

WHY WE ASK; "WHAT'S YOUR IDEA OF FINANCIAL FREEDOM?"

a chat with a Guru

Kirsty and I are moving across the road at Thirroul to a new home we are buying together. We secured our loan through Hillross Macarthur. As a broker they offer a lot of choice and because I have dealt with them for many years, there is a level of trust that is very important.

"How is the build going Dave?" *Great thanks Pete, we should be in sometime in September. "Exciting times." Yes this is the forever home - or as long as our knees can cope with the stairs. "That shouldn't be an issue for quite a while mate." I certainly hope not.*

"Did you decide to secure a fixed rate with any portion of the loan?" *Yes we went fifty, fifty. "That's a pretty good strategy I think." Well, Kirsty is a lot more conservative than me. I really don't think interest rates will be going anywhere for a few years. "Maybe." What do you mean? "I mean maybe. The conservative*

forecasts are based on our economy which is showing slow and steady growth without much cause for concern." That's right, the Reserve Bank hasn't moved for two years and there's nothing to suggest that is about to change. "Yes that's right, but the world is in a volatile state politically and anything could happen, so I agree with Kirsty."

There are some excellent rates around so it's not much of a gamble anyway. "There are pros and cons for both fixed and variable though." Hence the fifty, fifty approach. "Yes I agree."

We are both old enough to remember when interest rates shot up to 18%. That will never be repeated, but interest rates can certainly go up and affect variable rates. It is unlikely in the short term for any major increases but any significant increase could be a game changer for many borrowers.

A significant change can add hundreds to monthly repayments." But not for the fixed portion of loans. "Correct, only for the period secured though and remember that a fixed rate loan would be heavily restricted on taking any further advantage of the situation." What do you mean? "Well if rates jumped to 8% but you have a 4% fixed rate you can't smash the loan with extra payments to take advantage of the disparity. Most fixed loans have strict limits on extra payments. You also commonly don't have the luxury of things like a redraw facility." So they're a bare bones style of loan. "You could say that."

We have been very happy with the service your broker has provided. "Sonia is an expert in the field." Her advice has been spot on all along the way. "Great to hear Dave - so you would recommend our service?" Absolutely! I would advise anyone to talk to Hillross Macarthur first.



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MY IDEA OF FINANCIAL FREEDOM

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