



# Mortgage okay in retirement

MORE Australians are retiring with a mortgage on their home, which may mean 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 were 10 years ago.

It also found that more than a third of baby boomers fully own their home, and about half of boomer households devote 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 any more," Mr Connor said.

He said 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 said.

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

"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 said

baby boomers were 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 said.

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

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



**AFTER WORK:** More retired people still have a mortgage than before - often for good reason.



**Hobart Mercury**  
Friday 22/8/2008  
Page: 75  
Section: Real Estate  
Region: Hobart Circulation: 46,985  
Type: Capital City Daily  
Size: 345.70 sq.cms.  
Published: MTWTFSS-

Brief: HH-ORACLE  
Page 2 of 2

## 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 in households headed by people aged 45-59. Only 35.8 per cent of them fully owned a house in 2005-06, compared to 54.4 per cent in 1995-96.
- The rental market experienced a growth in this age group from 16.5 per cent to 19.6 per cent.