

# freedom from debt in 6 easy steps!

[nexusmoney.com.au](https://nexusmoney.com.au)



**Nexus  
money**

# Do you ever feel like you're drowning in debt or worry that you'll never get ahead?

**If so, you're not alone. According to the Reserve Bank of Australia, Australians now have more personal debt than any other country in the world.**

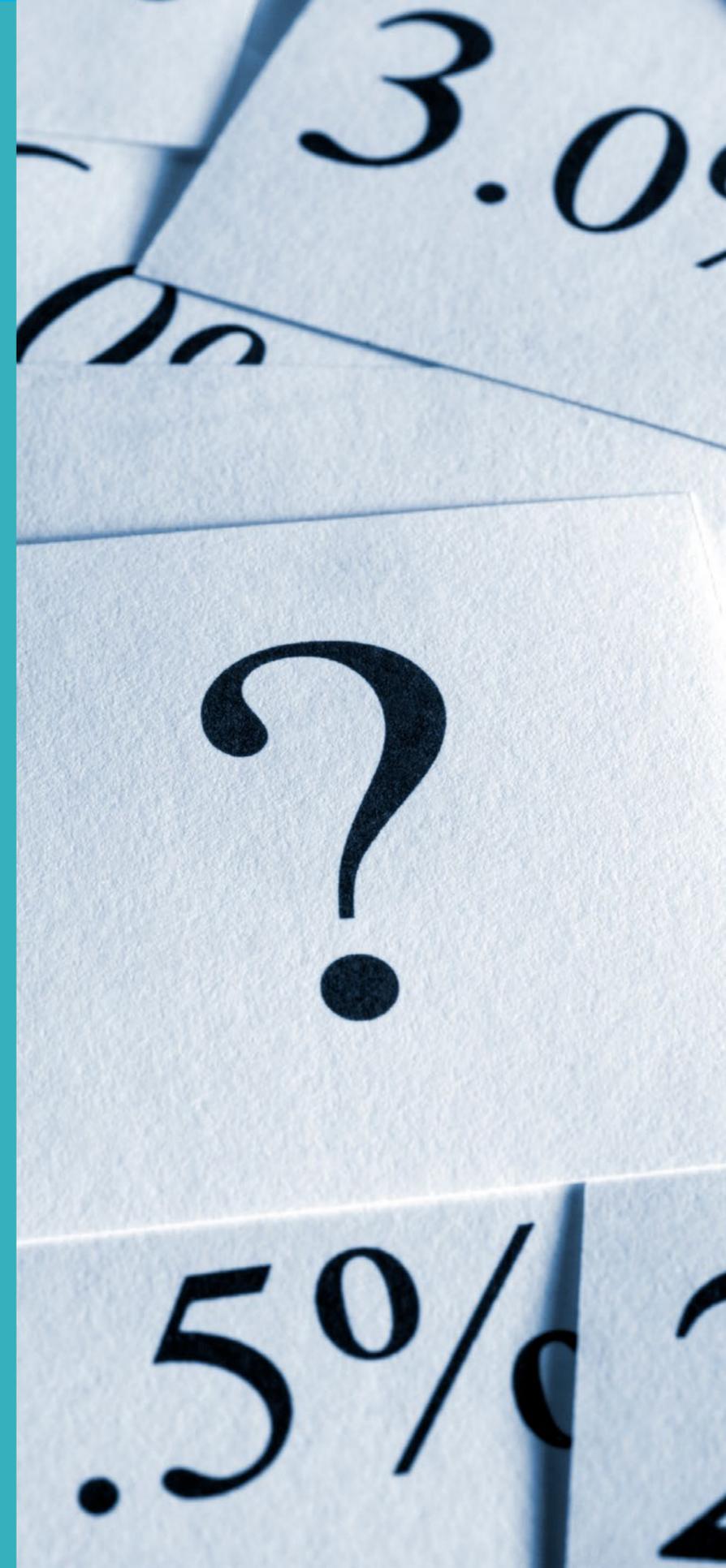
As a nation, we've collectively racked up over \$1 trillion worth of loans. With these financial burdens coming from credit cards, mortgages, car loans and more, it can feel like you're overwhelmed with debt in all directions.

