Your game plan for home loan annihilation

For every winner, there's a loser.
And that person didn't really need to lose.
They just didn't understand the game plan.

- BUZZ ALDRIN

EDUCATED FINANCE

An Educated Guide to Financial Freedom

Imagine the financial freedom and peace of mind that comes with owning your home outright

Now, stop imagining. Let's make it a reality

We know finance isn't exactly a *riveting* topic of dinner conversation. And while there are so many things you can do to pay off your home loan faster, our reluctance to talk numbers means that most homeowners don't have a game plan for implementing them.

But the reality is, everywhere in our lives we have game plans – from workouts that focus on a particular body area to businesses looking to grow. If your favourite NRL team has a game plan for tacking an 80-minute game of footy, surely *you* need one for tackling a 30-year loan agreement?

What's inside
We've put together a whole lot of proven strategies to:

- Regain control of your finances
- Save thousands of dollars in interest, and
- Pay off your mortgage in half the time.

What's NOT inside
You won't find a tailored plan developed specifically for your needs and financial situation. Instead, the **Game Plan to Financial Freedom** is a collection of simple strategic plays you can implement right now to start breaking free from those hefty monthly repayments.

A note from the Educated Finance team

Congratulations on taking the first step to smashing your home loan. Because we know that wealth doesn't come from sitting back – it comes from taking *action*. And that action doesn't need to be complicated or time-consuming; here's why.

Most of us are guided by our lender – we repay the amounts they specify to the monthly deadlines they set. This sets us up to continually chip away at our debt instead of looking at alternatives that may result in paying off our debt faster.

While not all the following strategies will be relevant or suitable for your situation, even just one small change will make a big difference.

So, here's to you – and fast-tracking your journey to a mortgage-free life.

I'm not procrastinating; I'm just giving my ideas more time to marinate… *said no debt-free homeowner ever*

PLAY 1
Turbocharge your repayment by adjusting your repayment frequency

Are you making monthly repayments? Stop.

We can't underestimate just how big the impact of increasing your repayment frequency is.

By replacing your monthly repayments with weekly or fortnightly payments, you'll make extra payments each year.

This means you'll reduce the principal amount of your loan (ie the amount you owe), which saves on interest *and* shortens the term of your loan.

Winning.

Tip: *The more frequent your contributions, the faster you're chipping away at your mortgage.*

Are your repayments synced with your income?

Syncing your payments to coincide with your pay schedule helps you make the most of your financial resources available.

Beyond more effective cash management, this approach also:

- Gives you control over your repayments, helping you stay on top of your mortgage
- Reduces the stress of juggling bills and due dates by ensuring you have enough funds available (and if you don't, it's easier to predict when you will)
- Empowers you to better plan and budget for other essential expenses, and
- Reduces your overall interest to accelerate your home loan payoff.

Tip: *Coordinate your payments with your pay schedule for repayment consistency and better visibility over your cashflow.*

Have you ever worked out how much you'll potentially save by altering your repayment frequency?

It's all well and good to know the *why* behind your smart repayment strategies, but the real motivator is the *what*.

By calculating the financial benefits of modifying your repayment frequency, as well as how much time you can shave off your loan term, you'll have a goal that's both tangible and achievable. Empowering yourself to visualise the end game will be a constant motivator to get there.

See your power play in action

Use our free Loan Repayment Calculator to crunch the numbers and get an idea of your savings.

To illustrate, here are a few we prepared earlier...

