

Are you a reluctant refinancer?



Research shows nearly half of all Australian homeowners have never refinanced¹.

It's interesting that when our insurance renewals arrive many of us take the time to shop around and check we're still on a good deal, yet some of us are happy to sit on the same home loan for decades!

With the RBA cash rate still at an all-time low and various lenders continually offering new rates and loan products we are often asked by our clients WHEN and WHY they should review their loan.

Gone are the days when we stayed with the same loan or lender for the full term of a home loan – **the mortgage market is now very competitive**. But even with a changing market it's important that any decision to refinance should consider your individual circumstances, your current needs AND your future financial goals.

As your finance specialist that's where we can assist. So...

WHEN should you consider refinancing?

You might think refinancing is simply a good way of reducing your loan repayments but there are various 'life events' that could also provide a worthwhile reason to review your finances. These include:

- **The equity in your home has increased**
Perhaps this is an opportunity to consider an investment property?

- **The kids are starting school**

It's not unusual for parents to spend \$10,000 or more per child per year on long day care². Wow! Have you considered what to do with your savings once you are no longer paying day care fees?

- **You're a two income family again!**

With kids off to school perhaps the other parent has gone back to work? Any increase in household income is a good reason to review your finances and maybe even consider investing before you spend it on a new wardrobe or a big holiday.

- **You've finally paid off your car loan**

Before you rush out to buy a new car... do you realise that the amount you pay for your car loan each month could provide the opportunity to enter the property market? If you must have a new car call the office first if you are unsure about the difference between using cash, credit or your line of credit for your purchase.

- **You've finally become empty nesters**

Kids left home? What a great time to ensure you are effectively planning your retirement income and lifestyle now the KIPPERS (kids in parents' pockets eroding retirement savings) have gone.

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WHY do clients consider refinancing?

Lower repayments. This is a common motivation for some clients, however a decision to refinance should not be based purely on a lower interest rate - you need to consider costs and benefits over the long term. Maintaining your current repayments at a lower interest rate may provide greater benefits over the life of the loan. **Ask us how.**

Improved loan features. If you've had the same home loan for a while it may include features you no longer use or need. Or maybe you would gain greater benefits from new loan features? **If so, ask us to explore loan products more suitable for your current situation.**

Lastly, one of the most common questions we are asked is "How often should we review our home loan?" We usually recommend an annual home loan check-up - sometimes we can improve the financial position of clients and sometimes you will already be in an appropriate loan for your situation.

Of course you would already know that one of the key advantages of using our services - **as your finance specialist** - is that we have access to a range of lenders when seeking a suitable loan. We are not tied to just one lender and their available loan products.

You will never know if your financial situation could be improved if you don't take that first step. Call us for a chat TODAY.

1. mail.financialcouncils.com.au/qrtlyreport
2. careforkids.com.au