



15 Year Itch

*How to Pay off Your Home Loan in
Less than 15 Years*

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Your Financial Freedom



What is the DOT Financial 15 Year Itch?

It's the **unrelenting feeling of having your mortgage paid off in 15 years.**

The feeling of knowing that your income is going to be used for an **extended holiday, better schooling for your kids and the ability to determine your pathway in life**, not letting your mortgage dictate things for you. Nowadays you have Banks/ brokers selling you the idea of a 30-year mortgage.

We show you how and why it is possible to achieve the 15-year itch.

Australia is renowned for its high property prices and in fact, our housing price-to-income ratio is among the worst in the world. While this may scare some out of the market, credit rating agency Fitch has determined that our economy is one of the strongest in the world, keeping mortgages affordable.

So perhaps, the real question isn't our capacity to buy, but what our priorities and goals are.

Is paying off your mortgage really a priority?

The increased interest in creative mortgage options, like offset accounts, points to the fact that Australians definitely want to pay off their home loan sooner. Sooner is a relative term, with many of us happy just to know we're shaving some interest off somewhere along the line. With so many competing investment options and strategies – as well as our growing battle with credit card debt – is our mortgage really what we should be focusing on?

And what about diversification?

It would seem that investing and paying off our mortgage are on different sides of the coin in this priority debate. On the one hand, we hear about the potential returns available on the stock market or in the property market and the opportunities for tax deductions. On the other side, many of us feel too overwhelmed to consider these options when we consider the size of our mortgage and the reality that we're barely meeting those repayments on a budget that is in desperate need of an overhaul.

The key here is to teach our clients to pay off bad debt like their own house first. Wealth in retirement is an added bonus that naturally happens on the side.

How Can You Do It?



If there were a magic bullet for achieving financial freedom, everyone would be enjoying the fruits of a mortgage free life. Achieving the itch by paying off your mortgage in 15 years can be done but there's no cut and dried way to do it:

1

Budget Overhaul

Many people think 'budget' as a dirty word because it is confronting but we like to think of it as an elimination of waste rather than deprivation. It helps us see values and patterns of behaviour so we can build a strategy and plan around that.

A relentless focus of budgeting and **cutting the unnecessary expenses incurred will go a long way in achieving the itch.** Is that extra cup of coffee a day worth 3 additional years of mortgage pain? Let's hope not.

2

Mortgage Options

It's quite likely that the mortgage you are currently paying off is not the best one available to you.

You can save thousands of dollars off your mortgage by allowing Dot financial to:

- **Refinance your loan** to a lower interest rate or signing up for a package that gives you a discount.
- **Dividing your monthly payment** into two and paying it off every fortnight – you will effectively make an extra payment each year as there are 26 fortnights in a year, which can shave years off your loan.
- **Using an offset account effectively.** Instead of having separate savings accounts, put all of your money in your offset account and pay less interest on your mortgage balance when it is calculated daily.
- **Repaying more than the minimum.** When you pay more than the minimum repayment, more goes straight to the principal of the loan and helps pay it off quicker.
- **Checking the fees and charges on your loan.** Everything adds up and you want to make sure you know what you are up for if you refinance or repay your loan early.

How Can You Do It?

3

Leveraging

An alternative option that homeowners have to pay their home loan off sooner is **investing and using the profits to pay off their home loan**. Investments could be anything from investing in shares on the stock exchange or in more property.

You do need to be a good custodian of your money but you have to be financially efficient and leveraging is one way of doing this. This all dependent on your risk appetite and ensuring investing in property or shares is in line with your overall goals.

4

Having The Right Team

Work with a team of professionals. We have **unrivaled access to a team of financial planners, real estate agents, solicitors and insurance agents** to educate you on your options, come up with a strategy and help you achieve your goals.

These more realistic options have a few things in common including big decisions, determination and some sacrifice, but most importantly, they all use strategy. Having a clear direction of where you are going and the conviction to keep heading in that direction is vitally important in paying off your mortgage in 15 years and achieving the itch. As always, success is found not just in knowing this information but actually doing it.



