

OX YOUR MORTGAGE

- Allistar Walker

2009, the Year of the Ox is now upon us. According to the Chinese, this is likely to see a year of opportunities with the emergence of many new global empires. Major world economies will put aside their differences to overcome the financial crisis and the effects of this will be seen in the latter half of 2009.

Not that I am into horoscopes or fortune telling, but don't we want hope and light at the end of the tunnel?

How many people make New Year resolutions? More so, how many people keep them? Apparently the ones that write them down actually go much, much closer to achieving what they want. The written word, so it is said, is mightier than the sword. Few people write out their goals or a time-frame in which to achieve them.

Say Goodbye to the Mortgage

So, we are in the year of the ox. That means a time to be strong and aggressive, like an ox on heat. Those with mortgages will be used to high interest rates and high repayments. Now fixed interest rates look likely to all go below 7% in the first half of this year. The bank will offer you a lesser repayment amount, but think on this.

A \$300,000 mortgage at 9% pa will cost \$1,153 per fortnight over 25 years. Now your new interest rate is say 6.7% pa, the repayments would be \$947 per fortnight. This is a whopping difference of \$206 per fortnight. Enough to give you a decent holiday each year! What say you keep your repayments at \$1,153 per fortnight but are now paying 6.7% pa. This would clear your 25 year loan in approx 16 years and 6 months. That is 8.5 years earlier at a saving of over \$123,000 in interest.

Think how much you could do or squirrel away if you didn't have a mortgage! This is something worth considering in your new year. Talk to your finance professional or ourselves as to how much you can save.

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