

Consider your financial goals before refinancing your home loan

The recent economic conditions inciting increase in bank rates mean that borrowers, on a variable rate, can expect higher home loan repayments at a time when household costs are also increasing.

Nitin Ramlugon, Head of Wealth and Personal Banking at HSBC says: "Now it's the time to look for alternative funding solutions that will help you better prepare for an increase in home loan repayments."

"For example, an individual may wish to think about refinancing his/her home loan to take advantage of potentially lower interest rates elsewhere – which can potentially help save on loan repayments despite increasing variable rates.

Refinancing can also bring a number of additional benefits when done smartly, such as helping you in consolidating debts, accessing your home equity for renovations or investments, or accessing to features such as redraw facilities or flexible repayments."



Nitin RAMLUGON,
Head of Wealth and Personal Banking
HSBC Mauritius

Some useful tips for those looking to refinance:

Research, research, research

Before making any changes to your home loan make sure you do your research. You need to consider if the benefits of refinancing outweigh the costs of refinancing for your circumstances.

A potential downside of refinancing are costs such as breakage costs on your existing home loan.

Consider the big picture and the 'why'

If you are thinking about refinancing, take the time to look at your bigger financial goals over the next 2, 5 or 10 years and consider the following:

- 1. Will lifestyle changes mean you need to renovate or move home?**
If so, you may be able to access your home equity and get a cash out refinance to help fund your renovation project or moving expenses.
- 2. Do you want to access additional features?**
You could save thousands of rupees by taking advantage of features like flexible repayments and redraw facilities.
- 3. Are you looking to consolidate your debts?**
You can sometimes streamline your finances by consolidating your other debts, credit cards, car and/or personal loans.
- 4. Do you want to ramp up your investment game?**
If you have enough, you could refinance to access your home equity for investing in shares or other property.



Diarise a regular 'home loan' check

While a change in your finances or a rate rise is a good reason to consider your home loan options, it shouldn't be the only time it happens.

"Like an annual health check, try to set an annual home loan reminder to explore how your current home loan compares to any deals out there. You might be surprised at the savings you can find," added Mr. Nitin Ramlugon.

HSBC Mauritius can be contacted through its website www.hsbc.co.mu or toll free customer service line on 800 1234 from 8am to 10pm every day.