Home loan amount: $410k
Type: Principal & Interest
Term: 30 years
Interest rate: 5.50%

MONTHLY PAYMENTS	FORTNIGHTLY PAYMENTS	WEEKLY PAYMENTS
Minimum repayment: $2,327.93	**Minimum repayment:** $1,073.91	**Minimum repayment:** $536.84
Total interest payable: $428,057	**Total interest payable:** $427,651	**Total interest payable:** $427,478
Total loan cost: $838,057	**Total loan cost:** $837,651	**Total loan cost:** $837,478
	Saving: $496	**Saving: $579**

Home loan amount: $880k
Type: Principal & Interest
Term: 30 years
Interest rate: 5.50%

MONTHLY PAYMENTS	FORTNIGHTLY PAYMENTS	WEEKLY PAYMENTS
Minimum repayment: $4,996.54	**Minimum repayment:** $2,304.98	**Minimum repayment:** $1,152.25
Total interest payable: $918,756	**Total interest payable:** $917,886	**Total interest payable:** $917,513
Total loan cost: $1,798,756	**Total loan cost:** $1,797,886	**Total loan cost:** $1,797,513
	Saving: $870	**Saving: $1,243**

Over here!

Just needed to get your attention to explain one thing – while you may be initially dismissive of the savings from changing repayment frequency, in a few pages you'll see how combining *this* strategy with Play 2 (following) can **really** heat things up.

Need help? Call us on 1300 338 228 today

PLAY 2
Unleash the power of lump sum payments

The biggest mistake many of us make is assuming that extra repayments must come directly from our pay. But what about money that's *already* been spent?

Where are your rebates refunded?
Take a minute to consider just how many unplanned payments, such as Medicare or health fund rebates, are making refunds into your spendings account.

Changing your refund account and directing these payments, no matter how small, can make a significant impact on reducing your loan balance and saving on interest.

Tip: *Review your personal details in government and membership accounts to have automatic refunds sent directly to our home loan account.*

Do you have any unused savings or investment returns?
It's staggering how many Aussies have lost superannuation, so it's fair to say that a whole lot more of us may have money in places that we rarely consider.

Explore various sources of potential lump sum payments – unused savings, unexpected windfalls (from lottery to an inheritance), stock returns, and more – to uncover untapped opportunities for putting extra money towards your mortgage and accelerate your progress.

Harness the power of unexpected windfalls or savings. Find out how making extra lump sum payments can.

Tip: ***Use our free Extra Repayment Calculator*** *to see how even the smallest of changes can add up to significantly reducing your mortgage balance and saving you thousands in interest.*

Aside from a celebratory bevvie at the local, what's your strategy for managing annual bonuses or tax refunds?

It's funny how we see bonuses and tax refunds as a justifiable reason to 'reward' ourselves. But the truth is, lump sum payments are the secret sauce to every home loan.

Overcome the temptation of flittering those tax refunds, work bonuses, and other unexpected payments away. Because while hitting the shops won't help expedite your journey towards full homeownership, putting it straight into your mortgage *will*.

Tip: *If you're truly desperate – whether it's for golf clubs or other 'necessities' (cough cough), consider a 50/50 split – because even half will make a bigger difference than nothing at all.*

See your power play in action

Set up an allocated time every month / quarter to review your progress. You'll be able to monitor the impact of your additional payments on your mortgage balance and see how your interest savings accumulate over time.

As you can see below, making additional payments has a significant impact on your loan.

And combined with an increase in frequency? *That's* when you can see your repayments really starting to pack a punch.

Home loan amount: $410k
Type: Principal & Interest
Term: 30 years
Interest rate: 5.50%

Extra payment contribution: $100
Starts after: 5 years

MONTHLY PAYMENTS	FORTNIGHTLY PAYMENTS	WEEKLY PAYMENTS
Minimum repayment: ~~$2,327.93~~	**Minimum repayment:** ~~$1,073.91~~	**Minimum repayment:** ~~$536.84~~
Actual repayment: $2,427.93	**Actual repayment:** $1,173.91	**Actual repayment:** $636.84
Total interest payable: ~~$428,057~~ $397,316.93	**Total interest payable:** ~~$427,651~~ $368,137.91	**Total interest payable:** ~~$427,478~~ $328,027.87
Total loan cost: ~~$838,057~~ $807,316	**Total loan cost:** ~~$837,651~~ $778,137.91	**Total loan cost:** ~~$837,478~~ $738,027.87
Interest saving: $30,740	**Interest saving: $59,919**	**Interest saving: $99,450**
Time saving: 2 years, 1 month	**Time saving: 4 years, 2 fortnights**	**Time saving: 6 years, 48 weeks**

