



## Back to Basics

### To Fix or Not to Fix

Thanks for requesting your free report on the advantages and disadvantages of fixing your home loan.

Please email us at [finance@pebgroup.com.au](mailto:finance@pebgroup.com.au) or contact us on 1300 187 894 to discuss your personal circumstances.

We wish you well in obtaining your goals.

**PEB Finance**

Keeping things simple

[www.pebgroup.com.au](http://www.pebgroup.com.au)

## To Fix or Not to Fix Your Interest Rate

With Interest Rates being of a cyclical nature it is always an opportune time to at least look at the exercise of fixing your home loan or investment loan.

One of the major choices to be made is whether to have a variable rate, fixed rate or a combination loan - part variable and part fixed.

To assist you make an informed decision we have prepared the following guide. The guide looks at advantages & disadvantages of variable interest rates, fixed rates and combination loans.

### Fixed Rate Home Loan

#### Advantages

This allows peace of mind that your repayments will not increase if there is an interest rate rise, while you are on a fixed rate loan.

You can make additional repayments to the loan during the fixed rate period, although this can be limited usually ranging from \$5000-\$20 000 per annum depending upon the lender.

#### Disadvantages

Fixed rate provide less flexibility, so as your circumstances change the loan may not be amended to suit your needs, for instance you will not be able to access any additional loan repayments made via the loan via redraw during the fixed rate period. (Some lenders do allow this but there are limitations).

Top Up Loans are not usually allowed on a fixed rate loan, however you may apply for a separate loan.

If rates drop your fixed rate may no longer be competitive.

Depending on the lender, extra payments may be capped between \$5000-\$20,000 per annum. You will be subject to prepayment costs if you wish to pay above the this threshold.

### Variable Rate Loans

#### Advantages

Variable rate loans are more flexible allowing additional payments, redraw and top ups. Some products also offer a 100% offset facility.

#### Disadvantages

Variable rate loans are subject to rate increases and these are passed onto you the borrower.

### Combination Loans

Combination loans give you both flexibility and peace of mind.

They in some ways allow you to get the best of both worlds, fixing a portion of your loan, giving the security against future rate rises while retaining the flexibility of your variable rate portion of your loan.

Now is the time to contact PEB Finance on 1300 187 894 or [finance@pebgroup.com.au](mailto:finance@pebgroup.com.au) to have your obligation free Home Loan Health Check. With our vast knowledge & experience we will be able to assist you in making the right choice for you and your circumstances.

Disclaimer: This information is to be used as a guide only. We recommend that you speak to us with regard to your unique personal circumstances.