

TOP 5 WAYS TO PAY YOUR LOAN OFF FASTER

Think big, act smart – and wave goodbye to debt sooner than you imagined

1 FORTNIGHTLY REPAYMENTS

Changing your repayments to fortnightly from monthly is a game changer! BUT, make sure you just divide the monthly repayment in half. As there are not exactly 4 weeks in a month, this means you end up making more repayments over the course of a year and can save thousands and wipe years off your loan.

2 USING OFFSET ACCOUNTS

Having offset accounts linked to your loan is a powerful way to have your money working for you and reducing interest on your loan. You need to think of your offset accounts as SAVINGS accounts, when you have mortgage debt. You will pay tax on any interest earned in a high interest savings account, so having your money in offsets is a far more productive way of reducing debt and getting ahead.

3 NOT EXTENDING YOUR LOAN TERM WHEN REFINANCING

When refinancing, make sure your broker is not just re-extending your loan back to 30 years. Your loan is an amortised loan which means you don't pay an equal amount of principal and interest every month. At the start of the loan term, you will pay MORE interest, and LESS principal. This is why extending it back to 30 years means you just end up paying more interest.

4 MAKE EXTRA REPAYMENTS

Rounding up repayments or making consistent extra repayments of even \$100 per month can have a BIG impact in reducing your loan term and interest paid. Consistency is the most effective strategy here so I always advise to get this set up as an automatic direct debit so you don't have to think about it!

5 HAVE YOUR LOAN REVIEWED

Banks always give the best rates to NEW customers and unfortunately there is nothing they give you for your loyalty these days. A proactive broker should be re-negotiating with your lender on your behalf at least on an annual basis to ensure you're always on the best deal, as well as discussing any future goals you might have on the horizon.

Want to chat? Get in touch Scott at Toast.

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