

Start Saving on Your Mortgage

Interested in wiping thousands off your mortgage bill and years off your loan?

It's an appealing prospect and the good news is that most of us can achieve these savings simply by looking at ways we can pay off our mortgage sooner.

Early repayments, extra repayments and more frequent repayments are all effective ways of lowering your interest bill and reducing the life of your loan subject to the terms and conditions of your loan.

Every little bit extra you can put on your home loan now, can save you dollars in the long run. Even just switching to a weekly or fortnightly repayment schedule can save hundreds or even thousands of dollars by year end.

When it comes to the race to be mortgage-free, it's the speedy hare not the slow tortoise that will cross the finish line first! Here are some tips for speeding up your home loan.

Tip 1 – Make more frequent repayments

Pay fortnightly or weekly instead of monthly. Mortgage interest is calculated on a daily basis so the more frequently you pay, the more you will save, even if you are not actually paying any more than you used to.

Tip 2 – Make additional payments

You mightn't have much spare cash floating around to make extra repayments, but keep in mind that every bit helps, even if it's only \$10 a month. Every dollar you put on your repayment will reduce the principle and therefore the interest payable next repayment. This saving then compounds, making a significant impact over the life of your loan.

Tip 3 – Make early payments

The effect of this compounding interest over time means that you'll maximise your cost savings by making extra repayments early in the life of your loan. Dollars paid into your mortgage early on - when most of your repayments go to pay off the interest - are especially good at speeding up your home loan.

Other ways to pay off your mortgage faster? Services like offset accounts, redraw facilities and lines of credit are there to help you shorten the life of your loan.

We can tell you more about these services, the terms and conditions that apply and help you tailor a plan that will match your mortgage and lifestyle requirements. You may be surprised at the number of strategies you can use to help save on your mortgage.

Switching from monthly to weekly repayments on your home loan may cut over seven years off a 30-year home loan of \$330,000*. Let's say you currently pay \$2,479 a month; pay \$1,239 a fortnight instead and you'll save over \$160,000 in interest.

If the terms of your loan permit extra repayments and you pay an extra \$20 a fortnight you will shave over 8 years and an extra \$21,000 in interest off the life of your loan.

Budgeting is a great way to work out how much more extra money you can afford to pay. By cutting down on \$3 worth of unnecessary expenses per day, you could put around \$40 extra on your mortgage every fortnight.

**Please note that the interest rate used in these calculations was 8.25%. Feel free to call us to see how much you may be able to save off your loans.*

For further information, please don't hesitate to call AlphaLoan today so we can match your needs against 100's of home loans from our panel of lenders, including all the major banks and many more!

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