

# HOW TO PAY OFF YOUR MORTGAGE FASTER IN 5 EASY STEPS



# How To Pay Off Your Mortgage Faster

## *In 5 easy steps*

Everyone wants to pay off their Mortgage FASTER right?

We have all been told that one of the biggest investments we will potentially make in our lifetime, is that of a property purchase. For most of us that means taking on, and repaying a Mortgage. If paying off your Mortgage is a priority then we have 5 easy steps to help you do that.

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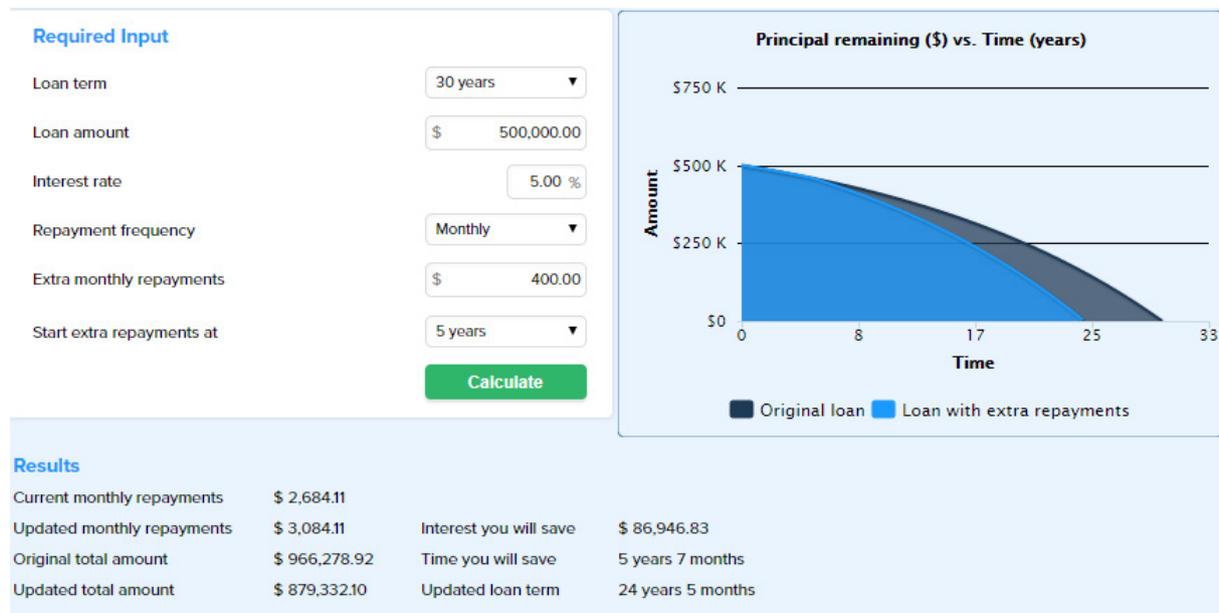
Step

1

## Extra Repayments

*It's important to make sure the loan you have allows you to make extra repayments*

One of the easiest ways to quickly reduce the balance of your mortgage is to make larger loan repayments. The minimum repayments required on a loan are calculated on the amount owing and the prevailing home loan interest rate. Repaying more than the minimum can cut the overall term of the loan and save you thousands of dollars in interest. A mortgage repayment calculator will quickly show what savings can be achieved.



*"A home is one of the most important assets that most people will ever buy"*

**-Warren Buffet-**

Step

2

## Cheaper Interest Rates

*The lower your interest rate, the less interest you will pay.*

Although obvious, many borrowers take out a mortgage and then stop following the home loan market. With interest rates constantly changing, it pays to monitor the latest rates. If rates go down, contact your lender or broker and ask if they can reduce the rate on your loan.



*“Ninety percent of all Millionaires become so through owing real estate”  
-Andrew Carnegie-*

Step

3

## Don't take the rate cut

*Keep your repayments the same, even if the banks reduce the interest rate*

When a lender reduces the interest rate on its home loans, usually in line with a cut in official interest rates, your first thought may be to reduce your loan repayments accordingly. However, by maintaining your loan repayments, you effectively repay more than the minimum loan repayment. If it's possible to do so, this will help you cut the term of the loan and save on interest.



