



## **Frequently Asked Questions**

### **RATE**

Our job is to educate you on the lowest total cost loan. I could put you into a loan at 5.00% over 30 years, or at 5.88% for 15 years... which one do you think is the lowest total cost mortgage?

Enter the 2 rates into the Out Of Debt Calculator just to illustrate how little the interest rate has to do with the loan.

### **CONTROL**

We aren't here to control your money, it's your money! We're just here to help you manage it. We're like a personal trainer for your home loan! Just give it a go, and after 90 days if you get the speed wobbles because your debt's coming down too fast then we can look at giving you back full control and access to your account. If you are just a control freak and still can't handle us helping you manage your Cash Flow, then you can do your own redraws/transfers – It's fine with us as we don't get paid any extra to do this for you!

### **BREAKING A FIXED RATE**

(Add the fixed rate break cost to the loan amount in the out of debt calculator)

The thing with fixed rate loans is that you are only allowed to pay off at most \$5000 extra per year. As you can see from the out of debt calculator, you will make up that break cost within the first 12 months...

Even if we add the break fee onto your loan amount you are still out of debt in X years which is a lot better than 30! By going through this process now you are taking 1 step back for 2 steps forward!

### **I WANT TO THINK ABOUT IT**

(If they are saying this, it means there is a blockage)

Obviously there's something that I haven't explained properly, is it OK if I quickly jot down some of your questions / fears? (Work through these one by one)

My suggestion from here is that we just get a pre-approval put in place just so we can find out if we'll actually be able to get the loan for you. A pre-approval doesn't lock you into anything and it doesn't cost anything.

### **I EARN POINTS ON MY CREDIT CARD**

If you were to spend \$125 on your credit card every week for the rest of your life it would take you 30 YEARS to earn yourself an around the world flight.

Dunn and Bradstreet have done studies on our spending habits, and on average we'll spend between 14 and 18% more on a credit card than if we're paying in cash. Your spending psychology is different when using a credit card, that's why we want to get you onto a CASH BASED DIET.

### **I CAN DO THIS MYSELF**

If you could do this yourself, you would already be doing it. It's like if you and I were to get a 12 month gym membership at the same time, however you happened to have a free personal trainer thrown in with your membership, who do you think will get better results?



### **WHAT ABOUT AN OFFSET ACCOUNT, ISN'T THAT THE SAME THING**

The offset account is just a decoy 25-30 year P&I loan. We spend what we have access to, and with an offset account you have direct access to everything that's sitting off of your home loan. You also need \$12,000 sitting in there at all times for it to be more effective than a standard 25/30 yr P&I loan.

Ask a client on an offset account to get their latest statement so you can work out how much they've reduced their principal by over the past 6 months or 12 months...

The basic differences between the structures we set you up on compared to an offset account are:

1. An offset account is set over 25 or 30 years
2. You have direct access to all the cash sitting in the offset account – which will be nibbled away over the year
3. With the Crown structure your repayment reduces every single month that your debt reduces, whereas with an offset account the repayments don't reduce.