



Looking to **save** on your home loan?

Refinancing tips and tricks from the mortgage experts



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Why do home loan interest rates rise and fall?

How does the cash rate affect home loan interest rates?

When the cash rate rises, the cost of borrowing money rises. It's common for lenders to pass these increases on to their customers.

Lenders will charge interest rates on their loans and credit products to:

- Account for their own borrowing costs
- Make profit
- Cover business costs

How will rate hikes impact you?

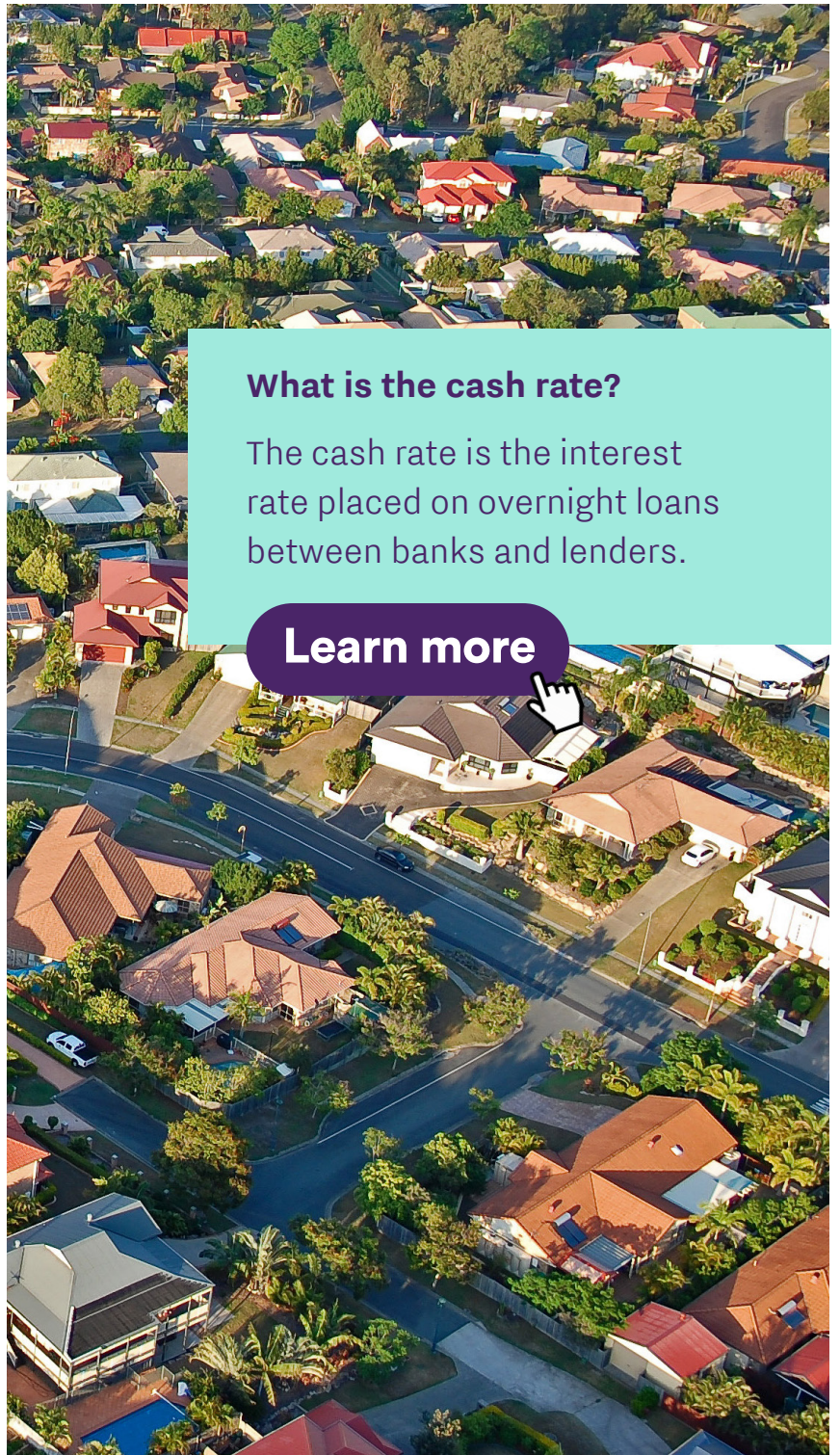
Speak to an Aussie Broker to find out how rising rates could affect your home loan.

