



Harvest

*Sow, nourish & harvest
your wealth*

HOME LOANS NEWSLETTER

February 2015

Reserve Bank interest rate announcement

Today, the Reserve Bank of Australia reduced the official cash rate by 0.25% to 2.25%. This is the first official rate change in 18 months. We expect that most lenders will reduce their variable interest rates within the next few weeks although we expect it may be less than the official reduction of 0.25%. We expect that fixed rates will remain largely unchanged as these rates normally factor in expected rate changes.

5 tips for low interest rates

Below are five tips, in no particular order, on some ways you can take advantage of a low interest rate environment.



1. Increase your repayments

Every extra dollar you put into your mortgage, above your required repayment amount, reduces the principal. This means down the track you'll be paying interest on a smaller amount. This tactic will help you cut many years off the term of your loan. For example, on a \$500,000 loan with an interest rate of 4.5% pa, being repaid over a 30 year period, extra repayments of \$250 per month can reduce the term of the loan by 5 years.

2. Fix the rate and term

Fixing the rate and term while rates are low, and before they start moving back upwards, can help you lock in a great deal and

give some certainty of future repayments. It is also possible to split your loan and make part of your loan fixed and leave the other part variable.

3. Purchase an investment property

Affordability of new loans makes it easier to get a loan for another property. If you have built up cash savings or equity in your own home it could be an ideal time to purchase an investment property.

4. Increase your loan facility limit

If rates are low, and you have built up equity in your home, it can be a good time to increase your loan facility limit to make extra cash available. This may open doors for you to invest in other more profitable investments.

5. Consolidate your debts

Interest rates on your credit cards and personal loans are much higher than the interest rate on your home loan. Many lenders will let you consolidate all your debt under the umbrella of your home loan. Using this approach, you can take advantage of the low home loan rates to pay off debts faster.

Getting the most from your home loan

In the current market, if your home loan rate is higher than 5% it would be worthwhile to look at all the available options. Harvest can assist you here. All you need is a copy of your most recent home loan statement and we do the rest. It's that easy.

At Harvest we provide independent advice about home loans based on your personal financial situation, and therefore, do not favor any particular lender. We have access to 27 loan providers to make sure you get the best value home loan by customising a package for you that best meets your needs.

Our current best interest rates

The best home loan rates we currently have available:

- Variable rate of **4.63% pa**
- 1 year fixed rate of **4.34% pa**
- 2 year fixed rate of **4.49% pa**
- 3 year fixed rate of **4.59% pa**



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