

Interest Rates! - More cuts to come.

Many commentators are suggesting we are in for further interest rate cuts due to the slowing economy and flat retail sales nationally. This will be welcomed by many who have high levels of debt and those who are struggling to repay loans at this point in time. It may be too late for those who lose their jobs and there are predicted to be many people who will be affected by this.

There are two main thoughts that I have in this area.

1. Make sure your bank passes on the majority if not all of this rate cut quickly. If they don't, investigate how they compare to other lenders. You can do this by using websites such as Cannex or better still consult a good mortgage broker. We are mortgage brokers as well as financial planners and accountants and would be happy to have a look at existing arrangements to ensure they are competitive with other institutions. The treasurer of the federal government has been suggesting people should be doing this also.

Interest rate cuts will also help many of our clients who either already have borrowed to invest or are coming to us after seeing the state of the markets and saying now seems like a good time to invest. Many of you would have heard Rodney speak on numerous occasions of the benefits that borrowing to invest can deliver over the long term.

Decreasing interest rates and historically low asset values could be a fantastic time to commence a long term investment plan.

Footnote: Make sure you have appropriate insurance arrangements in place to cover your debts and to protect yourself and your family.

2. If you are unlucky enough to find yourself being retrenched you need to seek good financial advice. The consequences of not dealing with this in the correct manner can have a very negative effect on the individual's long term finances. There are many things to consider in this area and professional advice is a must.