

Credit blow-out is risk for mortgage

JANUARY'S credit card statements usually herald a start to a stressed, rather than happy, new year.

They are often joined in the mailbox by back-to-school bills, the council rates notice and news of a potential interest rates rise.

According to leading mortgage planner Mark Edwards of My Mortgage Planner, putting off making effective decisions about spending can put your mortgage, and more importantly your home, at risk.

"The January credit card statement is often seen as a reminder of how immoderate we may have been over Christmas," he says.

"Compounded with the start of year bills, many people are starting the new year with dread instead of anticipation."

No matter how dire



GO FIGURE ... taking time to balance the budget can save on stress.

the financial situation might seem, it's never too late to start 2008 on the right foot, says Mark.

"Just as you might have health goals for the new year, people should be putting financial fitness on the agenda too," he says.

"Weigh and measure your financial position and write them down as a benchmark and put your goals down as well.

"The first thing people who are looking to get fit are advised to do is consult their doctor. The same goes for those who want to improve their financial position.

"Every home owner needs to ensure their primary asset – their home – is protected and that means committing to the monthly mortgage repayments and factoring in for potential interest rate rises.

"Causing financial weight blow outs is our credit card spending. Cut out the 'fat' and the debt ratio will quickly drop off."

According to the Australian Reserve Bank, the nation's credit card debt is \$41 billion.

"The most important thing to remember is not to panic," says Mark.

"If you need to, phone your creditors to ask for a time extension and demonstrate a commitment to regular payment and most will be happy to assist."

Mark Edwards is a qualified mortgage and financial planner with 20 years in the industry.

My Mortgage Planner provides a practical, hands-on program that encourages people to manage their money, set practical financial goals and reduce debt.

A free spending planner is available from www.mymortgageplanner.com.au.