



5

**EASY STEPS TO PAYING
OFF YOUR MORTGAGE
FASTER!**

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1 Lower Interest Rate: Lower interest rates means there will be less interest to pay in addition to the amount of your home loan, so your overall cost will be cheaper and you can therefore pay it all off much faster. It's important not to go with the first interest rate you see, but to look at all lenders to see who has the absolute lowest rate available.

Be weary however, some lenders may offer a very low interest rate but specify certain conditions before it can become applicable to you. It is important to read all the fine print relating to interest rates, to ensure you fully understand what you are signing up for.

2 Extra Repayments: Upon applying for your home loan, it's important to read the fine print before signing on the dotted line to ensure you understand exactly how you can make extra repayments. Even if your current finances make extra repayments seemingly impossible, it's important to understand this feature and include it in your home loan package for when you are in a position to make extra repayments possible. Most home loans are on a term of about 30 years. If you come into some unexpected money, such as a tax refund, work bonus or inheritance; it's important to understand how extra repayments may impact your loan. Also, be aware that some fixed-rate home loans do not permit extra repayments.

Making larger or more frequent repayments to your home loan is the quickest way to pay off the debt. However, when doing this, you need to be aware that there may be possible fees involved. Some lenders place certain restrictions on how much you are able to repay in excess of your loan repayments over the term of the loan. They may also specify certain periods where you can or cannot make extra repayments; for example, only once a year or to a certain value so it's important to read the fine print and understand all that is involved.

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3 Discount Loans: If you work in a certain profession (eg: doctor, accountant or lawyer), you may be eligible for a professional discount loan also known as “a professional package”.

Banks and lenders monitor the default rate of certain professions and sometimes offer discounts to those identified as ‘low risk’.

For example, in recent years it has been found that doctors almost never default on loans, so that places them at the top of the discount loan entitlement list.

If you work in one of these professions, a discounted loan could be highly beneficial.

When applying for a home loan it’s a good idea to see if your lender offers a discount; as each lender may have slightly different criteria for these loans so if eligible it’s best to shop around.

In some cases, it might be more than just a discounted interest rate available - you may also be able to waive Lenders Mortgage Insurance (LMI) completely. So it’s important to do your research and see which options are more suitable to your needs.

4 Offset Accounts: You can link your offset account to a variable rate home loan. There are two types of offset accounts: 100% offset and partial offset account.

A 100% offset account allows you to use the account as an everyday banking or savings account. When the lender is calculating interest, the balance in your offset account is taken off the amount owing on your home loan, and interest is only payable on the difference. This reduces the amount of interest payable on your home loan.

Most offset accounts available in Australia offer a 100% offset, however you also have the option to have a partial offset account that is linked to your fixed home loan.

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A partial offset gives you a reduced interest rate on the part of the home loan that is equal to the balance of your offset account.

The more money you have in your linked offset account, the less interest you pay on your home loan. So by having your wages paid into your offset account, this money will contribute to offsetting your home loan.

If you have an investment home loan, you can also direct your rental income into the offset account. This gives you the benefit of having both your wages and rental income offsetting your home loan.

There are other advantages of having an offset account. Because you don't earn any compound interest on the money sitting in your offset account, the Tax Office does not include the money in your offset account as taxable income. Therefore, this money is tax-free.

Most financial providers will provide you with a linked debit or credit card for access to your money as you would a regular transaction account, making everyday banking simple. However, it's important to note that some lenders may charge an ongoing fee of up to \$15 per month for holding an offset account.

5 Mortgage Health Checks: A Mortgage Health Check is something which is recommended every 2-3 years to compare your current home loan structure and interest rate with available loan products on the market. Future Assist Home Loans can compare your current home loan with over 28 lenders to analyse which products are best suited to your financial needs.

If you have any personal debt, such as personal loans, car loans, credit cards, or leases, and you have enough equity, you can get help to consolidate some or all of your personal debt so you only have the one loan repayment. Consolidation is a good way to reduce your monthly expenses.

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How can we help? At RPA, our aim is to empower our clients to reach their ultimate financial potential. We pride ourselves in providing the highest level of service and advise like how to eliminate debt and pay off your mortgage fast.

Eliminating your personal debt quickly is one thing. Living & maintaining the lifestyle of your choice is another. We believe we can help you to achieve both at the same time.

Together we will help you to achieve your objective by utilising professional resources & expertise, in getting you started, & assisting you during the process.

All consultants are required to understand & document your desired outcomes before discussing any programs or strategies, or recommending appropriate advisors.

Too many people fail to address planning for their future, so we congratulate you for taking an interest in yours. This is the crucial first step.

Visit our website: www.residentialinvestment.com.au
email us at info@residentialinvestment or call 1300 989 542 for further information.

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