Home loan amount: $880k
Type: Principal & Interest
Term: 30 years
Interest rate: 5.50%

Extra payment contribution: $100
Starts after: 5 years

MONTHLY PAYMENTS	FORTNIGHTLY PAYMENTS	WEEKLY PAYMENTS
Minimum repayment: ~~$4,996~~	**Minimum repayment:** ~~$2,304~~	**Minimum repayment:** ~~$1,152~~
Actual repayment: $5,096	**Actual repayment:** $2,404	**Actual repayment:** $1,252
Total interest payable: ~~$918,756~~ $886,194	**Total interest payable:** ~~$917,886~~ $851,232	**Total interest payable:** ~~$917,513~~ $796,764
Total loan cost: ~~$1,798,756~~ $1,766,195	**Total loan cost:** ~~$1,797,886~~ $1,731,233	**Total loan cost:** ~~$1,676,674~~ $1,555,925
Interest saving: $32,561	**Interest saving: $66,653**	**Interest saving: $120,749**
Time saving: 1 year	**Time saving: 2 years, 2 fortnights**	**Time saving: 3 years, 44 weeks**

PLAY 3

Use an offset account to accelerate your path to debt-free living

An offset account isn't the same as your everyday garden-variety savings account – it's a specialised account that's linked to your mortgage.

The balance in this account is offset against the balance of your loan, reducing the amount:

- (a) owing, and
- (b) on which you pay interest.

How does an offset account work?
Automatically depositing your income into an offset account, combined with your savings, can reduce the interest paid on your loan.

This is because whatever is in your offset account 'offsets' the balance owing against the overall loan balance. For example:

You have $400,000 outstanding on your home loan. Your lender calculates your monthly interest owed on that $400,000.

However, the following month you link an offset account to your loan. You put savings of $8,000 into the loan. Now, when the lender calculates your interest payable for the month, it calculates it on $392,000, not $400,000. This is because your $8,000 in savings is offsetting the amount payable.

Can I access the funds in my offset account?

The specialised nature of an offset account means that it's *linked* to your home loan while your money remains readily accessible should you need it.

Many homeowners have their income paid directly into the account, accessing only those funds required for bills and living expenses, and gradually accumulating savings. This is because every dollar in that account is a dollar *less* that you pay interest on.

So not only are you reducing the interest charged on the remaining loan amount, but potentially reducing the time it takes to repay your mortgage.

Tip: *Keep your income and savings in the offset account for maximum interest savings.*

Why let your money work for your lender?

It's yours, so make it work for you!

Understanding the mechanics of your offset account is key to reducing your overall interest.

The more proactive you are with managing your account balance, the higher the potential for reducing the interest you pay. You'll be surprised at how significant a difference even the *smallest* of changes can make in shortening the term of your loan.

Tip: *To get the most benefit from an offset account, it's important to commit to a budget and be well-organised. Just having an offset account doesn't directly save you money – it's a tool to help.*

SEE YOUR POWER PLAY IN ACTION

Offset accounts: Simple strategies to maximise the benefits

Be clear on a budget and set clear ground rules to avoid overspending – sometimes a simple percentage split between living expenses, spending, and saving is enough.

Got a broker or financial advisor? Talk with them to make sure this approach: (a) is suitable for your personal situation; and (b) will work cohesively with any other financial strategies.

Ask your broker to help you with optimising the account, maximising the benefits and (potentially) shaving years off your mortgage.

Proactively monitor and manage account activity via ongoing adjustments, such as directing refunds or rebates to the account, for incremental improvements.

Track your interest savings *and* account balance so that, even if savings and income fluctuate, you can make any relevant adjustments to maximise benefits.

Make additional repayments when possible to (painlessly) get thousands of dollars ahead in your home loan and make a significant dent in your repayment period.

