

For people who already own a home

SHOULD I REFINANCE?

When it's worth it, when it isn't, and how to check before you sign anything. Seven checks, one page each, with the tools to do them.

Joe Mascaro

Mortgage broker, Shoalhaven NSW. 100+ people helped since 2022.

Start here

MOST PEOPLE NEVER CHECK

You set the loan up years ago, the repayments come out, life goes on. Nobody rings to tell you there's a better deal. Not even your own bank.

Refinancing isn't always the answer. Sometimes the answer is one phone call. Sometimes it's "stay put". These seven checks tell you which, in order.

1. **Find out what you're actually paying.** Then what your bank gives new customers.
2. **Ask your own bank first.** One call. The script is in this guide.
3. **Work out if switching is worth it.** The saving against the cost of moving.
4. **Check your fixed rate.** Break costs can wipe out the saving.
5. **Don't reset to 30 years by accident.** Lower repayments can cost more overall.
6. **Look at your other debts.** Car loans and cards, and when rolling them in makes sense.
7. **Know what your equity can and can't do.** Renovations, investing, the 80% line.

What you can ignore for now

Rate predictions. "The RBA might cut next month." Headline rates on billboards. None of it tells you whether your loan is still right for you. These checks do.

Checks 1 and 2

THE LOYALTY TAX, AND THE CALL THAT FIXES IT

Banks often keep their sharpest rates for new customers. If you've been with yours a few years and never asked, there's a fair chance someone walking in today gets a better rate than you on the same loan.

Check 1: find your numbers

- **Your rate.** In your banking app under the loan, or on your last statement.
- **What your bank offers new customers.** On its website, for the same type of loan (owner occupied, principal and interest, similar loan size).
- **The comparison rate.** It includes most fees, so it's a fairer side-by-side than the headline rate.

Tool: your loyalty tax check

My current rate	%
My bank's rate for a new customer, same type of loan	%
The gap	%
My loan balance	$
Rough yearly cost of the gap (balance x gap)	**$**

Check 2: ask your own bank first

Ring them. It costs a phone call, and sometimes that's all it takes. If they match it, you may not need to move at all, and I'll tell you that.

What to say

"Hi, I've had my home loan with you since ____. I'm on ____%. I can see you're offering new customers ____%. Can you match that for me? If not, what's the best you can do?"

Write down what they offer and the date. If it's still well above the new customer rate, go to check 3.

Check 3

IS SWITCHING WORTH IT?

A lower rate is only half the sum. Moving a loan has costs, and they need to come back to you within a sensible time.

What moving can cost

- **Discharge fee** from your current lender to close the loan.
- **Government fees** to register the new mortgage and remove the old one.
- **New lender fees.** Application or settlement fees. Some lenders waive them, some don't.
- **Break costs** if any part of your loan is fixed (check 4).
- **LMI again** if you owe more than 80% of what the new lender values your home at. This one can sink the whole idea, so it gets checked first.
- **Cashback offers.** Nice, but don't pick a loan for the cashback. Pick it for the rate and the features, then treat the cashback as a bonus.

Tool: the payback test

Monthly saving on the new loan (same term, see check 5)	$
Total cost of moving (all of the above)	$
Months to pay it back (cost divided by monthly saving)	

Illustrative: if moving costs $1,200 and saves you $100 a month, it pays for itself in 12 months. After that, the saving is yours.

Joe's take

If it takes years to pay back, or you're planning to sell soon, I'd usually say stay where you are and push your bank harder instead.

Check 4

FIXED RATE? CHECK THE BREAK COST

If you're fixed, leaving early can cost you. Sometimes a little. Sometimes enough to wipe out every dollar you'd save by moving.

What a break cost is

When you fix, the lender locks in its own funding for that term. If you leave early and rates have dropped since, it can charge you for what it loses. It depends on your balance, how long is left, and where rates have moved. Only your lender can tell you the number, and it changes day to day.

When I'd usually say wait

- Your fixed term ends in the next few months. Plan the move for the day it rolls over.
- The break cost is bigger than a year or two of savings.

When it can still make sense

- The break cost is small, and the saving on the rest of the term is clearly bigger.
- Only part of your loan is fixed. The variable part can often move without a break cost.

Tool: ask your lender these

- [ ] What's my break cost if I pay out the fixed part today?
- [ ] What date does my fixed rate end?
- [ ] What rate does it roll onto when it ends?
- [ ] Can I make extra repayments while fixed, and how much?
- [ ] Is any part of my loan variable?

Check 5

DON'T RESET TO 30 YEARS BY ACCIDENT

This is the quiet one. A new loan is often set up over 30 years by default. Your repayments drop, it feels like a win, and you've just added years to the loan.

