

Borrowing Tips

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Whether you want \$500 or \$25,000, we explain the cheapest ways to get it.

There are four golden rules to borrowing:

1 - Borrow within your means

Work out how much money you'll have after paying for housing, groceries, bills, transport, clothing and other personal costs. How much of what's left can you realistically afford to spend on repayments?

2 - Know what you're in for

Make sure you understand the contract. Know the total cost of the loan including any added fees and charges, and the number and amount of repayments. If you've given one of your assets as security for the loan, remember that by defaulting on the loan, you could lose the asset.

3 - Shop around

Find the lender who will give you the best terms. Spend some time now shopping around and it could save you thousands of dollars down the track.

4 - Pay the loan back fast

Repay your loans as soon as possible. Pay off the loan with the highest interest rate first. You will usually make a better return repaying debt than investing or saving the money elsewhere. But be sure to check with your lender for any early repayment penalties.