

MARCH 2018 NEWSLETTER

WHEN WAS YOUR LAST HOME LOAN HEALTH CHECK?

Everyone's circumstances can change, leaving your home or investment loan less suitable than it was originally. The constant change in the lending landscape may have made your loan more expensive or not structured the way that suits you. A home loan health check can reveal if your loan is the best for you.

You should review your home loan at least every two years (every year is better) as products evolve and lenders alter their rates.

When was the last time the bank rang you to say "we are going to drop your rate because you're a great customer". They don't and unless you do a review or ask your mortgage broker to do it then you don't know what is the best interest rate that you could be paying. I don't recommend that you go chasing small improvements in rate every year but if you can save 0.50% on your interest rate, that can add up to tens of thousands over the life of your loan.

Three key points to take into consideration when reviewing your loan.

- **Interest Rate type:** If things are tight with your cash flow, it may be time to fix the rate on your loan to make sure you are not left in trouble if rates rise. See what the market is offering and compare that to your loan and the repayments you currently make. A fixed rate will not suit everyone but it may save you a lot of stress if rates move upwards.
- **Repayment Type:** Are you suited best by Principal and Interest repayments or Interest Only repayments? There are many factors that influence the answer to that question but what is certain is that lenders are providing discounts for those who are on Principal and Interest repayments, especially if the loan is a

Home Loan. The difference in rate can be over 0.50% so if your loan has Interest Only repayments and you don't need that structure, a switch will save you significantly.

- **Loan features:** Older loans do not have many of the current loan features such as offset accounts, redraw and the capacity to manage the loan via the internet. Again, you could save significant amounts of your hard earned money by using these features so ask the question of your lender and find out if your loan features can help your financial situation.

The loan interest rate is not the only factor when assessing if your loan is the right one for your circumstances but it is a great indicator.

So it's worth having a review of your loan, especially if it hasn't been done for some time. But how do you do it and how difficult is it?

You can ring your lender and see whether they will review your rate and improve it. You may get an improvement but how do you know that is competitive in today's market. There is an abundance of choice for borrowers and it is our role here at M Point to provide that choice to our clients.

At M Point Finance we take the time to review our clients position. We have the expertise and knowledge to know what is the right product to meet your circumstances. A review may uncover the possibility of taking out additional finance which can consolidate any other debt or help you purchase an investment property.

Let M Point Finance undertake a home-loan health check for you today. It will cost you nothing and could save you thousands. Give Andrew a call on 0418850890 and let him review your loan.

Important: M Point Financial Solutions Pty Ltd (Australian Credit Licence 391237) advises clients should not act solely on the basis of the material contained in the newsletter. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Newsletters are issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.