What factors need to be taken into account?

The ability to pay your mortgage off so much sooner often depends a lot on your plan and strategy.

Other factors that come into play include:

- **Your income.** While there is a lot that an average, full time worker in Australia can do with their income to help pay off their mortgage sooner, a dual income or high-income earning family would be better positioned to make this a reality.
- **The location you have bought in.** The average house prices in Sydney are much higher than many areas of rural New South Wales and can increase your mortgage significantly and therefore your options and ability to pay it off more quickly.
- **Other debt.** Wealth building is a false sense of productivity if debt consolidation and elimination hasn't been addressed first.
- **Your values and goals.** Whether your motives for paying off your home loan are to live more simply and cut back at work or kickstart your investment portfolio, your values and goals will definitely influence your strategy. Risk takers and big picture people might be more comfortable looking into investment strategies, whereas those who like to keep things simple, may want to focus primarily on budgeting.



George & Kim:
Case Study



George and Kim have decided to bite the bullet and get out of debt. Their goal is to achieve the 15 year itch Their first step is to look at their mortgage:

They have a home loan of \$430,000 on a 30-year term with an interest rate of 6% (we'll use this as an average rate for the purposes of this example) that they pay monthly. To pay their loan off in 15 years their repayments would have to rise 36% and they would also have to refinance to a lower home loan rate.

Mortgage term (years)	Monthly repayments	Interest paid on loan	Savings
30 years at 6%	\$2,579	\$498,105	\$0
15 years at 5.5%	\$3,514	\$202,423	\$295,682

As you can see, George and Kim monthly repayments will have to increase \$935 a month for them to make the above a viable option in addition to rate reduction of 0.5%.

How could they afford these extra repayments?

In one word: budgeting. Look below to see how they would rejig their finances.

After carefully investigating their expenses, George and Kim were able to find a way to make some extra income, redistribute money assigned to saving and investment accounts, as well as slash expenses in a couple of key areas.

Before looking at other creative options George and Kim have worked out that they can afford to make significant extra repayments on their loan, save over \$295,000 in interest payments and realistically be debt free in the foreseeable future.



