

## TIPS FOR . . .

### HOME OWNERS

**TAKE ACTION:** Banks have shown they can be stingy and many have failed to pass on rate cuts in full, but you hold the whip hand. Kirsty Lamont of financial comparison website Mozo says it's critical customers hunt around for the best rates possible. Ring your lender and find out what they can do for you - even threaten to leave if they don't give you a better deal. Make sure you are armed with information first; it pays to know what rate you are paying on your loan and what else is available in the market.

**KEEP REPAYMENTS THE SAME:** Lamont suggests keeping repayments at higher levels than the minimum amount so you can chip away at the principal. "Even if your lender passes on the rate cut keeping your repayments the same is an easy way to slash your mortgage," she says. "By maintaining the current monthly repayment on a \$300,000 loan (on an) average mortgage (with an interest rate of 4.51 per cent) customers could save \$15,071 in interest over the life of the loan."

**GET HELP:** Homeloanexperts.com.au's managing director Otto Dargan says all customers need to know their own home loan interest rate and should ask for help if they want to score a better deal. "Borrowers should check their rate with their mortgage broker to see if it's still competitive," he says. Dargan says Australia has the lowest fixed rates seen here - many are well below the 4 per cent mark so it's definitely worth seeing if you can get a rate with a "3" in front. Chris Browne of Rising Tide Financial Services says often what customers are being charged on home loans can be improved. He says: "Banks prey on apathy so take advantage of the low interest rates."

### SELF-FUNDED RETIREES

**RETIREEES** who rely on cash in the bank have watched their incomes erode over the past eight years, and yesterday's interest-rate cut is another reason to reconsider where they put their money.

**DIVERSIFY:** Financial strategist Theo Marinis says that self-funded retirees should spread assets across cash, shares, fixed interest, property and other investments. "If you have a reasonable nest egg (\$200,000 or more), you shouldn't have it all in cash."

**LOOK LONG TERM:** Markets have always recovered and dividends are more than double current rates for cash in the bank, he says. Retirees are living longer and should now stay invested for decades.

**BEWARE OF DODGY INVESTMENTS:** Low interest rates tempt people to believe promoters of so-called "safe" fixed-interest investments that offer much higher returns than cash in the bank. Wealth on Track principal Steve Greatrex warns there is a long list of failed schemes in this space.

**EMBRACE LOW INFLATION:** Low interest rates = low inflation, which means lower prices on most things, big savings and great buying power.