Tip: *Calculate your income and expenses (per week, fortnight, month, or year) with our free Online Budget Planner!*

PLAY 4

Could refinancing help fast track your financial freedom?

Because we're creatures of habit, most people only think about refinancing when they're looking to buy or renovate. But the truth is, moving to a new lender and / or product can be a smart move to accelerate debt repayment.

Even better, refinancing is even less of a headache when you're part of the Educated family. Because we're already well familiar with where you're positioned financially, personally, and professionally, the process is far simpler than you could possibly imagine.

What is refinancing?
Refinancing is replacing your existing mortgage with a new one that better suits your financial goals and the current market conditions.

Tip: *Look at your current loan details and consider how a lower interest rate, shorter loan term, or additional features can benefit your financial situation and goals.*

What are the benefits of refinancing?
Refinancing can help make your debt simpler to manage and pay off faster with a variety of benefits, including:

- Smaller interest rates
- A shorter loan term
- Smaller monthly repayments, or
- The ability to consolidate multiple smaller debts into a single loan.

Most importantly, with living expenses fluctuating and interest rates increasing, the practical benefits that come from refinancing that are most important. The end goal – whether we achieve it by securing a lower interest rate or negotiating better terms – is to ultimately save you a fair chunk of money each month.

SEE YOUR POWER PLAY IN ACTION

Your existing finance

With interest rates changing constantly, it can be hard to keep up. Maintaining a simple record like the one below can be the key to untold savings.

LENDER	LOAN AMOUNT	INTEREST RATE	LOAN TERM	PAYMENT TYPE	CURRENT MONTHLY REPAYMENT	MONTHLY REPAYMENT DATE
Who is your current loan with?	*What is the amount owing?*	*What is your current interest rate?*	*How long do you have your loan for?*	*Are you paying interest only, or principal and interest?*	*How much is your current monthly repayment?*	*What date is your monthly repayment due?*

Is your offset capped?	
Are there penalties for additional payments or paying off your loan early?	
Are there any additional costs associated with your loan, such as exit fees?	
Anything else you need to take note of?	

Potential opportunities from refinancing

Now we're clear on what your repayments are, use our free Loan Repayment Calculator to see where you may benefit from refinancing.

POSSIBLE BENEFITS FROM REFINANCING

If we shorten the loan term to pay it off faster...		**Years left on your current loan?**	**Current monthly repayment & total payments?**	**If we reduce it to 25 (or other) years...**	**New monthly repayment?**	**Total interest savings**
Example	$400k loan @ 5.50% over 28 years	28 years	Monthly: $2,335.86 Total: $784,850	25 years	Monthly: $2,456.35 Total: $736,905	$47,945
Your turn						

If we reduce the interest rate...		**Interest rate & years left on your loan?**	**Current monthly repayment & total payments?**	**If we reduce the interest rate over the same period...**	**New monthly repayment?**	**Total interest savings**
Example	$400k loan @ 5.50% over 28 years	28 years	Monthly: $2,335.86 Total: $784,850	4.99% 28 years	Monthly: $2,211.90 Total: $743,197	$41,653
Your turn						

If we reduce the interest rate AND loan term...		**Interest rate & years left on your loan?**	**Current monthly repayment & total payments?**	**If we reduce the interest rate *and* loan term...**	**New monthly repayment?**	**Total interest savings**
Example	$400k loan @ 5.50% over 28 years	5.50% 28 years	Monthly: $2,335.86 Total: $784,850	4.99% 28 years	Monthly: $2,291.02 Total: $714,799	$70,051 and 2 years
Your turn						

PLAY 5
Google away – but always get a comparative assessment from your broker

We don't discourage clients from doing their own investigations; it's important to be informed. But take it from a team that spends every day knee-deep in finance – refinancing is also *complex*.

It's why we wholeheartedly recommend *also* talking to your broker. They can impartially assess your situation to help determine if refinancing is the right move for you *and* provide a range of options for comparison.

