5 things to do before your fixed interest rate rolls over

2023 is expected to see large numbers of Australian borrowers rolling off their ultra-low fixed-rate mortgages taken out in 2020. Homeowners could face an increase in repayments by up to 65%. Fortunately, with proper preparation, you can effectively navigate the upcoming fixed interest rate cliff.

Knowing your mortgage term end date
The first step to take control of your mortgage is understanding when your current term ends. Typically, inaction results in a default switch to the lender's standard variable interest rates. Be proactive and find out when the change happens and start talking to your mortgage broker.

Advantages of early rate locking
Depending on your lender, you might have the option to lock in a new rate before your fixed rate term ends. While this provides protection against potential future rate rises, a fall in rates might mean you're stuck with the locked rate.

Talk to a mortgage broker
Use the knowledge of a mortgage broker as they provide valuable insights into the current market and offer various lending options. Brokers can help you compare your existing mortgage and help you make informed decisions about refinancing or refixing.

Budgeting for higher repayments
Budgeting for a probable rise in mortgage repayments is critical in the current environment. Use a home loan repayment calculator to figure out new repayments at the current interest rate. Factoring these extra costs into your household budget will enable you to better manage your income and plan your expenses.

Avoiding the loyalty tax
Staying with the same lender for convenience can lead to higher fees and interest. Regularly reviewing your mortgage and comparing products with the help of your broker can ensure you avoid unnecessary costs.

This is general information only and is subject to change anytime. Your complete financial situation will need to be assessed before acceptance of any proposal or product.