Get in touch

What is the cash rate?

The cash rate is the interest rate placed on overnight loans between banks and lenders.

Learn more




How could rising rates impact you?

#1 Your home loan repayments could increase

Borrowers with a **variable rate home loan** will be affected if rate changes are passed on by their lender.

Borrowers with a **fixed rate home loan** won't be impacted by any changes until the end of their fixed term. Then they will typically revert to their lender's standard variable rate.



Calculate your estimated home loan repayments using **Aussie's Mortgage Repayments Calculator**.

Calculate now



Calculate how your home loan repayments could change after a rate rise using **Aussie's Rate Rise Calculator**.

Find out



Even a small rate rise can increase your repayments by thousands of dollars each year. Here's how a 1% increase can impact your repayments*

Interest rate

3%

4%

5%

Monthly repayment

\$2,845

\$3,167

\$3,507

Yearly repayment

\$34,140

\$38,004

\$42,084

Yearly increase

+ \$3,864

+ \$4,080

#2 Interest rates on other debts could rise

If you have other debts like credit cards, car loans or personal loans, you'll likely see their interest rates increase too.

This means your repayments on other loans, as well as your home loan, could start increasing.

Aussie Broker tip:

Debt consolidation could help you manage your loans by streamlining your debt into a single monthly repayment.

Find out more



#3

You could earn more in interest on your savings products

Rising interest rates won't only affect debts – they could affect the interest you earn on savings accounts too.

So, you could get a better return on products like term deposits and savings accounts.

#4 Property prices may fall

When the cash rate fell to record lows, more borrowers could afford to take out bigger loans. This increased market demand, paving the way for Australia's house price boom.

With rates on the rise, house prices will start to decrease.

Did you know?

Higher interest rates have a negative impact on borrowing power.

Find out your borrowing power



5 ways to side-step rate hikes and save on your mortgage

#1 Shop around for a lower rate

With interest rates on the rise, it's smart to keep an eye out for a more competitive deal.

Switching to a lower rate can save you thousands in interest on your mortgage and can even shave time off your loan term.

Did you know?

New customers are often charged lower interest rates than existing customers.



An Aussie Broker can compare rates from **20+ Australian lenders*** to find a competitive deal for you.

Get in touch



#2 Refinance with a new lender

Could you be paying **loyalty tax**? Loyalty tax is not an official tax – it refers to when a lender charges an existing borrower a higher interest rate than new customers.

If your lender is no longer offering you a competitive deal, it might be worth making the switch.

The same goes if you're not happy with your lender's customer service or offerings.



#3 Save on interest by opening an offset account

An **offset account** is like a transaction account linked to your home loan. Any money in this account offsets your overall home loan balance, reducing the amount of interest you are charged.

Most offset accounts have a monthly or annual fee, so it's important to calculate if your savings outweigh the costs.

How does it work?

Let's say you have a \$500,000 home loan and \$40,000 in your offset account. **You'll only have to pay interest on \$460,000**, as long as the funds stay in your account.

Learn more



#4 Make extra home loan repayments

If you can make **extra repayments** on your home loan, you could pay off your loan faster and save money on interest.

If you ever need to access your additional repayments, you can tap into them by opening a **redraw facility**.

Find out how making extra repayments on your mortgage could **reduce your loan term** and the interest you pay.