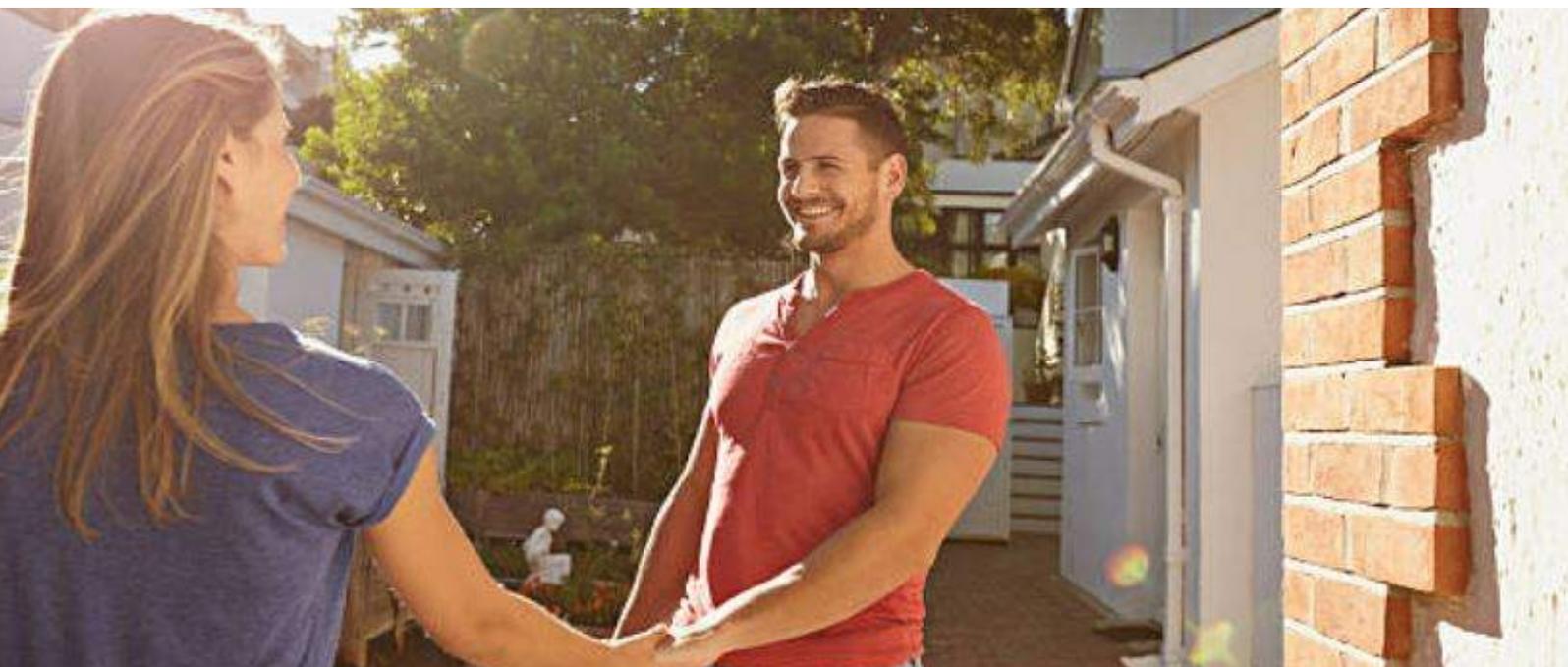
George & Kim:
Case Study



Category (per year)	Old Budget	New Budget
Income (take home)	\$116,000	\$126,000
Utilities	-\$14,120	-\$13,520
Mortgage	-\$30,948	-\$42,168
Insurance and financial	-\$10,560	-\$7,940
Groceries	-\$15,080	-\$13,520
Personal and medical	-\$9,120	-\$6,160
Entertainment and eating out	-\$10,100	-\$8,280
Transport and auto	-\$9,920	-\$9,920
Children	-\$11,960	-\$9,560
Left over money - Surplus	\$4,192	\$14,932

Assumptions made:

- The household received a pay increase from \$116,000 to \$126,000.
- The rate did not change over the life of the loan (5.50%).
- George and Kim were frugal in their approach to budgeting to achieve the itch.



How can the team at DOT help you?



Elie Ishac

★★★★★ a month ago

The dot financial guys helped me with my first purchase. A few months later after catching up for our review they realized the potential to purchase another investment property using equity in which was my eventual plan. Being able to have them proactively suggest ways on how to build my wealth is what separates them from the standard broker.



Melissa Qiu

★★★★★ 2 months ago

Great interest rate and professional service! Definitely will recommend to all my friends.



Elias El-indari

★★★★★ 2 months ago

Dot Financial and their entire team were amazing during the entire process of my first investment. Full transparency with everything we discussed. Look forward to working with them again in the future!



Charbel Ishac

★★★★★ a month ago

By far the best brokerage company I have dealt with. They provide an amazing service and outstanding results.



Steven Liu

★★★★★ a month ago

After a long frustrating search of source of finance, Dot Financial came to the rescue with tailored solution to our specific situation and most importantly, delivered the result! Their dedication and professionalism enabled our advance in the property investment journey and a big big thank you for everything!!



What can you do when you've achieved the 15-year itch?



For those in the enviable position of living debt free, congratulations, you've just achieved the itch! A whole new question arises: **what now?** You may enjoy the opportunity to choose the **best schools for your kids, extended holidays and kick back your hours at work** or you could re-evaluate and come up with a new financial goal.

We recommend revisiting your financial plan whenever your situation changes significantly. By working with a financial planner or money coach, you can come up with a new strategy. Commonly, people take that same amount they were paying on their mortgage and start building a more diversified investment portfolio.

Paying off your mortgage in 15 years is possible for some Australians. There are a number of strategies you can employ to achieve the itch and different factors that will affect how you get there but **having a strongly defined goal and plan in place is the first and most important step.**

[Book an obligation-free consultation with a DOT Financial Expert today >](#)



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