

Nearly half of all homeowners have **NEVER** refinanced!

Are you one of them?

A recent survey of Australian mortgage holders found 45% had NEVER refinanced their home¹. The report also found customers who DID refinance saved an average of \$240 per month (\$2,880 pa) by refinancing a 30 year loan.

What would YOU do with an extra \$240 each month?

Why consider refinancing?

You no doubt know the cash rate set by the Reserve Bank of Australia (RBA) is at an all-time historical low. In turn, most lenders are offering the lowest home loan rates EVER seen.

So... If there are potential savings in the wings WHY do so many home owners neglect to explore if refinancing their home loan may benefit them?

Well apparently we dislike talking about money!

It is interesting that another recent survey found 42% of Aussies claimed they would rather avoid the topic of money. Is this a coincidence? Even religion, politics and sex came higher up the list of preferred topics!

In fact, one in three home owners don't even know their home loan rate².

YES! That's one third of us!!

Let's be clear - any decision to refinance should NOT be based solely on a lower interest rate. As your finance specialist we will consider your individual circumstances to determine if refinancing is suitable for your situation. Gone are the days of making minimum repayments at a similar interest rate over 25-30 years. It is recommended you review your home loan every two years.

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Times change. Our needs change, our income and expenses change. Loan features change!

So what ARE some of the reasons nearly half of us have never refinanced? Research³ shows:

54% of borrowers claim to be happy with their lender

That's valid. But then most people only receive information from THEIR lender. They can be unaware the market is now very competitive and other lenders or loans COULD provide greater benefits. And it's not just about rates - many loans offer features such as offset accounts and redraw facilities that could be right for you. Or perhaps your loan includes a feature (with monthly fees) that you no longer use?

24% said they couldn't find the time for all that paperwork

This is where your finance specialist comes to the fore - we do most of the legwork for you. The process could be much easier than you think!

13% think it would cost too much

Exit fees were banned for all loans originated after 30 June 2011. If your loan originated prior to this you will need to find out if an exit fee applies. Ask us!

However a new lender will often pay the exit fee for you when refinancing with them. Other fees may also apply - these will also be assessed to determine if refinancing delivers an overall benefit.

9% think it is too hard to compare loans

Comparison of a range of loans across multiple lenders is one of the key advantages of using a finance specialist. We aren't tied to any one lender. Your current lender would only look at alternate loans from their own range of products.

What are the benefits?

We've plugged in some numbers - see the table below - based on an average mortgage of \$380,320 at the average interest rate of 5.22%.

If you refinanced at today's average variable rate (4.64%) you would save \$134 per month (\$1,608 pa). At today's average 3 year fixed rate (4.38%) you would save \$193 per month (\$2,316 pa) - and then most likely revert to the variable rate. These savings could provide much needed financial breathing space.

Alternatively, if you maintained your current repayment level this would deliver substantial interest savings and reduce your loan period by 4-5 years - see the last two columns! What difference would this make to YOUR life as a mortgage holder?

So... Is it worth exploring the possible benefits of refinancing after all?

1. Refinancing report-Apr 16
2. RFI, Australian Mortgage Council

Based on \$380,320 average mortgage at 5.22% average interest rate (30 year loan)*

Interest rate	Monthly repayment	Total interest paid (30 yrs)	Interest saved @ reduced repayment level	Interest saved @ \$2,093pm [^]	Time to repay loan @ \$2,093 pm [^]
5.22%	\$2,093	\$373,189			30.0 years
4.64%**	\$1,959	\$324,845	\$48,344	\$95,825	26.2 years
4.38%***	\$1,900	\$321,264	\$51,925	\$128,278	24.9 years

* National averages as at May 2016

** Average variable rate (May 16)

*** Average 3 year fixed rate (May 16) - thereafter revert to average variable rate of 4.64%

[^] If repayments maintained at pre-refinancing level



Call us for a copy of our article 'Is switching loans a suitable alternative for me?' This will help explain the process. We're here to help!