



The
3
GOLDEN
RULES
For Managing
Your Home Loan

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Disclaimer

THE GOLDEN RULE

1

Be prepared for unforeseen circumstances

When you get a home loan, you need to be prepared for the challenges that may come your way. Circumstances may change, and you might struggle with your finances. So, you need to be aware of a few things and take action to protect yourself beforehand.

What causes people to default on their

- Unemployment (53%)
- Illness or injury (22%)
- Personal reasons (9%)
- Being over-committed due to rising interest rates (1%)
- All other reasons (15%)

Despite what the media would have us believe, rising interest rates rarely result in people being unable to make their repayments!



Be prepared for unforeseen circumstances

How to manage your home loan better:

- Apply for income protection insurance
- Have spare funds of around \$5,000 to \$10,000 available to redraw on your loan
- Make your repayments on time, so that if you do get into trouble, your lender will be far more helpful and understanding

If things go wrong, then call us right away!
We can help you with options such as increasing the loan, switching to interest-only payments or negotiating with the lender to give you a payment holiday.



THE GOLDEN RULE

2

Avoid credit cards, personal loans and car loans for at least one year

You have just taken on a major financial commitment. Make a firm decision to reduce your spending and live well within your means. In particular, if you have just purchased your first home, you will need to make major adjustments to your lifestyle.

Time and time again, we see people borrow to buy a new car and buy furniture for their new home. The best way to manage your home loan is by avoiding these lifestyle choices until you are used to your new monthly repayments. We can do very little to help you if you have taken on additional debts after buying your home.

You are required to manually calculate your living expenses on a weekly or monthly basis when you complete your home loan

Calculate now

THE GOLDEN RULE 3

Learn the best way to pay off your loan quickly

There are plenty of articles with tips on the best ways to pay off your home loan. The reality is that although there are many different ways to save money on your loan, the best way to save is to [pay off your mortgage faster!](#)

For example, if you had a loan of \$300,000 at a rate of 5% over 30 years, then your payments would be \$1,610.46/month. If you paid just \$100/month extra, you would save \$39,938 in interest over the loan term! (Input your own figures in our [home loan repayment calculator](#) to find out exactly how much you will be saving).

We recommend that you call your lender and ask them to increase the size of the direct debit they take from your bank account. We can't make changes to this for you, for privacy reasons.

Alternatively, you can set up a regular transfer from your bank account to your loan account using internet banking. Be careful with fixed-rate loans, as they may have restrictions on making extra repayments. Call the lender or us to check before you make extra repayments.



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