Calculate now



#5 Stop paying for home loan features you aren't using

Maybe you received a credit card that you don't use as part of a home loan package that you're paying fees for.

Or perhaps you're paying for an offset account, but the interest you save is outweighed by the account keeping fees.

Getting rid of unnecessary home loan features that are costing you could be a great way to save on your home loan.

How the refinancing process works

(it might be easier than you think)

#1 Chat to an Aussie Broker about refinancing

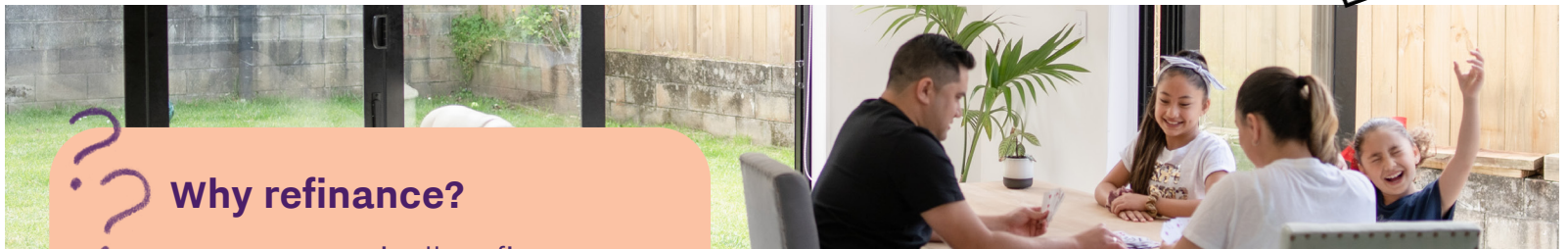
Let your mortgage broker know you're interested in refinancing.

Your broker will ask you a few questions to get a better understanding of your situation and home loan goals. This will allow them to provide options and recommendations that match your needs and budget.

What does refinancing your home loan mean?

Refinancing allows you to move your home loan to a new lender or update the terms of your loan with your existing lender.

Learn more



Why refinance?

Borrowers typically refinance to:

- Get a lower interest rate
- Reduce their monthly repayments
- Access **equity** to fund a renovation
- Open an **offset account** or **redraw facility**
- Switch between a variable, fixed or split rate home loan
- Consolidate debt
- Switch lenders

#2 Submit an application

After you've reviewed your options and chosen a home loan, it's time to apply for your new loan. The process will be similar to your initial home loan application. To get this process started, **reach out to your local Aussie Broker.**

Your mortgage broker will prepare all the paperwork and, after you sign, submit the documents to the lender.

#3 Settle your new home loan

Once you're approved for your new loan, your mortgage broker will let your old lender know you'd like to discharge your existing loan.

When your previous lender knows the date of settlement, you'll be given a final pay-out figure.

Your broker will keep you in the loop throughout the process and can manage this on your behalf.

Do you have to pay to refinance?

You may be subject to some fees when you refinance. Costs will vary depending on the lender, home loan product and your situation.



#4 Reap the benefits of your new home loan

Soon after, you'll receive the documentation for your new loan. From here on, you can continue making mortgage repayments on your new loan.

Chat to an Aussie Broker to find out if the potential savings of refinancing will outweigh the short term fees.

Chat to a broker

So, what's next?

Have a home loan question?

At Aussie, we have the **expertise** to guide you in the right direction when it comes to your home loan.

An appointment with an Aussie Broker comes at **no cost to you** – so what are you waiting for?

Get in touch



Find a better deal and save big on your mortgage

You could potentially save thousands of dollars in home loan interest when you make the switch to a better deal.

Your local Aussie Broker can **compare thousands of loans** from **25+ Australian lenders*** to find a home loan that's right for you.

Compare home loans



*Not all lenders are available through all brokers. © 2022 AHL Investments Pty Ltd ABN 27 105 265 861 Australian Credit Licence 246786. Aussie is a trade mark of AHL Investments Pty Ltd.