

Refinancing Report Prepared For:

@hotmail.com

**Thanks for considering refinancing with us.
You could save up to \$82,319 in interest over 28 years.**

Based on a \$500,000 loan at an example interest rate of
1.94% (comparison rate 2.29%)

Remember: this assumes you refinance and keep the term at 28 years.

3 Reasons People Refinance

In my experience there are 3 main reasons why you would refinance your home loan.

- 1. To live life more** - have more cash to enjoy life
- 2. Own your home sooner** - get out of debt quicker and cheaper
- 3. Create long-term wealth** - secure your financial stability

This report will illustrate your figures with respect to these 3 reasons. You will then have an idea just how much refinancing can help you hit your goals.

1. TO LIVE LIFE MORE

Are high debt repayments causing you stress and impacting your standard of living? Refinancing can lower your repayments and free up your cash so you can do the things you enjoy in life.



Refinancing your loan will reduce your interest rate and your repayments will drop. This **saves you \$245 per month.**

	Current Loan	New Loan
Interest Rate	2.9%	1.94%
Term	28 years	28 years
Monthly Repayment	\$2,175	\$1,930
Interest Payable	\$230,747	\$148,429

Refinance and save \$245 monthly!



Saving \$245 monthly is the same as getting a \$4,488 annual payrise?
Would you knock back a payrise?

Is there a way to save even more each month?

Yes, but it involves increasing your loan term beyond 28 years. Many broker or lender calculators will show you figures that

automatically increase your term to 30 years.

These calculators highlight dramatic monthly savings but they fail to explain that you end up paying a lot more in interest. That is, the loan costs you a lot more money in the long run.

Think about it for a second. When you increase the term by 3, 5 or 7 years for example, you are increasing the total amount of repayments you make to the lender.

In the table below we have highlighted the longest loan term that will save you the most money each month (but without increasing your overall interest bill).

	Current Loan	New Loan
Interest Rate	2.9%	1.94%
Term	28 years	30 years
Monthly Repayment	\$2,175	\$1,832
Interest Payable	\$230,747	\$159,625

Go to 30 years & save \$343/mth without increasing interest!

So, in your case you can increase your monthly savings from \$245 to \$342 each month by extending the term to 30 years. **And don't forget you still end up paying \$71,122 less overall!**

Talk about having your cake & eating it too!
BTW, that's like a \$6,272 payrise!



2. OWN YOUR HOME SOONER

Do you wonder if you'll ever own your own home? Maybe your main priority is getting rid of debt quicker and you aren't worried about reducing your repayments.

In the early years of a mortgage most of your repayments are just paying the interest bill. You are barely paying back any of your actual loan!

If you want to pay back the loan as soon as possible then refinancing can help. The key is to keep making the same repayments. Since your required repayments are less with a lower interest rate, more of your repayments go towards reducing the actual loan balance.



Continue repaying \$2,175 & you are reducing the loan by an extra \$245 each month. You'll **save 4 years & \$105,103.**

	Current Loan	New Loan
Interest Rate	2.9%	1.94%
Monthly Repayment	\$2,175	\$2,175
Term	28 years	24 years
Interest Payable	\$230,747	\$125,645
Continue paying \$2,175 and save 4 years & \$105,103!		

3. CREATE LONG-TERM WEALTH

Do you ever get anxious wondering if you are putting away enough for your future? The extra cash flow from refinancing can be used to build wealth for you and your family.

You may already be familiar with the concept of compounding interest. This concept is a golden rule of investing since it assists your money to grow faster as time passes. That is, your money grows at an ever-increasing rate over time. Think of a snowball getting bigger and bigger as it rolls down a hill.

There are 3 requirements to maximise compounding interest:

1. starting balance,
2. time period,
3. regular contributions

The larger the starting balance, the longer you have to invest and the more you can contribute are the major determinants of just how quickly your investment will grow.

