

Managing Your NEW Home Loan

It has taken a lot of time and planning to get your new home loan established; now all you need to do is look after it and maintain it! Regular self-assessment of your home loan and annual reviews are a couple of ways to manage your home loan but there are other ways to also help you to SAVE money. For most people, your home loan is easily the biggest debt you're going to have. Therefore, you want to pay it off as quickly as you can. Here are some practical ways to reduce your loan fast without sacrificing your lifestyle:

- **Make payments more frequently:** If you pay monthly, you'll be making 12 payments a year. If you pay fortnightly, the number goes up to 26 because there are 52 weeks in a year. So by paying weekly or fortnightly, you're essentially making extra repayments which considerably reduces your loan term and the amount of interest you pay over that term.
- **Pay a little extra:** you can save thousands of \$\$ in interest by paying just an extra \$100 every month. By paying a little extra each month, your loan term is also reduced. Normally, this can only happen when your loan is on a variable rate of interest. If your home loan is on a fixed rate, your ability to pay extra may be limited. You will need to look at the terms and conditions of your loan facility to determine exactly what you can and can't do with your loan.
- **Become an EZ Rewards member:** EZ Rewards is a NEW concept only available through EZ Finance. This is a true CASH BACK platform open to all our customers and the general public to assist you to pay your loan off a lot quicker. By shopping online through the platform at places like Woolworths, Dan Murphy's, Avis, Hotels.com etc.., you can save hundreds of dollars each month to pay off your debt quicker. go online now (<http://www.rewards.ezfinance.com.au>) to be a part of this exciting new concept.
- **Principal & Interest OR Interest only repayments?:** You can elect to pay interest only (I/O) repayments if you want smaller monthly payments , however, by paying Principal and Interest (P&I) it is actually more cost-effective in the long term. Normally, an I/O facility might be more appealing to an investor who is looking to get a tax advantage on the interest component and counting on capital growth of the property to maximise the investment. No matter whether the property is for you to live in, or for an investment, the loan is paid off quicker with a P&I loan.
- **Use an offset account:** An offset account (OSA) is a relatively new concept which is available to many home loans these days. This is an account which is linked to your home loan and any money you keep in this account directly offsets against your mortgage interest. For example, if you have a \$300,000 mortgage and have \$20,000 balance in your offset account, you'll only pay interest on \$280,000, as opposed to the full mortgage amount. Therefore, you'll want to keep your balance as high as you can. This way, as your offset balance grows, your interest payments will steadily decrease. The money in this account is totally accessible by you at any time, however, the more money you keep in this account, the more interest you will save.



Home Loan Health Checks

A home loan is normally a 25-30 year commitment, so it makes sense to regularly check on how your loan is travelling compared to the many industry changes and new loan facilities which continually enter the market.

You can elect to do some homework yourself to see what is happening in the finance market , however, an easier and more effective way is to have a mortgage broker perform an annual review for you.

Annual reviews are an excellent way of managing your home loan and it can potentially save you thousands of dollars.

Mortgage brokers can check current lender rates and make sure you remain in a competitive loan facility. They can also re-assess your personal situation to re-align the loan with your goals. A lot can change in a year (interest rates move, new products introduced, your current bank/lender becomes uncompetitive etc.).

When would you need to consider Refinancing?

There many reasons why you might want to re-finance, for example,-

- To be financially better off
- To consolidate other debt to make every day living more affordable
- To purchase another property
- Dissatisfied with your current loan provider

Refinancing your home loan is simply switching from one lender to another. Since you're applying for a home loan all over again, you'll need all the same things you needed when you initially got the home loan.

If you've been paying off your mortgage for a year or two, your interest rate may not be as competitive as it once was which is why it's important to have a regular review.

Our mortgage brokers specialise in refinancing home loans and they have access to a variety of tools to quickly assess and make recommendations based on your current situation.

Speak with one of our mortgage advisors by calling us on **1300 727 909** and we can discuss your options. You can also complete an enquiry form on our website (www.ezfinance.com.au) and one of our advisors will contact you.

Disclaimer: The comments on this form are a guide and for general advice only and should not be relied upon as specific advice for your current financial situation. Please speak with a professional Credit Advisor, Accountant or Financial Planner to ensure you get the right advice specific to your personal circumstances. EZ Finance holds a National Credit Licence (392611) and our credit advisors are members of MFAA, FBAA and CIO.