

## ***The smart guide to owning your home faster***

### **You could be the cornerstone of your financial future.**

Not only can you live in it, you are likely to get some capital appreciation over time. This means you may be able to borrow against this asset to finance future business or investment opportunities.

### **Whatever you decide to do remember the best loan is the one you pay off the fastest and with the least amount of interest. Here's how you do it:**

#### **Set a budget and stick to it**

Understand what your living costs are and budget for the things you want to buy.

#### **Make your payment every fortnight**

Your interest is calculated daily. By paying every fortnight you are not letting the interest accumulate for a full month before paying it. Ask your United Permanent branch how this can save years off your mortgage.

#### **Use your salary smartly**

It may be in your interests to have your salary paid directly into your home loan account and redraw your living costs when you need them. Your principal and interest is paid before anything else and your savings can actively reduce your home loan. Your United Permanent lending manager can help explain this further to make sure it's the right strategy for you.

#### **Lump sum payments when possible**

Try and contribute tax returns, cash gifts, inheritances or anything else you can to your home loan. You'll be surprised at the huge difference this will make.

#### **Paying that little bit extra**

Chances are your income will increase over the course of your home loan. When this happens allocate a percentage of your increase to your loan repayment. Again this will save you a fortune over time.

#### **Carefully manage short term debt**

The interest you pay on credit cards and store cards is much higher than the interest you pay on your home loan. If you have to use a credit card, look for one that gives you an interest free period and make sure you pay it every month.

#### **Get rid of your expensive debt**

If you do have debt accumulated in credit cards you should talk to us about how you can use the equity in your home to drastically reduce your interest costs.

#### **Regularly review your loan with United Permanent**

As your circumstances change you should review your loan and ensure it still meets your needs. Call us at the branch or contact your Customer Service team every six months to make an appointment for a loan review.

#### **Step by step**

- [Budget](#)
- [Fortnightly repayments](#)
- [Paying a little more each month saves a lot over time](#)
- [Consolidate debts](#)

## ***The smart guide to understanding your redraw***

**When you borrow money you enter into a loan contract.**

**This sets your maximum time to repay the loan and breaks it into monthly repayments. You are required to make at least the minimum payment to your loan every month.**

**If you pay us back more than you have to under the contract, you build up what is known as a redraw amount.**

Sometimes people pay us back less than they have agreed to and when this happens, the loan goes into arrears. Arrears are the opposite of redraw.

### **Own your home faster**

By accumulating a redraw and leaving it on your loan, you can reduce both the interest you pay and the time it takes to pay back your loan.

### **Some of the terms we use**

- The Anniversary Date is the same day or next business day each month that your loan was settled.
- Current principal is the total of all transactions on your loan at any given date.
- Your minimum payment is the total amount you agree to pay us back every month for the full term of the mortgage.
- The scheduled balance refers to the amount that you would have owed us if you made all payments when due but no additional repayments.

### **So how is your redraw calculated?**

- When we calculate your redraw by taking the schedule balance and subtracting the current principal.
- When a loan has more than one account the redraw is calculated by using the aggregate total of all scheduled balances and current principals.
- Remember, the minimum amount per month in your loan contract needs to be made each month, even if you have built up redraw in the past. This helps you maintain your redraw amount. It also means you continue to reduce your interest charges.

### **Timing is everything**

- Any additional payments you make immediately work to reduce your loan principal and therefore your interest charges.
- Additional electronic credit payments are available on you redraw immediately. Direct debit or any other additional payments are available for redraw after five days

### **Step by step**

- [Redraw reduces you interest](#)
- [Redraw helps you pay off your loan faster](#)
- [Use redraw to make your loan work for you](#)

## ***The smart guide to understanding interest***

**Understanding interest rates is an important first step if you want to pay your home loan off quickly.**

**Please read the following information and if you have any queries please call our Head Office or contact your local United Permanent branch.**

### **How is your interest calculated**

We calculate the interest you owe daily.

These calculations are based on the balance of the loan at the end of each business day.

That means that the balance on a Friday is the amount used to calculate the interest for the following Saturday and Sunday.

It also means that the balance on the business day before a public holiday is used to calculate the interest during the holiday.

### **When your interest is charged**

These individual daily calculations are added up and processed to your loan account on the anniversary date of your loan every month. The anniversary date is the same day of the month that your loan settled.

### **Why your interest charges will vary**

Sometimes the anniversary date falls on a weekend or a public holiday. When this happens we'll post your interest calculation to your account the next business day.

Variations in your interest charges occur because not all months are the same length. You may be paying interest on as few as 28 days or up to 34 days. This depends on when weekends and public holidays fall.

### **Where the Line Of Credit fits in**

Your United Permanent Line Of Credit has an anniversary of the 15<sup>th</sup> of every month. This is when a statement is produced and mailed to your postal address.

The statement shows you the amount of payment required and then this exact amount is taken on the second banking day of the following month.

### **What to do if you are still not sure**

If you're still not sure get a copy of your latest statement and call your local United Permanent branch. They'll be glad to go through your statement and clarify any questions you may have.

### **Step by step**

- [Daily interest calculations](#)
- [Interest calculated on what you owe](#)
- [Call us if you would like help](#)