

THORNER NEWSLETTER—July 2014

Home Loan News — Extension of the increased cash contribution offer

Sovereign are extending the time period for their increased cash contribution offer.

To qualify for the cash contribution you need to have an LVR of 80% or less:

- \$100,000 to \$249,999 new home lending secured by a new security property, qualifies for **\$2,000 cash**
- \$250,000 or more new home lending secured by a new security property, qualifies for **\$3,000 cash**

Note: New lending must be approved by 31 August 2014 and advanced by 30 October 2014*

New Home Loan 24 month interest rate special!!!!

Term	Current Carded Rate	Special Rate!
24 months	6.40% p.a.	5.99% p.a.

To qualify for this 24 months special rate of 5.99% p.a. new and existing clients must have a minimum of 20% equity in their security property i.e. a loan to value ratio (LVR) of 80% or less.

Conditions:

- This offer is effective from 5.00pm Friday 1 August 2014 for a limited time only. Please note interest rate specials are subject to change and can be withdrawn at any time.
- For new home loans: applies to all residentially secured Home Loans with a minimum 20% equity in the security property i.e. **an LVR of 80% or less**.
- For existing home loans: applies to all residentially secured Home Loans including refixes, rollovers and restructures with a minimum 20% equity in the security property i.e. **an LVR of 80% or less**.
- No loan amount restrictions apply.

Existing discounts do not apply to this special rate.

Why you should have "liquid" investments

The term liquid refers to how fast something can be turned into cold, hard cash (the kind you stick in your wallet). Liquid assets are those that are thought to be turned to cash in a short time frame. On one extreme of the scale are the dollar bills and change you have stuffed in a cookie jar or under your mattress at home. These are the most liquid assets (meaning you can immediately spend them), but are the least safe because they can be destroyed by fire, misplaced, or stolen. On the other end of the scale are assets such as real estate, which can take months or even years to convert into cash.

When seeking liquidity, there are several places you can put your cash. They include:

- On call savings or check accounts
- Cash management investment funds
- Your house (hopefully well hidden)

For emergency purposes, you should not consider shares, bonds, investment funds, or insurance policies as liquid assets. In addition to normal market fluctuations, these investments may become completely illiquid if the investment markets are closed.

Even if you don't own any investments, you still need a cash reserve. Why?

What if there was a tragedy or extraordinary event in your area and you suddenly couldn't work? Taking the scenario one step further, what if such an event caused your company to run into tough financial times and it either closed its doors or started laying off most of the work force?

How would you survive? If you had realised the importance of liquidity, you would be able to stay afloat for at least several months using your cash reserves. You would be able to purchase groceries, negotiate with neighbours, or barter for goods using your emergency liquidity.

The level of liquid assets you should keep on hand largely depends upon your estimated monthly expenses. In all cases, you should be able to support yourself and family for at least a month or two; most financial planners agree that six months is ideal. It's important to remember that national emergencies are much less likely than personal emergencies such as car repairs, layoffs, washer and dryers falling apart, etc. Having access to liquid investments will allow you to stay the course with far fewer worries.

Call us today to discuss your current financial situation & the protection options available to ensure your long term financial security. Please feel free to contact us if you have any questions. Our phone number is 04 5288 088 or our personal emails are denis@thorner.co.nz, peter@thorner.co.nz & maree@thorner.co.nz.

We look forward to hearing from you soon.

Kind regards Denis, Peter & Maree

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