left with \$71,600 p.a.). You decide to salary sacrifice \$25,000 which means you receive a salary of \$75,000 p.a. (after tax you may be left with \$56,775) and \$25,000 is contributed to your super fund. The \$25,000 directed to super is only taxed at 15% (as opposed to 41.5% if you received it as salary) and your after tax income is now \$56,775. This situation would be a "no brainer" for most people except for the fact their after tax income would now be too low to cover their living expenses.

But introduce an **NCAP** and this strategy may become achievable. The reason is an NCAP allows you to supplement part of your lower income (after your salary sacrifice) with income from your super. Your accumulated super can be transferred into the NCAP and a regular income can be drawn. Any income paid from the NCAP receives tax rebates (between age 55 to 60) and if you are over age 60 it is tax free. The other major benefit is that the funds invested in the NCAP are in a tax free structure whereas in super tax rates of up to 15% still apply on all investment earnings.

**In summary, you can continue working full time, transfer all your current accumulated super into an NCAP income stream which incurs no tax on investment earnings, pay yourself a regular tax effective (and in some cases tax free) income and salary sacrifice a large part of your income back into super to save even more tax and build your super.**

The net effect is that your after tax income does not change (you can still continue your same lifestyle), you save large amounts of tax on numerous levels and your retirement



savings will increase faster than they would normally. It is important to note that whilst this is a powerful pre-retirement strategy it may not be suitable for all people. The strategy is very complex, requiring careful analysis and we suggest you consult a qualified financial planner who can assess your particular circumstances and provide more specific advice.

Our business partners Sam Pizzata and Choon Kwa from Interworx Wealth Management are happy to assist you with further information on NCAPs. If you would like to meet with them to evaluate your situation, feel free to call Sam or Choon on 9440 1377. Both Sam and Choon are authorized representatives of Charter Financial Planning.

*This editorial provides general information only. Before making any financial or investment decisions, we recommend you consult a financial planner to take into account your particular investment objectives, financial situation and individual needs. Charter financial planning and its authorized Representatives do not accept any liability for any errors or omissions of information supplied in this editorial.*

**Remember if any of your details have changed or you're planning on moving in the future, please let us know so we can amend our database. If you no longer wish to receive our newsletters please let Marnie know and she'll remove you from our mailing list.**



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