Wouldn't it be easier for me to DIY?
Possibly. But information overload is one of the key challenges facing contemporary borrowers.

Yes, Google may be just a click away from a billion different home loans and interest rates. But the abundance and diversity of information can make it near impossible to compare like against like. Loan products are wildly different, each tailoring different elements to appeal to specific types of borrowers.

Combined with marketing that focuses on the unique 'advantage' they offer over competitive products, and it can be every borrower for themselves.

What do I need to consider before doing my research?
Start by taking a close look at the terms of your loan *and* your current position.

- Are there any penalties or fees associated with refinancing?
- Do you have a fixed or variable rate, or perhaps a combination of both?
- What rates of interest are you currently paying?
- If you have a fixed rate, when it is due to end?
- Are you paying interest-only, or principle and interest?

The key is this – is your loan still serving your best interests? Don't settle for less when you can potentially save more!

How do I know a broker will get me a better deal? Think about it like this – lenders are advertising loans to consumers. They're a retail product.

However, brokers are *wholesalers*. Working directly with lenders provides us with access to loan products and benefits that aren't necessarily available direct to consumers.

We also have the expertise to compare apples with oranges and mandarins, enabling you to compare the lifetime cost of various loan products. And of course, don't forget the negotiating power and skills a broker can bring to the table...

PUT YOUR POWER PLAY INTO ACTION

The self-assessment

We've all had our own 'fun' DIY project that quickly evolved into a source of overwhelm and frustration. The secret to a successful DIY?

Before diving in, assess exactly where you are and where you want to be, as well as what (and how complex) the game plan is to get there.

With refinancing, a preliminary self-assessment will give you clarity around:

- Your current loan terms
- Potential savings from refinancing, and
- Any areas of your loan that you're not 100% clear on.

Here's how to get started.

Sort that paperwork!	Get your inner Marie Kondo on and collect all the relevant information about your current home loan, including: • Loan terms • Interest rate • Monthly payments, and • Fees, penalties, or restrictions.	
Identify your current financial position	Do an honest assessment of your current position, including: • Income • Expenses, and • Any changes in your financial circumstances since taking out your mortgage. This will help determine whether refinancing is the right move.	
Evaluate your current loan	Time to get out the red pen (the most important part of embracing those high school teacher vibes) and assess the terms of your loan. Look at: • Any penalties or fees associated with refinancing • Type of interest rate you have (fixed, variable or combined) • Your current interest rate • The duration of your fixed rate (if applicable), and • Whether you're paying interest-only, or principal and interest.	
Research what's in the marketplace	Now, take a look at the market – what's changed since you were last looking? The key information you'll need to compare your loan against potential refinancing options includes: • Interest rates • Specific loan terms, and • Any new products or features.	

Example

Reflect on your current situation	With it all down on paper, you're ready to really dig deep to answer the big question – is your loan still serving your best interests? Because like any comfortable relationship, it's easy to become complacent when things become comfortable. Reflect on any changes in your financial situation, market conditions, and the potential benefits of refinancing. Why settle for less when there may be opportunities to save more?	
Consolidate your findings	Time to put it all together and compare. • What does your financial future look like with your current home loan? • How does this compare with the new products you've discovered? • What are the pros and cons of each? The path to a better financial future may be messy. It may be complex. But it's *always* worth it.	
Consider your options	So, just how messy and complex did things get? Compare the benefits and challenges of a DIY approach against getting help from a broker, and ask yourself this: • Do I feel comfortable and confident navigating the complexities of mortgage refinancing on my own?	
No? ↓ Yes? → Go forth and conquer!		
Prepare your questions	We hear you! Make note of anything that your research turned up that was confusing, unclear, or just didn't make sense. If you're working with a new broker, ensure you're comfortable with how they work by asking questions such as: • Their experience in navigating complex loan products • The benefits to working with them • Their assessment process (ie how they will assess your situation impartially), and • The lenders they work with/range of options they can provide for comparison. Sharing your personal financial details isn't easy; many borrowers feel vulnerable and exposed. It's why we recommend taking the time to find a broker you click with – think of it as an investment to prevent anxiety and overwhelm!	
Call us and explore your potential savings	Call on 1300 338 228 or message online educated.com.au We'll take the time to: • Understand your situation and goals • Compare your current mortgage terms with the current market conditions (also considering the potential impact of adjustments in interest rates, loan terms, or other factors on your overall financial situation) • Explore any potential savings through refinancing, and • Walk you through any recommended options – jargon-free!	

