

The right home loan for your **lifestyle**

Presented by People's Choice Credit Union

Getting the right home loan isn't just about finding the lowest rate. It's also important to find the right mix of features and flexibility to match your lifestyle and needs.

To help you, we'll be looking at some popular types of home loans available today and how their features can fit your personality and lifestyle.

The planner

Are you the type of person who prefers predictability and likes to plan ahead? Then a fixed rate loan could be the right choice for you. Featuring regular payments that are not affected by increases in interest rates, a fixed rate loan can help you stay within your budget and build equity in your home faster.

The downside is that you won't be able to take advantage of lower payments when interest rates fall, and extra payments or early repayment can incur penalties.

Do you like to plan ahead? Then a fixed rate loan could be right for you.

The disciplined saver

Do you regularly put away a portion of your pay cheque? If you're a disciplined saver, a variable rate loan might be the ticket to helping you save on interest rates.

Variable rate loans feature payments that move up and down with the market interest rate. If you don't mind some fluctuation in your monthly payment, variable loans offer more options and flexibility than fixed rate loans, including offset accounts and the ability to make extra payments or pay off your loan early.

The drawback, of course, is that payments go up when interest rates rise, which means you need to have some flexibility in your household budget.

The careful optimist

If you like to balance certainty with opportunity, perhaps consider a split loan. This is a type of loan where a part of your mortgage is based on a variable rate and the other part is fixed.

The benefit is that your payment will not fluctuate as much when interest rates rise (making it easier to budget), and interest rate falls will positively impact on the variable part of the loan. You can still make extra payments on

the variable portion, but you may be penalised if you try to exit the fixed portion early.

Your payment won't fluctuate as much when interest rates rise.

The freelancer

Are you financially disciplined, but sometimes experience an irregular income? A home-equity line of credit might be the right option for you.

A home-equity line of credit is a type of variable rate loan that works like a credit card, allowing you to add or withdraw funds from the loan as needed.

Many people choose to have their wages paid directly into their line of credit loan, allowing them to save on interest while providing immediate access to funds to pay for expenses.

The investor

An interest-only loan is a type of reduced-payment loan that lets you pay off the interest portion only of your mortgage for a set amount of time – usually one to five years.

If you're an investor, the lower monthly payments can put more cash in your pocket for other expenses and help you maximise your tax deductions as your investment property increases in value over time.

If you're an investor, lower monthly payments can put more cash in your pocket.

Different lifestyles require different types of loans, so be sure to talk to a financial expert to find the best home loan for you and your situation.