So is it any wonder that you're probably a little - or a lot - stressed about finances?

Here at Nexus Money, we can help you out of the deep, dark hole of debt and show you that there's light at the end of the tunnel. Debt doesn't have to be confusing or overwhelming; in fact, it can be manageable and even work in your favour.



**Use these 6 easy steps to wave goodbye to debt stress and say "hello!" to financial freedom.**



# 1 Work out how much debt you have

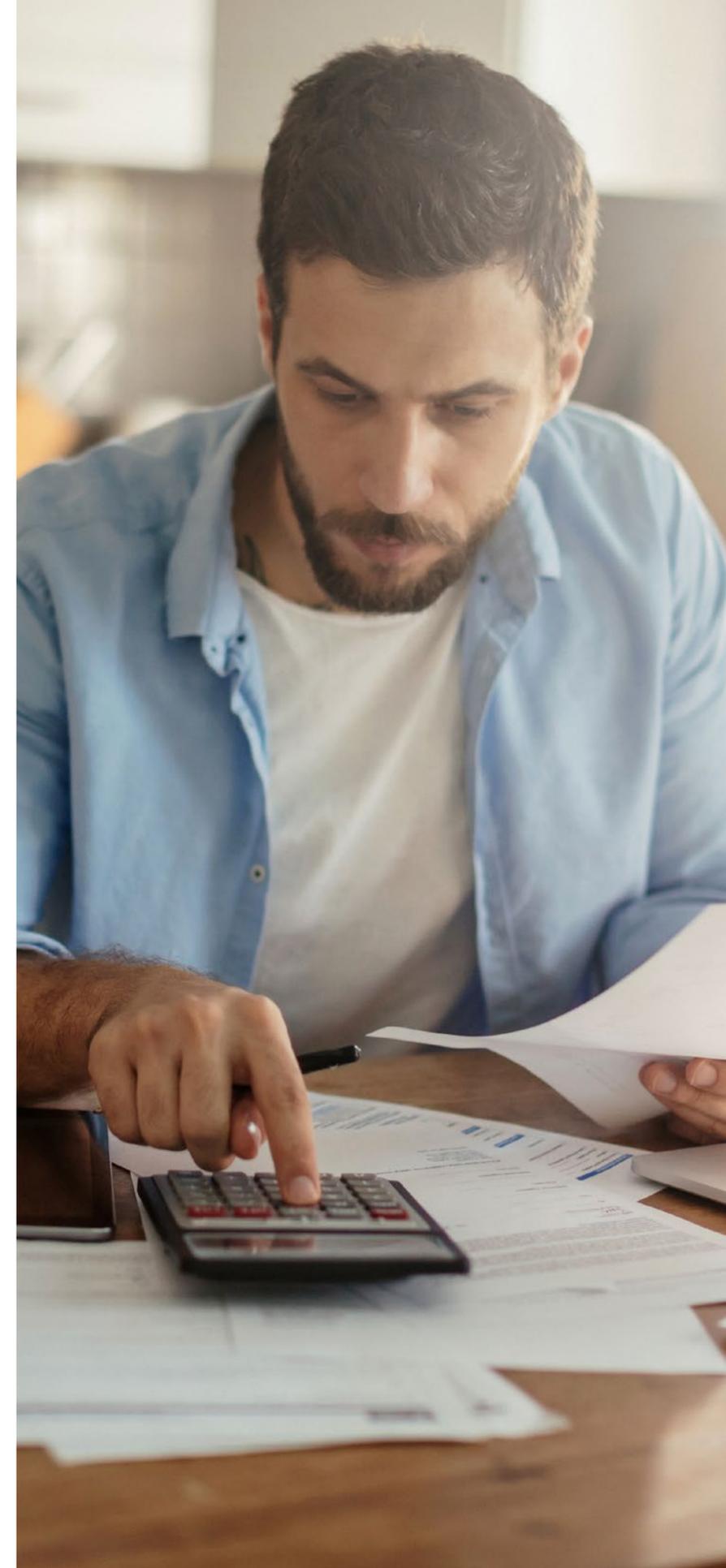
**Facing our debt can be a pretty confronting exercise. It's tempting to mentally push our mounting bills into the 'too-hard' basket and ignore any anxiety we feel around money.**