How it happens

Say you're 6 years into a 30-year loan. You have 24 years left. Refinance onto a new 30-year loan and you've added 6 years of repayments. A lower rate can still leave you paying more interest overall, simply because you're paying for longer.

Two ways to keep the win

- **Keep the term you had left.** Ask for the new loan over 24 years, not 30. Your repayments still drop from the lower rate.
- **Keep paying what you pay now.** Take the 30 years for flexibility, but keep your old repayment. The extra goes off the balance and you finish earlier.

Both are fine. What matters is that it's your choice, not the default.

Tool: your term check

Years left on my current loan	
Term of the new loan I've been offered	
My repayment now	$
My repayment on the new loan	$

I'll keep paying (circle one): the new amount / my old amount

Check 6

LOOK AT YOUR OTHER DEBTS

A car loan or a credit card is often a much higher rate than your home loan. Rolling it into the mortgage can drop what you pay each fortnight. It can also mean paying off a car over 30 years. Both are true, so it's worth doing carefully.

A real example (shared with permission, anonymous)

Mortgage $1,400 a fortnight plus a car loan at $450 a fortnight: $1,850 going out.

After refinancing: $1,570 a fortnight, with the car in its own split of the loan and an offset account on it.

The split matters. The car debt sits on its own, so it can be paid off on its own timeline instead of disappearing into a 30-year loan.

When rolling debts in can make sense

- The other debt is at a much higher rate than your home loan.
- You'll keep paying it off quickly, in its own split, not over 30 years.
- You close or cut the limit on the card once it's paid out, so it doesn't fill back up.

When I'd be careful

- The cards fill up again within a year. Then you have the bigger mortgage and the debt back.
- It pushes you over 80% of your home's value (LMI, check 3).

Tool: your other debts

DEBT	BALANCE	RATE	REPAYMENT
Car loan	$	%	$
Credit card(s)	$	%	$
Personal loan / other	$	%	$

Check 7

WHAT YOUR EQUITY CAN AND CAN'T DO

Equity is the part of your home you own outright: what it's worth minus what you owe. People use it for renovations, a car, or a deposit on an investment property.

The 80% line

Most lenders will lend up to 80% of your home's value without charging LMI. So the equity you can usually use is less than the whole lot.

Tool: rough usable equity

What the lender values my home at	$
Times 80%	$
Minus what I owe now	$
Rough usable equity	**$**

Illustrative: a home valued at $700,000 × 80% = $560,000. Owe $450,000, and that's about $110,000 you could borrow against without LMI, if your income supports the bigger loan.

Two things people miss

- **It's the lender's valuation, not the online estimate.** It can come in lower than the app on your phone.
- **Equity is still borrowing.** You need the income to repay the bigger loan, the same as any other loan.

Joe's take

Use equity for things that last longer than the loan does. Renovations and property, maybe. Holidays, no.

Before you decide

WHEN I'D TELL YOU TO STAY PUT

A broker telling you not to move sounds odd. It happens a lot. These are the usual reasons.

- **Your bank matched the rate** when you called (check 2).
- **The payback is too long,** or you're selling soon (check 3).
- **Break costs are bigger than the saving** (check 4).
- **You'd go over 80%** and pay LMI again (check 3).
- **Your situation has changed** in a way that makes a new application harder right now: a new job, reduced hours, a new debt. Sometimes it's better to wait a few months.

Tool: get these ready

- [ ] Your last 3 to 6 months of home loan statements
- [ ] Your last 2 payslips (each of you)
- [ ] Last 3 months of bank statements, every account
- [ ] Your most recent tax return or income statement
- [ ] Statements for any car loan, card or personal loan
- [ ] Your rates notice (helps with the property details)
- [ ] Photo ID
- [ ] Your fixed rate end date and break cost, if fixed

Does a broker cost you anything?

For most home loans, no. The lender pays the broker. You get one person comparing lenders for you, instead of ringing five banks yourself.

Where to from here

NOW YOU CAN CHECK IT YOURSELF

Do the seven checks and you'll know if your loan still fits.

Or message me what you're on and I'll run yours.

I'll compare it against 20+ lenders, including what your own bank should be offering you. If staying put is the right call, I'll say so. It costs you nothing: the lender pays me.

From my Google reviews

★★★★★

"Joe wasn't just after the sale. He gave us honest advice ... He explained everything clearly and took the stress out of the whole thing."

Sarah E.

★★★★★

"My partner and I have refinanced through Joe a number of times over the years."

David M.

★★★★★

"Helped to guide me toward the decision that best meets my circumstances."

Todd B.



About Joe

I'm a mortgage broker based in the Shoalhaven. I've helped over 100 people since 2022, and I compare 20+ lenders to find the one that fits how you're paid. I work Australia-wide.

I'm a mortgage broker. Definitely not a doctor.

Get in touch

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calendar.app.google/WBVjPPD5T4yq2Mz3A

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