# Is Refinancing for me?

*Essentially refinancing means paying out and settling your current home loan with a new loan, which could be just a different loan product or maybe even with a different bank or lending institution.*

There are a few reasons you may consider the refinancing option, such as;

- Looking for a better interest rate,
- Needing more/flexible add-on features such as redraw facilities and ability to make additional/more frequent payments,
- Planning to renovate or extend your home and want to use the equity (Link:08) in your home leverage further borrowing,
- Nearing the end of a fixed rate term and are seeking an optimum or flexible interest rate,
- Debt consolidation for easier money management,
- Exploring investment opportunities using equity in your home,
- Shorten your loan term, reduce mortgage repayments and achieve hoe ownership sooner.

It sounds like the perfect scenario! There are a few things to consider to make sure you are making the right decision based on your current and future lifestyle needs.

## Step One – Time to re-evaluate

Think back to when you were a first home buyer and all the budget planning you conducted back then – it is time to do it again. It is important to make financial decisions based on real facts, not assumptions and emotions. It may even be a good time to go back to the first home buyer Budget Planner (Link:10) and document all your incoming and outgoing funds. In addition, you should get a market appraisal of your current home's value, ideally this should be conducted by a bank or an accredited valuation specialist.

## Step Two – Speak to Refinancing Specialist

It is good practice to have a Mortgage Specialist (Link:11) conduct a regular 'Health Check' on your home loan, to ensure you are making the most of all the available features and that it remains in synch with your lifestyle needs.

Refinancing isn't always about achieving a lower repayment schedule. It can also assist to better match your loan solution with your current needs, such as fixed versus variable (Link:04) or enable flexible redraw options for small renovations.

Most importantly, your mortgage specialist can review any upfront and ongoing costs associated with exiting your current loan and switching to the new home loan, such as settlement fee, loan establishment fee, mortgage registration fee, loan service, and exit fees and charges. You will also need to be aware of Lender's Mortgage Insurance (Link:53 or 08 TBC) if your new loan is more than 80% of your property's value.

## Step Three – Think ahead

As always it does pay to have a long term view of what the future holds for you and your family when it comes to making home loan decisions. If you are planning on moving again within the next few years, you will find the costs involved in exiting your current home loan and establishing a new one can outweigh the savings you achieve, meaning in the long term you aren't really better off.