

5

WAYS TO PAY OFF YOUR HOME LOAN QUICKER



*Don't get stuck.
Get ahead now.*

Introduction

Paying off a mortgage can seem relentless – every payment counts of course, but it can seem to be taking forever to make a dent. Here are some simple ways you can increase the amount you pay off and own your home sooner.

Reducing the principle on your mortgage as quickly as you can means paying less interest, so your future payments are going even further towards reducing that principle.

To find the ideal balance between the extra repayments you can afford to make and the time this will shave off your mortgage term, use a [mortgage calculator](#).

For example, on a \$350,000 loan at 6% interest, the usual monthly repayment of \$2100 will see a total term of 30 years and a total cost of just over \$750,000, while paying just \$500 per month on top of that will bring the loan term down to just under 19 years and the total cost to just over \$580,000.

Boosting these monthly payments by a further \$400 to \$3000 will see the loan paid off in less than 15 years – halving its term.

So, here are **5 simple ways** to increase those mortgage repayments and pay off your loan quicker.



Ignore the bank

Their job is to make money. Your job is to be free.

Well, sort of.

Don't pay any attention to the amount that you are told is the minimum repayment, as long as you pay more. Work out the most you can afford to pay, think of **this** as your minimum repayment, budget for it and stick to it.

Budgeting can be difficult and sometimes it can be helpful to write a list of all the things that you're paying for so you can decide which things are non-essential so that you can be debt-free as soon as possible.

This is a gamechanger for many people getting out of debt.

TAKE ACTION

Write a list of all the monthly payments, subscriptions and bills you have. Rank them by importance then divide your list into essentials and non-essentials.

What can you cut out?





Treat yourself

Redefine the meaning of “reward.”

Your goal is owning your property outright.

Think of every step you take towards that goal as a way of treating yourself. Sure, an expensive bottle of wine is nice, but doesn't taking a year off your loan taste pretty sweet, too?

Every single increase to your income, ***no matter how small***, should be channelled into the debts that are incurring the highest interest.

If this is your mortgage, send it there. Do the same with your tax returns, any bonuses at work and even cash gifts.

TAKE ACTION

Exploring a new hiking trail, time at the beach, reading a new book—all these things produce the happy chemicals (serotonin and dopamine) in the brain.

Think of 3 alternative ways you can reward yourself.





Track your spending

Channel savings into your mortgage payments

Download an app to track what you are spending and trim where necessary.

Think of all those little things you don't really notice yourself pulling out your wallet for. In one week, that extra coffee on Monday morning, a sandwich from the cafe instead of one you have made yourself, that round of shots you probably shouldn't have shouted on Friday night and getting your nails done on Saturday add up to \$150.

Over a month, that's \$600. Increasing a monthly repayment from \$3000 to \$3600 could trim more than 10 years off the term of a \$500,000 loan. Now how much do you really want that coffee?



TAKE ACTION

What things do you notice yourself buying each week that are not really essential?

Cut out 3 things and calculate the monthly amount you can add to your repayments.

4

Eyes on the prize

Feed your mind on your progress

You know that great feeling you get when you check off things from your to-do list or shopping list?

That good feeling is your brain giving you a hit of dopamine (one of the happy chemicals). Your brain produces this chemical every time you get closer to a goal and accomplish something big or small.

Watch the forecast term on your mortgage – seeing it go down will help your brain produce dopamine and will motivate you to work even harder.

TAKE ACTION

Using the alternative ways of rewarding yourself that you wrote down in step 2, choose one of them (or think of another one) and reward yourself whenever your lease term is reduced by 6 months.



5

Talk to an expert

There's more ways you can pay your debt quicker

Talking to your finance broker about refinancing options could reveal a way to pay down your debt sooner even without increasing repayments. A finance broker will be able to look into whether you may get a better interest rate or lower fees with another lender, or even with your own, and will be able to help minimise any refinancing costs.

This is especially important each time your goals or your financial circumstances change. If you are earning more than when you took out your loan, you have paid off a personal loan or a credit card since that time, or your property's value has risen, your finance broker may be able to negotiate a far better deal than the one you are on.

For example, if your finance broker negotiated your interest rate down from seven to six per cent on a \$500,000 loan, on which you are making \$3500 monthly repayments, your loan term could drop from just over 25 years to 21 years.



You deserve a stress-free loan without all the confusion.

Apply for a mortgage review and start accomplishing those dreams you've always had.

An MFAA Approved finance broker is with you for life to make sure you're always getting the best deal you can from your mortgage. Find a finance broker who can help you own your home outright sooner.

We hope you'll join us on your financial journey.

GET A REVIEW TODAY

freshwaterfinancialservices.com.au/services

How to start a stress-free loan with us:

1. Choose a type of loan and fill in your basic details at freshwaterfinancialservices.com.au/services
2. Have a conversation with us about your goals.
3. We'll form a plan that works for your situation so you can become the home owner that everyone admires.



FAQs

1. How many properties should I look at before buying?

A good rule of thumb is to inspect at least 15 properties to get a feel for the market and also to check RP Data reports on sale prices.

2. How much deposit do I need?

The larger your deposit, the better. Sometimes you can secure a property with just a few hundred dollars' deposit, but most markets still require at least 5 to 10 per cent deposit and sometimes 20 per cent.

3. What if I've just found the perfect property, but haven't finished saving the deposit?

You may be able to apply for a deposit guarantee (for up to 48 months). This is a second loan that covers the deposit.

4. Do I have to pay stamp duty?

Yes, but you may be eligible for an exemption or a partial rebate, so be sure to ask your broker.

5. How do I know I have chosen the right credit adviser?

Look for a credit adviser who's a member of the MFAA (Mortgage & Finance Association of Australia). MFAA members must hold diploma standard qualifications and maintain continuing professional development. Plus, should anything go awry, your complaints may be investigated by the MFAA's Tribunal.

6. Am I eligible for any grants?

Ask your credit adviser if you are eligible for the First Home Owners' Grant. The answer will depend on the value of the property, if you are purchasing it with help from your parents, whether and how long you intend to live in the property, if it is the first property you have purchased and more.

7. What other costs should I allow for?

If you are buying a house, you need to have the property inspected for structural integrity and pests before purchasing. If you are buying an apartment, you will need to check the strata report. Another very important part of the process is the need for a solicitor or a conveyancer – a specialist property lawyer. We can recommend a proven professional to you. Then there is the cost of actually moving out of one property and into another – allow for removalists, cleaning and any new furniture and fixtures the new property requires.

8. Can I negotiate the fees of a solicitor or conveyancer?

Of course and just as you will when choosing the right credit adviser, you may want to shop around, meeting with two or more such providers.

9. Do I need mortgage insurance?

Most lenders will require you to pay mortgage insurance if you are borrowing more than 80 per cent of the property's value.

10. What other insurance will I need?

Most lenders will require you to pay mortgage insurance if you are borrowing more than 80 per cent of the property's value.

GET A REVIEW TODAY

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