You most likely already have an investment that exhibits these 3 factors - superannuation. There are several similarities among people interested in refinancing - they already have a decent super balance, have many years until retirement and also have their employers regularly contributing to their fund.

The spare cash you generate by refinancing to a lower interest rate can be added to the contributions your employer makes on your behalf

The benefit of the super system in Australia is the low tax environment. Any salary you forgo and sacrifice into super (known as 'salary sacrifice') has less tax taken out than if you were to receive it as income.

For example, in your case, a refinance is going to save you approximately \$245 per month. Based on your salary range of \$45,001-\$120,000, you need to earn \$374 to end up with \$245 after your payroll takes out your tax.

Income	Tax Rate	Income to Earn \$245
\$45,001-\$120,000	34.5%	\$374

Now, if you refinanced to a loan that was \$245 cheaper each month, then you don't need to earn that \$374 anymore. It is spare income and available to be used. You could let your payroll deduct tax from the \$374:

1. and you end up with an extra \$245 per month to live life, or
2. pay the \$245 as extra home loan repayments to own your home sooner

OR, there is a third option:

3. salary sacrifice the whole \$374 into superannuation.

The advantage of the third option is the \$374 will only lose 15% in tax rather than your normal rate of 34.5% (\$56 vs \$129). This means you actually have \$318 working for you in your super (rather than \$245 if you paid your normal tax rate on it).

And better yet, any growth your super investments earn are taxed at a maximum rate of 15% - rather than your normal income tax rate!

Not only are your pre-tax contributions into super taxed at a lower rate, earnings inside super are as well. You can see how the super system helps you turbo-charge the growth of your retirement savings.



So, ultimately you end up with more of your salary working for you if you 'salary sacrifice' some into superannuation. The superannuation tax rates are lower to encourage people to build up their retirement savings and not have to rely on the Government via the Age Pension.



Salary sacrificing savings from a cheaper home loan over 28 years could potentially **earn you an extra \$310,608.**

Term	28 years
Assumed Earnings p.a.	7.8% gross (6.3% net)
Surplus monthly income from a cheaper loan	\$245
Income you normally need to net \$245	\$374
Net \$ added to your super if salary sacrificing	\$318*
Extra growth of your super balance	\$310,608*

* If your income exceeds \$250,000 these figures will be less due to higher taxation

You can see that by refinancing your mortgage to a lower interest rate you have the opportunity to build your wealth significantly.

The best part about this strategy is that it doesn't require you to pay any extra money! You don't need to take funds from other areas of your life.

This strategy simply redirects the savings you make from refinancing your home loan.

WHAT'S NEXT?

We are creatures of habit. Sometimes it's easier to stick with what we know rather than take a risk with something that will ultimately benefit us.

If the figures in this report have indicated an opportunity to transform your financial future then please take advantage of this and make contact with me.

“

Adam was an absolute gentleman to deal with. He has a heart of gold & really goes out of his way to get you the best deal possible. I found him to be someone who actually cares about his clients & the deal he managed to get myself & my partner was way beyond what I expected. I highly recommend Adam & wish him all the best in future.

”

G. Gallen and Family

“

Adam was excellent , from start to finish Adam was professional and listened to what my wife and I needed. He kept us informed throughout every step of the process & made it easy for us to understand. I would recommend all my friends and family to Adam as he has excellent customer service. We are very happy thanks to all Adams help.

”

B. Davis and Family

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Notes:

1. Only variable rates used. There may be cheaper fixed rates but fixed rates revert to higher variable rates after the fixed period & end up costing more over the term.
2. Investment rates are assumed to be Principal & interest (not interest only)
3. The products used in this report may not include an offset account feature.
4. The report does not take into account specific refinancing costs. The refinancing guide linked to above gives an overview of approximate costs.
5. This tailored report is intended to give you an indication of whether refinancing may be appropriate given available rates compared to your current rates.
6. Lending terms & conditions apply - you may not qualify for the product illustrated.

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