



# 9 ways to pay for my race horse

...or holiday, pool, pergola, home automation system or... let me know...

Do you have a big ticket item you would like to purchase but just can't figure out how to do it? There are many different ways we can buy things - some better than others. There are also some that can end up costing you way more than you might realise.

## Let's think of a few, starting with the most obvious:

1. Set up a budget and start putting a little extra aside until you have saved enough to purchase your big ticket item. BORING!

Of course this is the safest method of purchasing an item. It will not cost you more than the item's ticket price but the downside is that you are going to have to wait to purchase the item - a lot of **delayed gratification**.

**If you are most comfortable with this method however there is absolutely nothing wrong with that. In fact more people should follow your example.**

Need help? If you would like to get a little help with a budget ask us for our free budget planner.

**Most of us, however, are the INSTANT GRATIFICATION type.**

We just can't wait and we want it now! Most of us then...

2. Put it on the credit card, or
3. Take out a personal loan.

Both these options are going to get you that item right now but, unless you pay it off within the 55 day free interest period, the cost is going to end up being **much more** than the ticket price in the long run.

### **WARNING:**

Both these options would not be high on our recommended list. A credit card can have an interest rate in excess of 20%. If the debt takes you 5 years to pay off, your \$20K holiday could end up costing you as much as \$30,000 or more!



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## I really believe miracles can happen.

4. Pay for the race horse with an unexpected inheritance from a long lost cousin whom you've never met, or
5. Win big at the races!

These would be fantastic ways to buy that racehorse, unfortunately they are not within your control!



## How about using my home loan?

6. Use my redraw facility, or
  7. Use my off set account.
- OR
8. Use the existing equity in my home, or
  9. Refinance all my debt AND my home loan to include the cost of the big ticket item.

### Please Note:

Adding a large ticket item to your home loan is **likely to give you the lowest interest rate available** as the item is secured against your home.

The downside to this method is that if you fail to make your payments you risk taking many, many more years to pay off your home and can even pay a lot, lot more than the original cost of the item.

The major risk is that if you take a very long time to pay off the debt, you are increasing the total interest repaid, thus the total amount of that purchase.

If you really want to buy your horse (holiday...) this way, **you MUST make sure to pay off all debts as fast as possible to minimise the total cost.**



## Regardless of the item you want to purchase, we always recommend two things:

1. Come and talk to us before you sign anything as we may have some finance options that you haven't yet considered.
2. Ensure you review your budget to maximise your repayments and minimise the total cost of any money borrowed.

Call the office for our winning tips and ideas on purchasing your next BIG ITEM!

**PS: If you had a big win today, that's a great start! We look forward to hearing from you.**