PLAY 6
Set a budget and review it regularly

Ergh – budget. The B word that so many of us loathe.

But the truth is this. No matter who you are and what your income is, paying off your home loan faster relies on *proactive* money management. And proactive money management comes from budgeting.

Still not convinced? Consider this.

Just like a business streamlines its expenditure, a budget lets us streamline our spending by allocating finances efficiently.

If you're a football fanatic, for example, it makes sense to extend your streaming service to include those extra channels to watch it live. But when the season ends, is there any reason to continue paying for those additional channels?

Without a budget, it's easy to let those direct debits just continue. But *with* one, that change can be flagged, and the funds allocated elsewhere during the off-season, to make the most efficient use of your money.

Those extra dollars to put towards your mortgage? They don't just appear from nowhere.

They come from a process of:

- Understanding your spending
- Identifying any non-essential expenses draining your finances, and
- Drafting a budget to guide how you allocate your hard-earned.

Because that innocent tap and go makes it oh-so-easy to lose track.

Think about it – your routine drive-thru to grab a coffee on the way to work may seem like a simple $6.50. But then there's the mid-morning round of caffeination with the team (and surely the occasional bacon and egg roll doesn't make *that* big a difference?). Before you know it, that innocent early-morning $6.50 more than doubles into a weekly $65 takeaway coffee habit.

Now as firm believers in the powers of good coffee, we're not advocating that you go cold turkey. But we *are* advocating balance – and that balance only comes from awareness.

Simple things like making a coffee before you leave home still lets you enjoy that mid-morning indulgence – **and** frees up over $1500 a year to put on your loan.

Budgeting means that you *benefit* from finding a few extra dollars. Without actively directing your money, that extra $1500 could so easily be frittered away without so much as a second thought.

But with a budget to guide your spending? Those savings can be redirected towards your home loan. Every dollar used to reduce your loan principal and interest is another dollar towards supercharging your repayment and achieving your goals faster.

***Tip:** Instead of applying a blanket **annual** budget, consider your costs and spending via **season**.*

Seasonal changes don't just influence the price of fresh fruit and vegetables – our <u>own</u> habits and preferences also change.

And while there may be general trends, such as a decline in social activity over Winter but more spending on hot drinks, our personal interests may also trigger changes in expenditure.

A triathlete, for example, will likely have more (or higher) race costs in the warmer seasons than the colder ones. A skiing or snowboarding enthusiast, however, will likely incur the bulk of their costs over Winter.

Identifying your interests and approaching your budget from a seasonal perspective can provide greater visibility and accuracy. It also means you can put any extra dollars saved during your 'down' seasons to use, moving you another step closer to financial freedom.

