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September 2022

INTEREST RATE RISE:

What does this mean for you?

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Interest rates have risen again.

This fact sheet contains answers to some questions you might have about interest rate rises, and how they might impact you.

How does an interest rate rise work?

The cash rate, also known as the official interest rate, is the interest rate for borrowing in the cash market, which is a market where commercial banks can borrow and lend cash to each other overnight.

The Reserve Bank of Australia (RBA) is responsible for the decision to increase, decrease or keep it as it is.
A higher cash rate means commercial banks have to pay a higher interest rate on their short-term loans, an increased cost that's usually passed on to their consumers.

What does it mean for you?

Basically, cash rate rises mean that it will be more expensive to borrow money from a bank. This translates to higher interest rates for mortgages in Australia.

This may sound scary, but the cash rate is actually an essential tool for managing monetary policy.

In recent months, the increase was required to bring inflation back to target and restore a more sustainable balance between supply and demand in the Australian economy.

How could this affect your monthly repayments?

We've crunched the numbers to give you an idea of how you may be impacted.

In the table below, we have calculated what an interest rate rise would mean for your monthly repayments.

Rate/Loan	100k	150k	200k	250k	300k	350k	400k	450k	500k
3.00% p.a.	421	632	843	1,054	1,264	1,475	1,686	1,897	2,108
3.25% p.a.	435	652	870	1,088	1,305	1,523	1,740	1,958	2,176
3.50% p.a.	449	673	898	1,112	1,347	1,571	1,796	2,020	2,245
3.75% p.a.	463	694	926	1,157	1,389	1,620	1,852	2,084	2,315
4.00% p.a.	477	716	955	1,193	1,432	1,670	1,909	2,148	2,387
4.25% p.a.	492	738	984	1,229	1,475	1,721	1,967	2,213	2,459
4.50% p.a.	507	760	1,013	1,266	1,520	1,773	2,026	2,280	2,533
4.75% p.a.	522	782	1,043	1,304	1,564	1,825	2,086	2,347	2,608
5.00% p.a.	536	805	1,703	1,342	1,610	1,879	2,147	2,416	2,684
5.25% p.a.	552	828	1,104	1,380	1,657	1,933	2,209	2,485	2,761
5.50% p.a.	567	852	1,136	1,419	1,703	1,987	2,271	2,555	2,839
5.75% p.a.	583	875	1,167	1,459	1,751	2,042	2,334	2,626	2,918
6.00% p.a.	599	899	1,199	1,498	1,798	2,098	2,398	2,697	2,997
6.25% p.a.	615	924	1,231	1,539	1,847	2,155	2,462	2,770	3,078
6.50% p.a.	632	948	1,264	1,580	1,896	2,212	2,528	2,844	3,160
6.75% p.a.	648	973	1,297	1,621	1,945	2,270	2,594	2,918	3,242
7.00% p.a.	665	998	1,331	1,663	1,995	2,328	2,661	2,993	3,326
7.25% p.a.	682	1,023	1,364	1,705	2,046	2,387	2,728	3,069	3,410
7.50% p.a.	699	1,049	1,398	1,748	2,097	2,447	2,796	3,146	3,496
7.75% p.a.	716	1,074	1,432	1,791	2,149	2,507	2,865	3,223	3,582
8.00% p.a.	733	1,100	1,467	1,834	2,201	2,568	2,935	3,301	3,668

