

special feature

# The Great Australian Dream

With climbing house prices and changing interest rates, is the great Australian dream of having a family, owning your home and retiring really achievable?

More importantly, is the part of the dream which involves owning your own home as soon as possible really what we should be aiming for anyway? Ellen Schafer says that despite popular opinion, the answer to the second question is "not always".

On Tuesday 13 March at 6pm Ellen Schafer & Associates (ES&A) will be holding a workshop where a hypothetical couple will address the question: should we pay our house off before we start investing in other assets?

Ellen says that fundamentally every home owner with a mortgage is faced with several choices.

The first one is to decide whether or not to pay the house off as fast as possible. That is, pay principal and interest (P&I) plus all additional savings into the home loan to pay off the house as fast as possible. And this will ideally be before the end of the loan term saving tens of thousands of dollars in bank interest. Then you can start investing in other assets.

The second choice is to invest in other assets before the house is paid off. That is, pay P&I or some other amount agreed by the mortgage provider off the home loan but use any additional savings to invest in other assets throughout the term of the loan.

To unravel the implications behind these choices, Ellen's workshop will assume a hypothetical couple decide to invest what they would normally have paid off their home into Australian equities on a month by month basis. The couple will also look at where they would have ended up had they used the money they were going to pay off their mortgage to fund additional debt for investing.

"Of course, the workshop and the results we will be showing will be specific to our hypothetical investor couple and depend on the assumptions we will make along the way," Ellen says. "Therefore, our examples will not be appropriate for all investors but I promise the workshop will make people who are intent on paying their home off as soon as possible really start thinking."



*If you wish to attend this seminar you will need to book by phoning 5445 6044. If you have a partner, Ellen believes it is imperative that you both attend. The workshop is free and is expected to go for about three hours with a break at half time when a light supper will be provided.*



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