Yet *now* is the best time you will ever have to address your debt and regain control of your finances. The further we let our debt slide, the harder it becomes to get back on top of it.

Developing a strategy to smash your debt means taking stock of your current situation. So take a deep breath, relax and get excited as we make headway on your debt!

## Action steps

- a) Don't wait until it's too late. There's nothing worse than feeling like you're drowning in a deep sea of overdue bills, missed repayments and overdrawns. Wherever possible, don't let it get to this stage as it becomes a lot harder to consolidate your debt when you're behind and overdue in repayments. But no matter how far you have slipped behind, take action immediately - it will only get easier from that point forwards.
- b) Print your Credit Card Loan statements and previous month's worth of bank transactions.
- c) Record how much money you currently owe in each loan domain. For example, calculate the amounts outstanding on your:
  - Credit cards
  - Car loans
  - Mortgage
  - Personal loans
  - HECS (you may need to check online for this)



# Establish how much equity you have

You'll like this step! The scary work's over and it's time to look at the other side of the equation; how much wealth you've already accrued with equity.

Many people are surprised when they calculate this - it may be a lot more than you think!

## First things first, what is equity?

Equity can be tricky to describe, as it's essentially 'invisible' money. However, whilst you can't see equity as a dollar figure in your bank account, it's very real wealth and an important element of any debt reduction strategy.

Let's say that you originally purchased your home for \$400,000

and still have to pay \$375,000 off this initial loan. However, since purchasing your home, it has increased in value to \$430,000. That \$30K in extra market value, combined with what you've already paid off your home, gives you a nice sum of

\$55,000. Therefore, equity is essentially the money you'd expect to have leftover in your pocket if you sold your home and paid back the banks.

Most banks will generally let you access 90% of the equity in your home when drawing out the funds through finance. Depending on the lending institution, it may even be as high as 95%. This amount is referred to as 'usable equity'.

Equity can also be applied to other items that increase in value, such as stocks, shareholder equity in a business, rare items (such as old cars) or precious metals. For most people however, the majority of their equity will be in their home.

## How much is my house worth?

A property valuation is typically performed by several bodies; your lending institution (who nominates their preferred licensed property valuers) or a real estate agent. The latter method is less official and is typically based on an agent's

industry experience and trending property sales in your area. On the other hand, a licensed property valuer is legally responsible for the valuation report they submit.

Your property valuation is typically based on the following aspects of your dwelling:

- Location (including council zoning, planning restrictions and surrounding development)
- Size of your land
- Size of your house
- Condition and quality of your home's construction

Any issues that are likely to need addressing on your property

## Calculate total equity

Once you've ascertained how much equity you have in your home and other assets, calculate these figures all together and voila! You now know your total equity. (This magic number is going to come in handy.)

# 3

## Examine your interest rates

**If you were at a cafe and had two identical sandwiches to choose from but one cost \$10 and the other set you back \$12.50...Which option would you select?**

In this instance, it's a no-brainer; the cheaper one of course! After all, why pay more for the very same product?

It may seem like a silly example but this scenario is happening on a much larger scale *all the time* with your interest rates! While you may have researched a great rate when you initially set up a loan, we tend to 'set it and forget it' afterwards, not realising that we could save hundreds - if not thousands of dollars - by switching our debts to a cheaper lender or re-negotiating a lower rate.