Top tips for mastering the B word

WHAT COMES IN?	**Before we know what we can spend, we must know what we earn – and what we're committed to**	• Be clear on your income • Know your non-negotiables – rent/mortgage repayments, loan payments, insurances, utilities, etc.	*Tip:* Knowing these figures is fundamental for redirecting funds towards your mortgage
WHAT GOES OUT?	**To cut costs we must first know our expenses**	• Review your spending habits, subscriptions, and recurring expenses • Think laterally about how you can reduce costs. Take your Stan subscription, for example. You don't have to give it up but changing the level of your subscription could save over $100 a year. And honestly – do you really need the ability to watch on five devices at a time?	*Action:* Redirect those savings towards your mortgage
THE TOP THREE PRIORITIES	**Set your limits *without* making it a chore**	To be sustainable, a budget must be tailored to your lifestyle and mortgage repayment goals. Working from the numbers above, work out the ideal balance of: • Mortgage repayments • Expenses, and • Savings • that will see you consistently progress toward paying off your mortgage faster.	*Action:* Redirect those savings towards your mortgage
WHAT SPENDING?	**Don't they say life is all about balance?**	What's left? Develop a realistic spending plan that comfortably aligns with your repayment goals. This may mean tweaking where necessary to ensure a balance between: • Living expenses • Savings, and • Additional mortgage payments.	

AVOID ABSORBTION: KEEP YOURSELF ACCOUNTABLE	**Diarise a regular budget review (seriously)**	• Establish your budget review period (monthly, bi-monthly or quarterly?) and lock yourself in. Reward yourself afterwards (staying within the budget, of course!) and make it a habit • Pinpoint and assess any areas where expenses can be reduced • Be critical – identify blind spots, such as working from home savings on coffee, lunches, transport, etc, and allocate a dollar figure. This is real money that, when controlled instead of absorbed into day-to-day living, will have a significant impact.	*Action:* Although seemingly invisible, they're real – so actively push these savings into accelerating your mortgage repayment and reducing overall interest payments
AVOID CRUISE CONTROL	**Kick complacency aside – amend amend amend**	Ahh, the beauty of budgeting – where complacency means admiring the steady decline of your mortgage balance. But can you see the problem? Not adjusting your budget to accommodate additional income causes that increase to be underutilised (and, possibly, even wasted). In the same manner, even the most incremental increase in expenses will influence the effectiveness of your budget as a while. An increase in school fees puts an immediate pressure on your expenses, it can also lead to you 'robbing Peter to pay Paul' – ie taking from one allocation to give to another. The result? A recipe for failure. Because budgeting should be irrelevant, unworkable, and stressful *said no-one EVER!*	*Tip:* Expenses increased? Avoid adjusting on the run and instead invest some time in identifying how much extra you need to find, when you need to find it by, and where you can creatively juggle the numbers to find it. You'll be surprised at what solutions reveal themselves when we least expect it!
CELEBRATE YOUR WINS	**Break that big hairy audacious goal down into bite-sized, not-so-hairy milestones**	Do you know why enjoying a celebratory 'cheat' day delivers greater long-term weight loss than a completely hard-core approach? **Because we're human.** And the same is true for budgeting. To maintain motivation and focus, set milestones. And every time you hit one? Take a leaf out of Prince's book and party like it's 1999.	*Tip:* Listen to Prince – Party 1999

SEE YOUR POWER PLAY IN ACTION

Let’s trade budgeting bleughhh for budgeting brilliance

Ready to infuse a bit of life into your budgeting process? Here’s how to transform it from being a bore to a dynamic tool for financial empowerment.

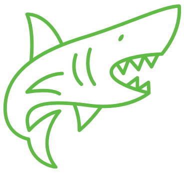
What you need to get started:

01 Some quiet time, a refreshing beverage and some background tunes of your choice

02 Your computer and/or the ability to locate the details of your:

- Income (including superannuation)
- Home, living, and transport expenses
- Mortgage and debt repayments
- Insurances (home & contents, vehicle, health, life, etc)
- Spending (sports, entertainment, etc)

03 Our (free) Online Budget Planner (unless you have a preferred budget template, in which case go for it!).



The Educated Finance Budget Planner – because no-one likes swimming with sharks

If numbers aren't your thing, then it stands to reason that you'd sooner choose to swim in shark-infested waters than even **think** about putting together a spreadsheet of your financials.

We get it – your budget should make your money management simple, not more complex. And that's where the calculator will help.