*"The paid-off home has taken the place of the BMW as the status symbol of choice"*

**-Dave Ramsey-**

Step

4

## 100% Offset Account

*While saving you interest the offset account is used as an everyday banking account*

Most lenders allow you to package a mortgage with an interest offset account. An offset account allows you to reduce the amount of interest paid on your loan by offsetting the amount in the (offset) account against your loan balance. Wages and other income can be deposited into your offset account. Note that you don't earn interest on the funds in the offset account, and that offset is usually only available on variable rate loans.

### OFFSET ACCOUNTS EXPLAINED

**Offset savings**

**Your mortgage**

**Interest is charged on:**



**\$20,000**

You put \$20,000 into your offset account



**\$150,000**

The \$20,000 is offset against your mortgage



**\$130,000**

Your interest repayments are charged on your mortgage minus the offset

*"Save your money, you're going to need twice as much money in old age than you think"*

**-Michael Cain-**

Step

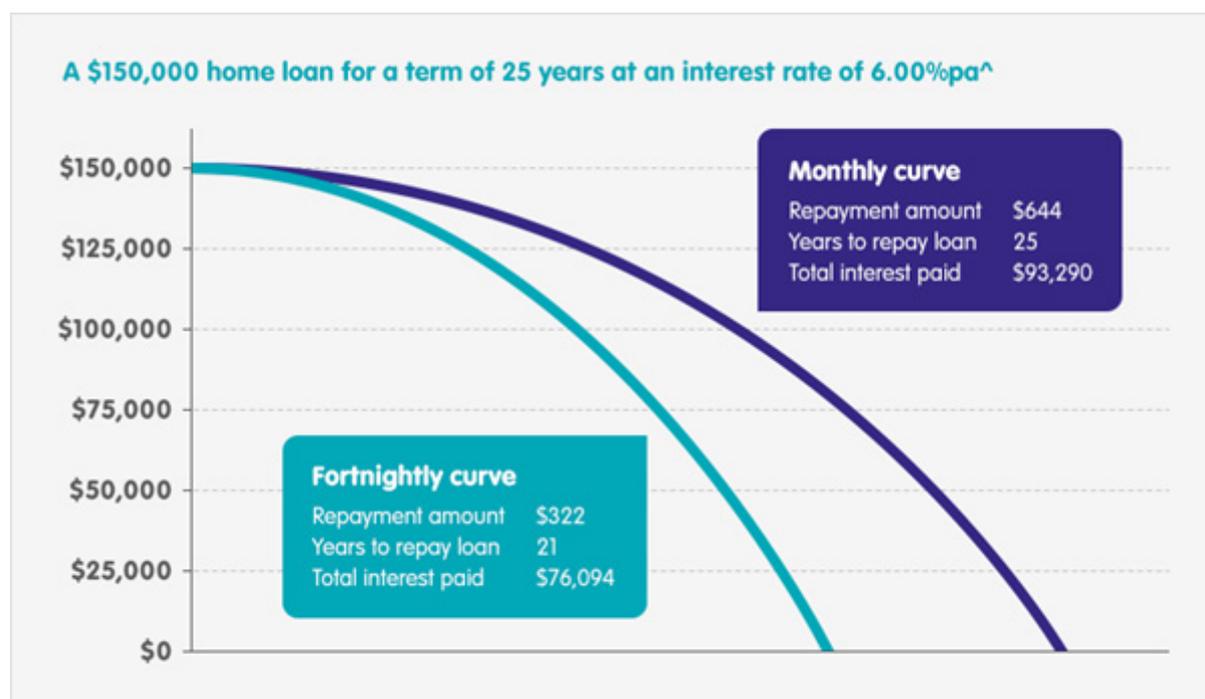
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## Make more frequent repayments

*Making more repayments will drastically reduce your loan term*

Home loans are often structured so that you make monthly repayments. But making fortnightly repayments instead can reduce the term of a loan and save interest. By making fortnightly repayments, you are paying the equivalent of half of your monthly repayment every two weeks.

This allows you to make the equivalent of one extra monthly repayment per year. Extra repayments will ensure the loan balance is lower at the time of the month the interest is calculated.



*“To many people spend money that haven’t earned to buy things they don’t want, to impress people they don’t like”*

**-Will Smith-**



### **Need more information?**

Call 03 9497 4917 to speak to the Hunter team or alternatively email [info@hunterlg.com.au](mailto:info@hunterlg.com.au) for a quick reply.

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