

Understanding which home loan features are right for you

Loans are by no means 'one size fits all.' Different loan types suit different age groups, different living situations and even different attitudes to money.

A common trap some home-owners fall into is to consider a mortgage 'set and forget'. You did your research, shopped around, found the right option and now you're reluctant to revisit the process - even if your personal circumstances have dramatically changed.

Before you start shopping around for a new loan, or an upgrade to your old loan, it's worth knowing a little bit about the options available. The three most common differentiators are variable rates, fixed rates and combo rate loans:

- A **variable rate loan** offers greater flexibility than a fixed rate loan and will appeal to you if you don't want an interest rate to be locked in for a set term. Often with variable rate loans, you can also redraw or make additional payments electronically at no cost, so you can pay off your home loan sooner and get ahead.
- A **fixed rate loan** is right for you if you need greater peace of mind, as you will have the certainty of knowing what your repayments will be during the fixed rate term. You can choose different terms on a fixed rate loan – often between 1 to 5 years, depending on what suits you.
- **Combo rate loans** offer both the flexibility of a variable rate and the certainty of repayments offered by a fixed rate. Like with a variable rate loan, you will have the flexibility to make additional repayments electronically at no cost to the variable rate portion.

You could also consider purchasing a **white-label loan**. White-label loans are increasingly popular – but for those unfamiliar with the term it can be confusing. A white-label loan is essentially a home-branded loan, much like the home-branded products you see in the supermarket aisles. Like these products, white-label loans aim to deliver many of the same great features as bank-branded home loans, but for a lower cost to the customer.

You can access different types of white-label loans – whether variable, fixed or combo. White-label products are known for being high quality, low-cost and flexible. They are particularly suitable for home-buyers looking for a simple, straightforward product as through white-label you can have access to the loan-features you need, (like redraw, debit card access and a customer care facility), and you don't have to pay for bells and whistles you won't use.

If you're not sure which of these options sounds right for you, mortgage brokers can provide real value to customers who need a helping hand to make this important decision. Because brokers have access to a myriad of loans from a range of different lenders – you can receive independent, unbiased advice based on their expertise and experience in the industry.