



# Managing a mortgage

**M**ORE Australians are retiring with a mortgage on their home, which means rising interest rates are having more impact than they used to.

A recent study by AMP.NATSEM found that more than twice as many people aged over 60 are paying off a mortgage than they were 10 years ago.

It also found that more than one-third of baby boomers fully own their home, and about half of every boomer household devotes less than 10 per cent of their income to meet housing costs.

Savings & Loans Credit Union chief executive Greg Connor says many boomers are keeping mortgages by choice, either to get more money into superannuation or because they held mortgages on investment properties.

"The stigma of retiring with a mortgage isn't there anymore," Mr Connor says.

He says people struggling with higher repayments can examine fixing their home loans, limiting the impact with a loan split between fixed and variable rates, and talking to financial planners or Centrelink about benefits and tax breaks they might be able to receive.

Taking a longer-term view of interest rates is also important, Mr Connor says.

"As a baby boomer we tend to understand the risk cycles, and time has a way of balancing off the books. The benefit that boomers have over other people is that we have seen a couple of cycles," he says.

"As a young boomer caught in the wrong body, I can remember when the interest rate for a loan was 14.25 per cent and leasing was at 21 per cent."

Oracle Lending Solutions director Angelo Benedetti says baby boomers are more likely to have benefited from significant capital gains on their properties in recent years.

"They generally will have less debt as they've been paying off their loan for a longer period," he says.

"For those boomers with cash savings, interest rates rises are a bonus as they will be attracting higher rates."

Mr Benedetti says that increasing numbers of baby boomers are having to provide support for their children who are being affected by housing affordability and higher interest rates. »



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## Loan stress on the rise

- » More people over 60 are paying off a mortgage than a decade ago.
- » More than a third of boomers own their home.
- » Half of boomer households put less than 10 per cent of their income to housing costs.
- » The over-60 age group has experienced the biggest jump in housing stress, up about 80 per cent from 5.3 per cent in 1995-96 to 9.5 per cent in 2005-06.
- » The most dramatic decline in outright home ownership was experienced by households headed by people aged 45-59. Only 35.8 per cent of them fully owned a house in 2005-06, compared to the 54.4 per cent in 1995-96.
- » This declining ownership may have pushed some of these families to the rental market, which experienced a growth in this age group from 16.5 per cent to 19.6 per cent.