



Take care of your mortgage, **the easy way**

Paying off your mortgage can mean giving up some of life's pleasures. But with the right planning, it doesn't have to be such a struggle.

Owning your own home sooner is still the great Australian dream. But with the average mortgage now consuming most of the household budget, it's a much harder slog than it used to be.

It's tempting to put most of your pay packet towards your mortgage to get it down to zero in the shortest possible time. But there are a number of simple and practical alternatives to reduce your mortgage without having to over-extend or spend the next 25 years eating canned soup. Want to know more? Then read on.

Explore your options

There are a number of factors that may determine which product will suit your needs. The Australian Securities and Investments Commission (ASIC), which regulates mortgage providers, advises people to explore the different options available, factoring in the interest rate as well as the loan facilities associated with a product. Considering the 'comparison rate' rather than just the 'interest' rate, for example, is one way to evaluate a mortgage product. The comparison rate also takes most fees into account and therefore gives you an overall view on potential costs.

Pick your product

If you're looking for extra features – a redraw facility, mortgage offset or line of credit – look for a low interest

rate loan that includes them. Be wary of lenders spruiking the benefits of line of credit as the fast-track to paying off your mortgage. While these loans are flexible they often carry a higher rate of interest and if you're not disciplined with your credit card, you should avoid them.

A split or combination loan – part fixed and part variable – is another option. You might also want to think about an 'all in one' or 100% offset loan – this effectively deducts any savings from your home loan when interest is calculated, therefore reducing interest repayments. If the saved interest is ploughed back into loan repayments it may make a huge difference to the speed at which you repay your mortgage.

If your current mortgage isn't looking good at this point, consider refinancing at a lower interest rate. But beware of break fees and expenses involved with a new loan – it mightn't be worth the extra cost.

Make extra repayments early and often

Making regular repayments – and extra or larger repayments where you can – is a fast way to get your mortgage down, especially early on in its term. Consider fortnightly payments rather than monthly; or lump sum payments if you're due a windfall (like a bonus or inheritance).

If your salary goes up, balloon (increased) payments are also a handy way to reduce your mortgage, but make sure your loan allows it. Also think about paying off your loan at a higher rate than you've taken it out. Your mortgage will notice the difference.



The value of the stay home mum & dad

When people consider the need for personal insurance their initial concerns centre on the main income earner. Quite often the stay at home mum or dad is forgotten.

Given their importance to the everyday running of the household, thought needs to be given to what would happen if they couldn't in fact perform their all important duties of looking after the children and ensuring that the family home is maintained. Not only would the household be disrupted from a mental and physical point of view, financially it could leave the family in disarray.

A quick search will show you that a nanny can cost up to \$25 an hour and in some cases more. At 8 hours per day for 5 days per week this is a cost of \$52,000 per annum.

So if you do have a family with a stay at home mum or dad where would your family be if the unexpected was to happen, what if they were to pass away or become seriously ill or injured for a prolonged period of time?

What are your options? Could you afford to stay at home and look after the children and maintain your home, if so for how long? Or would you, like many others, have to hire someone to perform these duties for you whilst you continued to work and provide for your family, if so could you afford it?

Insurance cover for your loved one would ensure that you could do either. You would have the option of taking time off work and spending it with your family at a time when it needs you most, whether it is to comfort them after losing a loved one or to be there whilst your loved one recovers. Alternatively it may provide you with the funds to hire a nanny to at least maintain your home for you.

In recognition of the value of a stay at home mum or dad insurance companies too have changed their way of thinking. Where as in the past housewives / husbands were restricted to certain levels of cover these have now been increased significantly to allow for families to apply for levels of cover that will in fact protect the family for the long term if so required.

At WHK Armitage Downie we like to take care of all our clients needs and in particular make sure that in the event of death or ill health our client's financial affairs will be taken care of.

If you are concerned about how your family would cope if something was to happen we recommend that you meet our qualified Personal Risk Insurance Specialist. With a wide range of insurance providers and policies to choose from we can make sure that we tailor a policy that specifically suits you and your families needs.



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Looking after the country



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