Once you've gathered and entered the required information, the calculator will help define your income and expenses on a weekly, fortnightly, monthly, or yearly basis. This is the starting point, because how can we set a budget if:

- We don't know what our earnings are (AKA income)
- We don't know what we're committed to (AKA fixed costs), and
- We don't know where our hard-earned cash is going (AKA discretionary spending)?

And because it's simple to navigate and easy to use, you're free to concentrate on the important stuff.

PLAY 7
Got equity? Make use of it!

When it comes to paying off your home loan faster, understanding how to unlock the power of equity can be a game-changer.

What is equity?
Equity is the difference between your property's market value and the outstanding balance on your mortgage. In other words, it's the portion of your home that you truly own.

Changes in equity
With every mortgage payment reducing your loan balance, the equity in your home is constantly changing. But your loan isn't the only influencing factor.

Changes in the property market also influence the market value of your property. We've watched as home values have increased over extended periods of time, leading to a significant increase in equity.

For example, 10 years ago you took out a $450k mortgage to purchase an apartment for $510k. With extra payments and a small inheritance, you've reduced that mortgage by $220k over the 10-year period, leaving you with a mortgage of $230k.

While you now own a larger portion of the apartment, your equity is far greater than the $280k that comes from the purchase price ($510k) less your current mortgage ($230k). This is because, over the 10 years you've been in the apartment:

- The building of a new University increased the value of your apartment
- An influx of students has increased the demand of properties within walking distance
- Increasing demand from students with limited income has made apartment living more desirable, and
- In addition to new paint and flooring, you've installed new appliances throughout the kitchen.

So, while you may have paid $510k for the apartment, a combination of external factors has driven up the market value. With similar apartments in your building being snapped up for over $800k, you estimate the sale value of your apartment to be similar.

This being the case, your equity is worked out using the current market value your apartment. So instead of the $280k equity scenario above, the total equity you've accrued over the ten years is closer to $570k (ie current market value less your $230k mortgage).

How can using the equity in my home help?
Some mortgagees choose to access the built-up value in their property and direct it towards their mortgage with the goal of saving interest and expediting their loan payoff.

One powerful method (when used for good instead of evil) is via a line of credit or home equity loan. Different to a mortgage, it allows you to borrow against the equity in your home by using your property as collateral, generally allowing for a lower interest rate. These funds can then be used to make additional payments towards your mortgage, reducing the principal and shortening the loan term.

While it may sound appealing and (relatively) straightforward, it's not that easy. Borrowing against the equity in your home brings risks and if you aren't disciplined with your budgeting, those risks are amplified.

Before jumping headfirst into an equity powerplay, talk to your broker. If it's the right approach for you, they'll help develop a strategy that leads to success – not disaster.

SEE YOUR POWER PLAY IN ACTION

Make your equity work for you

Keen to explore how you can use the equity in your home to secure potential savings?

Talk to us today on

1300 338 228

At absolutely no cost, the Educated Team will take the time to understand your situation and goals, financial constraints, and risk tolerance before identifying if this is the right strategy for you.

If it is, we'll be on hand to guide you through the complexities. And if it's not? We'll do our best to uncover alternative, lower-risk options.

Because yes, we're here to save you money. To save you time. And to provide you with clarity around financial decision-making.

But we're *not* here to advise you on a strategy or product that isn't in your very best interests. So let's explore and evaluate together.

1300 338 228 – it's your call.

Ready to embark on your journey towards a debt-free life?

All the tools and tips you need to smash your mortgage are right here at your fingertips.

At Educated, we're wholeheartedly committed to empowering individuals like you to achieve their financial goals. And if you're feeling overwhelmed – don't be. It's all within reach. Remember, even the smallest of changes brings you another step closer to a debt-free future.

When you're hungry for more – whether it's simply chewing the financial fat with a numbers nerd, exploring potential refinancing options, or grabbing a slice of personalised guidance – we're just a phone call (or email) away.

And we'd love to help.

Get in touch

P 1300 338 228
E finance@educated.com.au
A Suite 11/354 High St,
Penrith NSW 2750

EDUCATED.COM.AU