Rate/Loan	550k	600k	650k	700k	750k	800k	850k	900k	950k
3.00% p.a.	2,318	2,529	2,740	2,951	3,162	3,372	3,583	3,794	4,005
3.25% p.a.	2,393	2,611	2,828	3,046	3,264	3,481	3,699	3,916	4,134
3.50% p.a.	2,469	2,694	2,918	3,143	3,367	3,592	3,816	4,041	4,265
3.75% p.a.	2,547	2,778	3,010	3,241	3,473	3,704	3,936	4,168	4,399
4.00% p.a.	2,625	2,864	3,103	3,341	3,580	3,819	4,058	4,296	4,535
4.25% p.a.	2,705	2,951	3,197	3,443	3,689	3,935	4,181	4,427	4,673
4.50% p.a.	2,786	3,040	3,293	3,546	3,800	4,053	4,306	4,560	4,813
4.75% p.a.	2,869	3,129	3,390	3,651	3,912	4,173	4,434	4,694	4,955
5.00% p.a.	2,952	3,221	3,489	3,758	4,026	4,294	4,563	4,831	5,100
5.25% p.a.	3,037	3,313	3,589	3,865	4,141	4,418	4,694	4,970	5,246
5.50% p.a.	3,123	3,406	3,690	3,974	4,258	4,542	4,826	5,110	5,394
5.75% p.a.	3,210	3,501	3,793	4,085	4,377	4,669	4,960	5,252	5,544
6.00% p.a.	3,297	3,597	3,897	4,196	4,496	4,796	5,096	5,395	5,695
6.25% p.a.	3,386	3,694	4,002	4,310	4,617	4,925	5,233	5,541	5,849
6.50% p.a.	3,476	3,792	4,108	4,424	4,740	5,056	5,372	5,688	6,004
6.75% p.a.	3,567	3,891	4,215	4,540	4,864	5,188	5,513	5,837	6,161
7.00% p.a.	3,659	3,991	4,324	4,657	4,989	5,322	5,655	5,987	6,320
7.25% p.a.	3,751	4,093	4,434	4,775	5,116	5,457	5,798	6,139	6,480
7.50% p.a.	3,845	4,195	4,544	4,894	5,244	5,593	5,943	6,292	6,642
7.75% p.a.	3,940	4,298	4,656	5,014	5,373	5,731	6,089	6,447	6,805
8.00% p.a.	4,035	4,402	4,769	5,136	5,503	5,870	6,237	6,603	6,970

The figures above are indicative only, individual loan contracts may vary. The above table assumes that the borrower is making monthly principal and interest repayments over a 30-year loan.

What are my options for managing rate increases?

While we, unfortunately, cannot control the interest rate rises, there are things we can do to manage them:

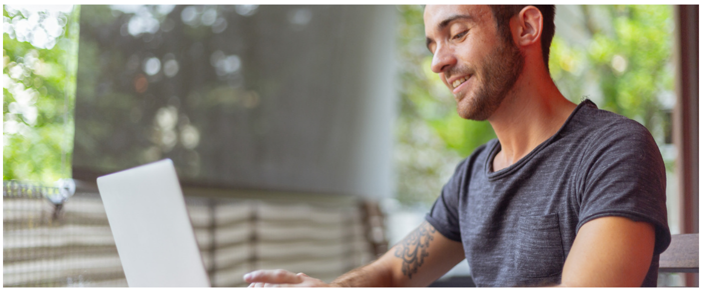
Review your budget

If you haven't been tracking your spending, the first thing you need to do is understand where your money is going. Start by looking back at your previous bank statements and then set out a budget. If you already have a budget, it's time to pinpoint areas for improvement. Can you cut back on spending in certain areas?

Make extra repayments

Has your income gone up? If so, does your lender let you make extra repayments to shorten your loan? Not all do and some might charge you a fee for it.

Extra repayments on your mortgage can cut your loan by years. Putting your tax refund or company bonus into your mortgage could save you thousands in interest over the years.



