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GAME OF HOMES, HOW TO OWN A HOME WITHOUT KILLING OFF THE PARENTS (OR GRANDPARENTS)

- **By the time Millennials' parents die, there may be no money left**
- **If Millennials start now, they still can own property – see our tips!**
- **Only children of wealthiest parents likely to inherit any usable sum of money**

Expert says that for some young people, the idea of owning their own home is so out of reach that nearly one in six young adults are waiting for a relative to die to get on the housing ladderⁱ but with boomer life expectancy increasing, kids could be waiting some timeⁱⁱ!

However, Housing Affordability Expert and Certified Financial Planner, Robert Snell says this strategy is a false economy. He says young people need to take responsibility and start planning for their futureⁱⁱⁱ now because the research available shows that there might not be any inheritance left^{iv} and also that Millennials may have to wait a very long time to get it^v.

The ominous wishes of the younger generation can be somewhat understood; Australia is the least affordable country for housing in the western world^{vi}. Robert points out the problem stems from decades of government inaction that has resulted in kids are living at home longer, giving up hope and declining young home ownership. He said "The latest Census^{vii} just confirms the problem, with Home ownership at its lowest rate ever in the past 35 years by Australians aged 25-34, according to research by the Grattan Institute^{viii}.

"The cost of buying a house currently takes 7.2 times the annual income of a typical household – up from 4.2 times income 15 years ago. It now takes 1.53 years of household income to save for a 20% deposit on a home and servicing a typical loan of 80% of the value of a house now requires 39% of household income, compared with 25% in 2001^{ix}".

"What those same statisticians haven't realised, though, is that what once might have been a two-income household, now might be a four or more-income household, as the kids have grown up, but can't afford to move out of home given housing affordability issues. So when commentators like CoreData report the cost of buying a dwelling currently takes 7.2 times a typical household income, they're not telling an untruth, but they aren't talking about the purchasing power of an individual.

So what does this mean?

Without a doubt, household income is going to be higher than a single income. This means the 7.2 times measure is over 12 times for a person living in Sydney.

Expert Tips For Millennials

1. Start saving today – don't put it off
Ask yourself if it is possible to save like you were paying off a mortgage even if you don't have one.
2. Learn to be a good cook and entertain at home. Eating out with friends is more expensive than cooking at home.
3. Set reasonable expectations. For most people, their first home is not a forever home. It might be a rental property that pays itself off.
4. Staying in the family home can help you save money.
5. Make a spending plan - If you're living too frugally, you're more likely to give up because it's all too hard.
6. Don't be afraid to seek the support of parents. It is not a sign of failure if you ask for help from parents or grandparents.
7. It's a big decision so do it right – get financial advice & coaching.
8. And if you think housing affordability is unfair, lobby government.

It also matters because households have changed again. Many young Australians are living at home into adulthood or in share house situations because they can't afford to buy or rent by themselves. So this idea of household income counts these arrangements, while the people under the same roof don't necessarily share goals. Therefore, I don't believe that household income is the correct measure.

What went wrong?

Robert says that governments not working together across all levels, have robbed young Australians of a secure and independent financial future and that hurts every Australian, given the impacts it will create^x. He believes we're at the dawn of changing Australian society permanently, creating future generations of permanent renters - KRAMPPs – Kids Renting Amongst Massive Property Prices.

"That's why we need to create a non-political entity to advise the government on how to improve housing affordability. I propose we create a National Housing Affordability Planning Organisation (NHAPO). NHAPO would have access to high-level economic analysis and could then work with existing city-based groups such as The Greater Sydney Commission along with infrastructure bodies such as infrastructure Australia as well as Federal, State, Local Governments and their Departments. NHAPO should have the power to set interim and long-term housing affordability targets for each city with a focus on infrastructure to make the cities more livable and more capable of dealing with immigration and population growth. NHAPO would also need to have the authority to convert the planning into action. This process also needs to get greater consensus among local communities where change will occur and those who will need to build the developments. So a very open and continuous process of consultation and communication will be required. I believe that having articulated housing affordability goals will aid local communities in better understanding the reasons for a change."

Spending the kids' inheritance

Robert advises that Millennials with parricidal thoughts should start their own plans as almost one-fifth of baby boomers dip into their kids' inheritance to go on holidays – and the vast majority don't feel guilty about doing it and adhere to the "you only live once" philosophy without any thought to the boom times their generation had and the struggles the next faces^{xi}.

He said when Millennials parents eventually do pass away most of their remaining assets will have been used to fund their aged care^{xii}. "The number of Australians aged 65 years and over are living longer, and will more than double over the next 40 years. Many of them will need expensive aged care. If an inheritance is available, the rise in the number of disputed wills before the court^{xiii} shows that housing affordability is pressuring families to equally split benefits. Most upper to middle-class families^{xiv} are likely to be the ones to have money left to pass on.

Robert says that you have to choose to take the future into your own hands. Decide and then get started straight away. He says "it's possible for some who think it's not possible, that's why. I have a personal goal to coach a thousand young people buy and pay off a property through our 'Own it' program. Do you want to be a home owner or a lifetime renter – with home prices expensive these are your stark choices. Remember that paying off a home is a key factor in whether you will be financially independent or not longer term^{xv}".

-ENDS-

Further Information

Go to: www.lifevalues.com.au

Life Values helps Young Australians buy and pay off a home with their 'Own It' coaching and advice program. Housing Affordability Expert, Robert Snell has a personal challenge: To help 1000 young people buy and pay off their first home in 80-120 months. He believes that if you work in a city, you should have a reasonable chance to buy a home in that city and that rising home prices are not a sign of success – being able to house your population is. He feels at some point, a home must just be a home and not an investment if Australia is to continue to house its growing population. Robert has written and submitted a White Paper called, THE REAL HOME TRUTH: Why Unaffordable Housing for Young Australians Hurts Us All. It explains historically how we got to this situation in Australia and how we can turn things around.

Robert Snell is available to discuss:

- Tips on Saving for young and old
- How to get your first home despite the disadvantages young people face
- What the country should do to solve this problem and its historical context

Robert holds a Degree with Majors in Economics and Political Science and a Diploma of Financial Planning. Robert is also recognised as an SMSF Specialist AdvisorTM and a Certified Financial Planner[®]. Unlike other advisors, Robert has been a fee-for-service advice provider for more than 29 years. Robert Snell is an Authorised Representative, and Life Values is a Corporate Authorised Representative of Financial Services Partners Pty Ltd AFSL 237 590 ABN 15 089 512 587. The views expressed in this publication are solely those of the author; they are not reflective or indicative of the licensee's position and are not to be attributed to the licensee (name of the licensee). They cannot be reproduced in any form without the express written consent of the author

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