**It's time to rethink your interest rates and consider the following:**

- ✓ Is the interest rate of your credit card higher than your home loan?
- ✓ Do you have any store cards and "Interest free loans"? If so, calculate how much you have left to pay off these loans and how much the interest rates may be hurting you.
- ✓ What is the current interest rate of your home loan?



# Find the right professionals to help

**There's an enormous relief and peace of mind that comes with enlisting professional help. We can't all be experts at everything and money management isn't a topic that makes everybody jump out of bed with excitement (although we do!).**

Just like you wouldn't neglect your health by not visiting a doctor when you're sick, why think twice about asking for help with your financial health? If you're dreaming about working less, enjoying more holidays and affording a better quality of life for the whole family, a professional is the best person to help!

## **Do I go to a mortgage broker or bank?**

When considering a home loan, the first place that many people visit is the bank. This is, after all, the place where your loan will eventually come from!

However, the issue is that every bank is not the same. Different lending institutions offer their own unique range of products or services. This means a lot of legwork for you to investigate, compare and then decide which option is best for you.

On the other hand, a mortgage broker can immediately talk you through a wide range of loan options across multiple banks. Mortgage brokers also have the experience and expertise to quickly narrow down what product is the best fit for you.

Once you decide upon your loan, a good broker will save you further time by coordinating your paperwork and streamlining your application... All at no direct cost to you!

## **Why is it FREE to see a broker?**

As a client of Nexus, our brokerage services are entirely free of charge. We're a small company and don't maintain large overheads like other brokers do, so we are able to keep our costs down to clients. We are paid by the bank only.

Therefore, there's nothing to lose and absolutely everything to gain by seeing a professional broker to smash down your debt!

Think for a minute about your professional hourly rate. Multiply that amount by how many hours of research, meetings and phone calls it would take to compare all your available loan options.

Realistically, that's not going to be a small number. You've also got to factor in the stress and time away from your family that this exercise would cost you in non-financial terms.

Furthermore, mortgage brokers are the absolute experts in finding the best home loans. We do this 9 to 5, five days a week and are trained to know the loopholes and industry tips that banks don't want you to know about. A good broker will also stay abreast of the best current loans and take into account your unique financial circumstances to find an optimal solution. This could save you thousands of dollars during the lifetime of a loan!

# The refinancing process

After working with a good mortgage broker, you'll soon discover a better way to restructure your loans, consolidate debt, reduce your interest rates and ultimately, smash down your debt!

## Here's what you can expect during the refinancing process:

Here's what you can expect during the refinancing process:

- a) DOCUMENTATION: Your broker will require various documents to get the ball rolling.
- b) WORKING PERIOD: Generally speaking, it will take a three to four week turnaround from the initial meeting with your broker to settlement of your loans.
- c) SETTLEMENT: The bank will require you to sign loan documents confirming the new structure. They will typically arrange settlement approximately one week after receiving the signed documents.



# Hooray!! You are saving \$\$\$... Now what?

Once you've been through step 5, life should be looking a lot peachier already. You'll have clarity around your finances, debt will be feeling more manageable and you should be saving some serious dough with your refinanced loan.