Set up an offset account

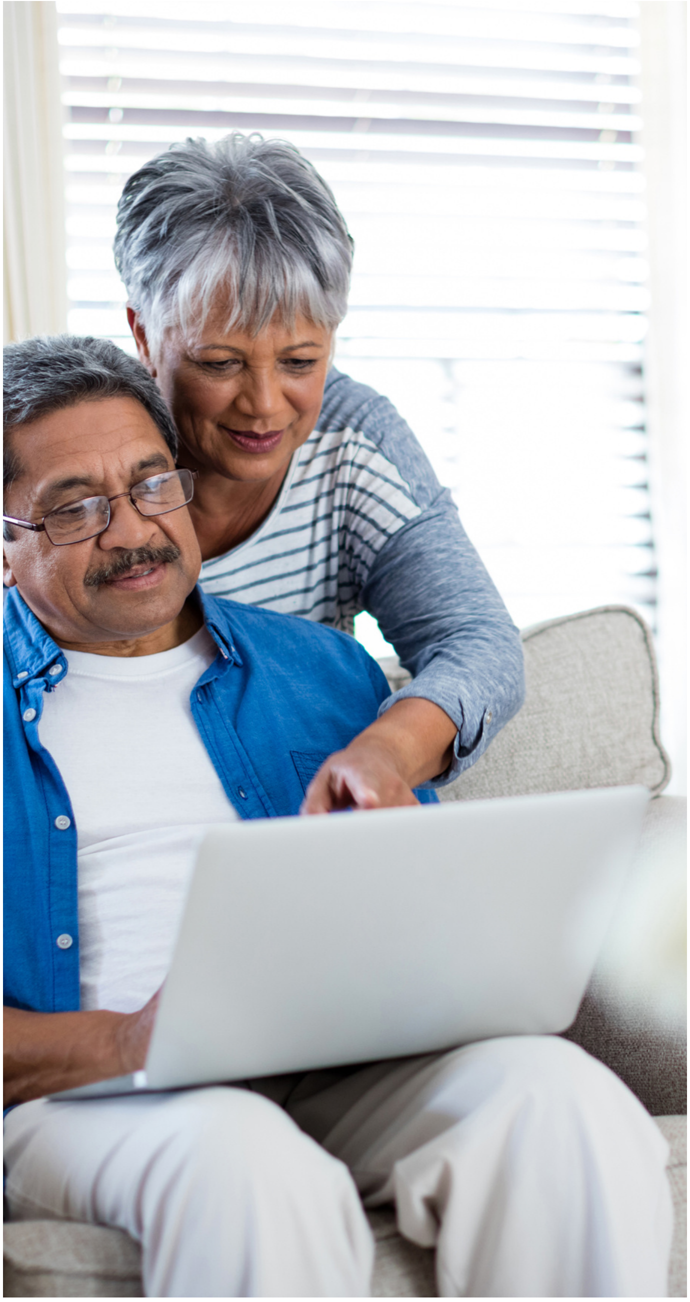
Does your current loan have an offset account so you can save on interest? An offset account is an everyday bank account that's linked to your home loan. You can deposit your salary and savings into the account and the balance is then offset against the amount owing on your home loan.

Switch to fortnightly payments

By paying half the monthly amount every two weeks will result in an extra month's repayment each year.

This strategy could potentially shave years off a typical 30-year mortgage and save you thousands of dollars in interest payments.

What are my options for managing rate increases?



Fix part of your home loan

Does your lender offer flexible rates so you can split your repayments into fixed and variable?
Some loans allow you to split your repayments into fixed-rate and variable-rate components. This sort of loan lets you enjoy the benefits of an interest rate drop and also protects you from being fully affected if they rise.

Look for a better deal

If you're not getting the best bang for your buck, it's time to look for a better deal. First, work out what features of your current loan you want to keep.
If you are eligible to refinance your mortgage and find a lower rate, start comparing the interest rates on similar loans. You might also be able to access cashback deals when you refinance.

Feeling overwhelmed?

We get it. With so many lenders and countless products under their brands, how do you know which loan is right for you?

That's where UFinancial comes into play!

We hold accreditations with over 80 lenders.
There are A LOT of options out there, with regularly moving interest rates and new products. Our amazing brokers do your homework for you and keep up-to-date with those changes to help you find the right deal.

We take into consideration your needs and goals.
It's not just about offering you a lot of choices. The first thing we will do is chat about your needs and goals, so we can understand where you stand.

We narrow down what your best options are.
Once we understand where you stand, we can give you a realistic idea of what options are available for your unique situation.

We take care of your application from start to settlement.
From filling out the initial paperwork to letting you know when it's time to review your loan.

UFinancial: Our finance partners

7,000 customers

UFinancial has helped more than 7000 customers find the right home loan!

5-star reviews

More than 100 verified reviews across Google and Facebook.

Industry recognition

Their commitment and hard work have awarded the company multiple awards in the mortgage and finance industry.

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