



MyMortgage
Options, Advice, Service and Price

PICKING THE RIGHT STRUCTURE FOR YOUR HOME LOAN

Here at My Mortgage we think having the best structure in place for your situation is one of the most important services we can provide for you. Everyone is different, so it's important to get the right advice on this so you are paying your home loan off as quickly as possible.

TAKE AN EXAMPLE OF JOHN AND SARAH;

John is a car salesman and Sarah works part time in a lawyer's office.

They have a home loan of \$300K over a 30 year loan term, at an average rate of 5% is \$371 / week, which they are comfortable paying, and their home loan will be paid off in 30 years time with a total of \$450K in interest over that period.

However, John does receive commissions on his sales each month and typically receives an extra \$500/month and the couple is comfortable using these funds to pay a bit more off their home loan. So we recommended they take a small portion of their home loan in floating structure to make this payment as it becomes available, and by contributing these extra funds each month, they saved 12 years in paying off their home loan, which is \$180K in interest.

THINGS TO CONSIDER WHEN IT COMES TO STRUCTURE:

ABILITY TO MAKE LUMP SUM PAYMENTS:

All banks have different policies around how much of your home loan you can repay without penalty. That's why it's important to get the right lender and have a good chat about your future plans before committing.

ABILITY TO INCREASE PAYMENTS:

Perhaps you'll be increasing to two incomes in 12 months' time or you have a building business income increasing year on year. In this case it's important to have the ability to increase your repayments if you want to.

THE REVOLVING CREDIT

Like a big overdraft, the revolving credit works for those who wish to pay off more of their home loan but perhaps still need funds available for things like improvements to their property.

THE RIGHT LOAN TERM:

If paying off your loan quicker is important to you, it might be a good idea to decrease your loan term. This is important to get right as it will also increase your repayments and potentially commit you to a higher cost, with the benefit your loan is paid off quicker.

BALANCING FIXING/FLOATING:

Getting a good balance of fixed and floating loans is important to ensure you are paying a low enough interest rate but still receiving the flexibility of the floating portion.

INTEREST ONLY:

For some people, particularly investors, paying interest only on their home loans may help free up cash flow for other important things, like improvements to their property or paying off their own home lending.

We'll sit down with you and discuss your plans for the future, your personal situation and how we can make it easy for you to pay off your home loan faster.

WWW.MYMORTGAGE.CO.NZ

Get in touch today so we can work with you to find the **best structure** to save you money, achieve your financial goals and get you debt free faster

ADAM, CLAIRE, GREG, AMBER AND THE MY MORTGAGE TEAM

OFFICE@MYMORTGAGE.CO.NZ

0800 MYMORTGAGE

FACEBOOK /MYMORTGAGE.NET.NZ