## So now what?

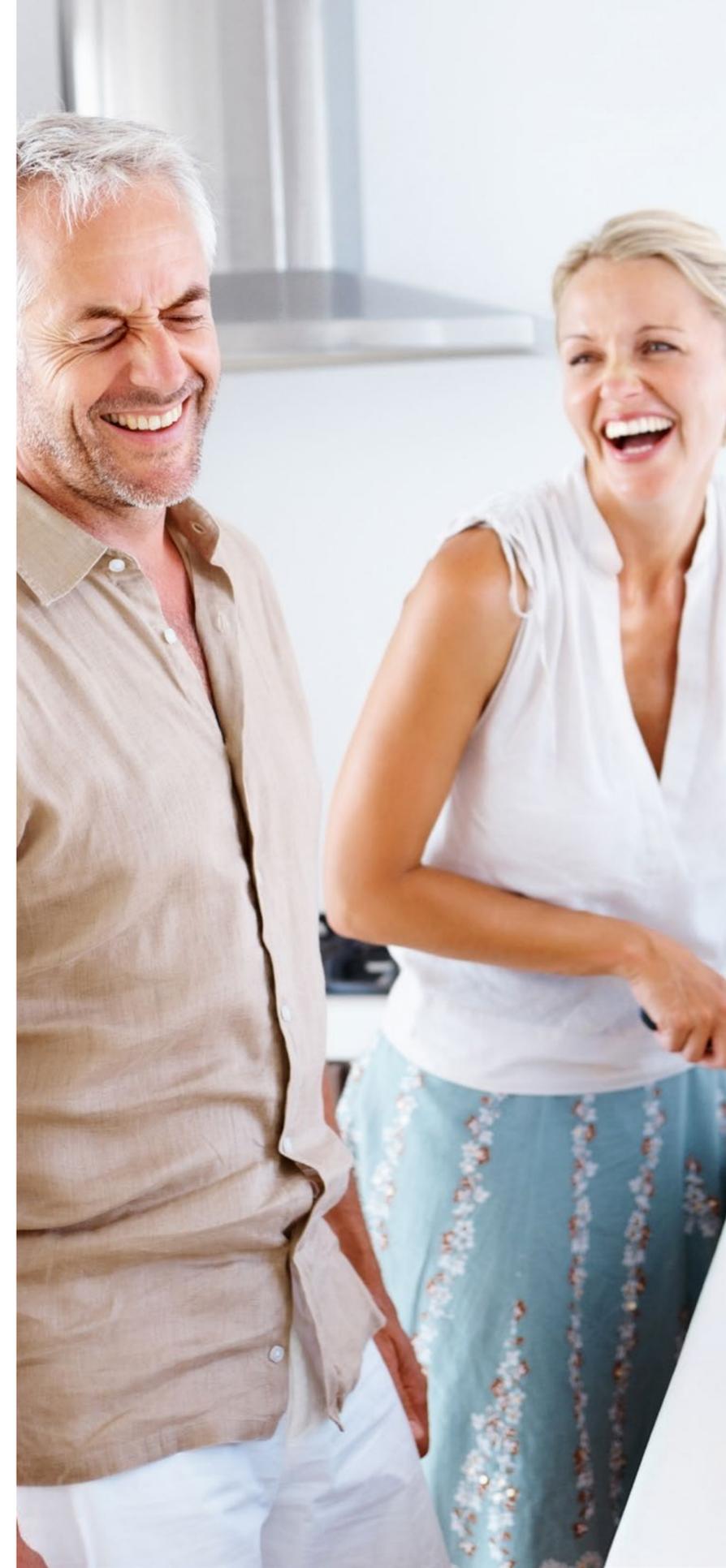
This is just the very tip of the iceberg in terms of what is possible with your finances. Life is meant to be enjoyed you may have other dreams that still feel a little out of grasp. Maybe you'd like to give your children a better education, renovate the house or get a little further ahead and retire early. Now that you've seen how much easier money management can be, anything's possible!

## Here are our top 3 tips for accelerating your money dreams:

**Pay off your debt.** The faster you can smash down your loans (whilst hopefully building equity), the quicker you'll fly along your path to financial freedom.

**Invest wisely.** Make your money work even harder for you with investment options that grow your wealth.

**Enjoy.** Life is meant to be happy! It's not sustainable for us to live in a constant state of all work and no play. You'll be far more likely to stick to your financial plan if you factor in a little fun along the way.



# Want to know more incredible strategies to free yourself from debt?

Make a FREE review with our Debt Consolidation Specialists today!

Simply phone our friendly team on (07) 3146 5732 or email [updates@nexusmoney.com.au](mailto:updates@nexusmoney.com.au)

[nexusmoney.com.au](http://nexusmoney.com.au)

A photograph of a man in a white shirt sitting at a table, looking towards another person whose back is to the camera. The man is holding a stack of papers. The background is a blurred office setting.

**Nexus**  
**money**